



Professionals Direct

INSURANCE COMPANY

a stock insurance company located at:
5211 Cascade Rd. SE
Grand Rapids, MI 49546

ProDirect Select® COVERAGE

Lawyers Professional Liability Insurance Policy

IMPORTANT NOTICE

This is a CLAIMS-MADE policy with claim expenses included within the limit of liability, unless otherwise noted. The limit of liability available to pay judgments or settlements will be reduced by amounts we pay for claim expenses as defined in the policy. Coverage is limited to liability for only those claims that are first made against you and first reported to us or our authorized agents after the retroactive date and DURING the policy period or any optional extended reporting period, if exercised by you. During the first several years of the claims-made relationship, claims-made rates are comparatively lower than occurrence rates. You can expect substantial annual premium increases, independent of overall rate level increases, until the claims-made relationship reaches maturity. Please read and review this insurance policy carefully.

LAWYERS PROFESSIONAL LIABILITY INSURANCE POLICY
ProDirect Select® COVERAGE

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LAWYERS PROFESSIONAL LIABILITY INSURANCE POLICY
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This is a CLAIMS-MADE AND REPORTED policy with claim expenses included within the limit of liability. The limit of liability available to pay judgments or settlements will be reduced by amounts we pay for claim expenses as defined in the policy. Coverage is limited to liability for only those claims that are first made against you and first reported to us or our authorized agents after the retroactive date and DURING the policy period or any optional extended reporting period, if exercised by you.

Throughout this **policy**, the terms **we**, **us** and **our** refer to the **Company** providing this insurance. The terms **you** and **your** refer to the persons and entities insured under this **policy**. Other terms with bold print have special meaning and are defined in the **policy**.

A. COVERAGE

1. WHAT THIS POLICY INSURES

Subject to the terms, conditions, exclusions and limitations of this **policy**, **we** will pay on **your** behalf all sums which **you** become legally obligated to pay as **damages** because of any **claim** or **claims** first made against **you**. The **claim** must first be made and reported to **us** during the **policy period** or any **extended reporting period**, if applicable, and must arise from any act, error or omission to which this **policy** applies. **Our** obligation to pay **damages** on **your** behalf is limited to the limit of liability that remains after **we** deduct the deductible amount shown in the Declarations, provided all of the following are true.

- a) The **claim** must arise out of the rendering of or the failure to render **professional services**.
- b) The **claim** must be caused by an **insured** under this **policy** or by any person for whose acts, errors or omissions **you** are legally liable.
- c) The act, error or omission must have first occurred on or after the applicable **Retroactive Date(s)**.
- d) **You** had no knowledge of facts which could have reasonably been expected to result in the **claim**, or any knowledge of the **claim**, prior to the effective date of this **policy**.
- e) There is no other insurance policy which provides coverage for the **claim**.

2. WHEN A CLAIM IS FIRST MADE

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

- a) when **you** first receive oral or written notice that a **claim** has been made or will be made against **you**; or
- b) when **you** first receive information or have knowledge of specific circumstances involving a particular person or entity which could reasonably be expected to result in a **claim**; or
- c) when **you** first receive notice of a **disciplinary proceeding**.

All **claims** arising out of a single or series of related act(s), error(s), omission(s) or **personal injury** arising from the rendering of or failure to render **professional services** on behalf of a single client will be considered one **claim**. The **claim** will be first made when the first of these **claims** is made.

3. WHEN A CLAIM IS FIRST REPORTED

A **claim** is first reported to **us** at the earlier of the following:

- a) when **we** or any of **our** authorized agents first receive notice from **you** that a **claim** has been made or will be made; or
- b) when **we** or any of **our** authorized agents first receive notice from **you** of the specific circumstances involving a particular person or entity which could reasonably be expected to result in a **claim**; or
- c) when **we** or any of **our** authorized agents first receive notice from **you** of a **disciplinary proceeding**.

4. TERRITORY

This **policy** applies to **professional services** occurring anywhere in the world. However, the **claim** must be made and the suit must be brought within the United States of America and its territories or Canada.

B. DEFENSE AND SETTLEMENT (INCLUDED IN LIMIT OF LIABILITY)

We have the exclusive right to investigate, defend and/or settle any **claim** made under this **policy**, even if the allegations are groundless, false or fraudulent. However, **we** are not obligated to defend any criminal investigation, criminal proceeding or prosecution against **you**. If the **claim** is excluded under this **policy**, **we** will have no duty to defend it.

Payment of **claim expenses** will reduce the amounts available to pay **damages**. **Our** duty to defend any **claim** or pay any amount as **damages** or **claim expenses** will cease when **our** limit of liability has been exhausted. Upon exhaustion of the limits of liability, **we** will tender control of the defense to **you**. **You** agree to accept this tender of defense.

We will not settle a **claim** without the consent of the **Named Insured**. If **you** refuse to consent to a settlement **we** recommend, then **our** liability for the **claim** will not exceed the amount for which **we** would have been liable for **damages** if the **claim** had been settled as recommended, including **claim expenses** incurred up to the date of **your** refusal. In no event, however, will **we** pay more than the applicable limit of liability including **claim expenses** incurred. For the purpose of this section, settlement includes resolution of a disputed **claim** that would have occurred as a result of any court-ordered process which **you** choose not to accept.

You are responsible for any fees charged by a lawyer defending **you** without **our** written consent.

C. LIMIT OF LIABILITY AND DEDUCTIBLE

1. LIMIT OF LIABILITY - EACH CLAIM

The Each Claim limit shown on the Declarations is the most **we** will pay for the sum of all **damages** and **claim expenses** arising out of a single act, error, or omission or a series of related acts, errors or omissions, regardless of the number of **claims** made or the number of persons or entities making **claims** during the **policy period** or during the **extended reporting period**, if any.

2. LIMIT OF LIABILITY - AGGREGATE

The Aggregate limit shown on the Declarations is the most **we** will pay for the sum of all **damages** and **claim expenses** for all **claims** first made and reported to **us** during the **policy period** or during the **extended reporting period**, if any.

3. CLAIM EXPENSES

All **claim expenses** will first be subtracted from the limit of liability, with the remainder, if any, being the amount available to pay for **damages**.

4. DEDUCTIBLE

You will pay the deductible amount shown in the Declarations. The deductible applies to each **claim** and to all **damages**. Each of **you** is jointly and severally liable for these payments, regardless of **your** individual business arrangements. **We** will not be required to make any payment for settlements reached or judgments rendered in an otherwise covered **claim** unless and until **you** have paid the deductible in full. **You** must pay the deductible (i) immediately when invoiced or, (ii) in the event that offers of judgment or settlement demands are made which **you** and **we** agree should be accepted, prior to the expiration of the time period for responding to such offers or demands.

5. REIMBURSEMENT

You will be liable for amounts **we** have paid in settlement of **claims** or satisfaction of judgments in excess of the limit of liability. In the event that **we** voluntarily choose to make any payment for **damages** and request reimbursement from **you**, the reimbursement is payable immediately upon written demand.

In the event that **we** voluntarily choose or are compelled by a court of law to make any payment for the deductible and request reimbursement from **you**, the reimbursement is payable immediately, but no later than thirty (30) days after written demand.

D. DEFINITIONS

Acts of Terrorism means activities against persons, organizations or property of any nature:

- a) that involve the following or preparation for the following:
 - i) Use or threat of force or violence; or
 - ii) Commission or threat of a dangerous act; or
 - iii) Commission or threat of an act that interferes with or disrupts electronic, communication, information, or mechanical systems;and
- b) when one or both of the following apply:
 - i) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - ii) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or to express opposition to) a philosophy or ideology.

Claim means:

- a) a demand or suit for money or services **you** receive, including any arbitration proceedings to which **you** are required to submit or to which **you** have submitted with **our** consent; or
- b) when **you** first receive oral or written information or have knowledge of specific circumstances involving a particular person or entity which could reasonably be expected to result in a demand or suit for money or services; or
- c) when **you** first receive oral or written notification of any **disciplinary proceeding**.

Claim Expense(s) means all expenses **we** incur or authorize in writing in the investigation, adjustment, defense or appeal of a **claim**. These expenses may include fees charged by a lawyer, mediator or arbitrator. **Claim Expenses** do not include salaries and expenses of **our** employees, nor the cost of providing a defense for grievance hearings or disciplinary proceedings of any kind.

Company means Professionals Direct Insurance Company, its successors or assigns.

Damages means monetary judgments, awards or settlements unless otherwise excluded.

Disciplinary proceeding means any proceeding by a disciplinary official or agency to investigate or prosecute charges alleging **your** professional misconduct.

Employment practices means any actual or alleged:

- a) wrongful termination of the employment of, or demotion of, or failure or refusal to hire or promote any person in violation of law or in breach of any agreement to commence or continue employment;
- b) unlawful employment discrimination;
- c) sexual harassment of an employee or applicant for employment; or

- d) retaliatory treatment against an employee on account of that employee's exercise or attempted exercise of his or her rights under law.

Extended Reporting Period means an additional period of time for reporting **claims**. The **extended reporting period** starts after the **policy termination date** and ends at the **extended reporting period** expiration date, if any. Any acts, errors or omissions that result in **claims**, suits or proceedings that are covered under the **extended reporting period** must have occurred after the applicable **retroactive date** and prior to the **policy termination date**.

Insured means:

- a) the **Named Insured** or any **predecessor firm**; or
- b) any lawyer who is a partner, limited liability company member, officer, director, stockholder or employee of **yours**; or
- c) any lawyer who was a former partner, limited liability partner, limited liability company member, officer, director, stockholder or employee of **yours** or a **Predecessor Firm** solely while acting in a professional capacity on behalf of **you** or a **Predecessor Firm**; or
- d) any non-lawyer who was or is an employee of **yours** or a **Predecessor Firm** solely while acting on behalf of **you** or a **Predecessor Firm**; or
- e) any "of counsel" or contracted lawyer listed on this **policy** or formerly covered under a **policy** held by **you**, but solely while acting in a professional capacity on **your** behalf; or
- f) **your** heirs, assigns and legal representatives in the event of **your** death, incapacity or bankruptcy to the extent that **you** would have been covered.

Investment Advice means

- a) giving advice regarding the value of an investment; or
- b) recommending investment in, purchase or sale of a particular investment; or
- c) managing any investment; or
- d) buying or selling any investment for another; or
- e) acting as a broker for a borrower or lender; or
- f) performing economic analysis of any investment; or
- g) inducing others to make a particular investment; or
- h) giving advice where the compensation for the advice is contingent upon the performance of a particular investment.

Named Insured means the firm or individual lawyer listed on the Declarations.

Permanently and Totally Disabled means total and continuous disability as a result of sickness or accidental bodily injury which prevents **you** from rendering **professional services** to others.

Personal Injury means

- a) false arrest, detention or imprisonment; or
- b) wrongful entry, eviction or other invasion of private occupancy; or
- c) malicious prosecution; or
- d) the publication or utterance of libel, slander or other defamatory or disparaging material; or
- e) a publication in violation of a person's right of privacy; and

arising out of **your** rendering of or failure to render **professional services**.

Policy means this **policy** form, the Declarations, and any endorsement to the **policy** issued by **us**, and **your** application, including all supplements.

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

Policy Termination Date means the expiration date of the **policy**, the cancellation date of the **policy**, or the date an individual attorney is deleted from the **policy**.

Predecessor Firm means any law firm or legal entity that was engaged in the private practice of law and to whose financial assets and liabilities **you** are the majority successor (more than 50%) in interest.

Professional Services means

- a) services **you** render in a lawyer-client relationship as a lawyer, mediator, arbitrator, notary public, administrator, conservator, receiver, executor, guardian, trustee, or in any similar fiduciary capacity;
- b) services (including title opinions or title certifications) you perform for others for a fee as a title insurance agent, title abstractor, title searcher, escrow agent, or closing agent;
- c) services **you** render as a lawyer for others as a mediator or arbitrator, speaker or author of legal treatises.
- d) **your** activities as a member of a formal accreditation, ethics, peer review, licensing board, standards review, bar association or similar professional board or committee.

Retroactive Date(s) refer to the dates shown on the Declarations for the **Named Insured** firm and for the individual lawyers. The **retroactive date** is the date when **you** began **your** most recent period of continuous coverage. Acts, errors or omissions that occurred prior to the **retroactive date** are not covered by this **policy**.

Serious Physical Injury means physical injury that involves a substantial risk of death; protracted and obvious physical disfigurement; or protracted loss of or impairment of the function of a bodily member or organ.

We, Us, and Our refer to Professionals Direct Insurance Company, its successors or assigns.

You and Your refer to the **insureds** covered under this **policy**.

E. EXCLUSIONS

1. WHAT THIS POLICY DOES NOT INSURE

This **policy** does not apply to:

- a) any **claim** arising out of **your** dishonest, criminal or fraudulent act, error or omission.
However, **we** will provide for the defense of **claims** alleging **personal injury** arising out of **your** performance of **professional services**;
- b) any **claim** made by or against any entity not named in the Declarations in which **you**:
 - i hold an interest of 10% or more as a partner, member, principal or stockholder; or
 - ii are an employee; or
 - iii directly or indirectly control, operate or manage;
- c) any **claim** made against **you** arising out of **your** activities as partner, officer, director, member, principal, stockholder or employee of an entity not named in the Declarations. However, this exclusion does not apply to **professional services**;
- d) any **claim** arising out of **your professional services** as a public official or a full or part-time employee of a governmental body, subdivision or agency. This exclusion does not apply if **your** status is due only to the legal services **you** render under contract;
- e) any **claim** arising out of **your** activities and/or in **your** capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, its amendments and any issued regulation or order.

This exclusion does not apply if **you** are deemed to be a fiduciary solely because of legal advice rendered or that should have been rendered with respect to an employee benefit plan;

- f) any **claim** based upon or arising out of **your** alleged discrimination on the basis of race, creed, age, sex, marital status, national origin, height, weight, disability, sexual preference or any other discrimination prohibited by law;
- g) any **claim** arising out of the rendering of or failure to render **investment advice**;
- h) any **claim** based upon or arising out of **your** sexual contact or conduct or the threat of sexual contact or conduct;
- i) any **claim** arising out of **your** conversion, misappropriation, embezzlement, commingling, defalcation or ethically improper use or disposal of funds or other property;
- j) any **claim** or loss **you** sustain as a beneficiary or distributee of any trust or estate;
- k) any **claim** made by any **insured** against any other **insured**, unless the **claim** arises from **professional services** rendered by one **insured** to another **insured** as a client;
- l) any **claim** made against **you** if the **claim** arises solely out of an act, error or omission of any other person or lawyer who is not an **insured** as defined in this **policy**, including but not limited to **claims** based upon theories of partnership by estoppel, apparent partnership, apparent agency, ostensible agency, vicarious liability and/or any similar theory;
- m) any **claim** arising out of any indemnity agreement into which **you** enter, unless **you** would have been liable without the agreement;
- n) any **claim** arising out of **your** 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** or any **damages** resulting from the multiplication of compensatory **damages**;
- p) any **claim** for legal fees, costs or disbursements paid or owed to **you**;
- q) any **claim** for exemplary **damages**, however defined, whether or not they are a component of compensatory **damages** in the jurisdiction where the monetary judgment, award or settlement is made, or arise from judgments based on fraud or misconduct;
- r) any **claim** made against **you** which arises from notary services **you** provide in which the notarization occurred without the signor being present;
- s) any **claim** for sanctions, penalties or fines if they were first awarded against **you** and **your** client(s) jointly and severally;
- t) any act, error, omission, **personal injury**, or circumstance that was disclosed or that should have been disclosed in **your** application, whether reported to a prior insurer or not;
- u) any **claim** arising out of the same, related or continuing **professional services** which resulted in a **claim** prior to the effective date of this **policy**, whether or not the **claim** was reported to any prior insurer.
- v) any **claim** arising from **acts of terrorism** if:
 - i. the **acts of terrorism** result in industry-wide insured losses that exceed \$25,000,000 for related incidents that occur within a 72 hour period; or
 - ii. fifty or more persons sustain death or **serious physical injury**.

However, this exclusion for **acts of terrorism** is not subject to the above limitations if:

- i. the **act of terrorism** involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination;
- ii. the **act of terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- iii. pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **act of terrorism** was to release such materials;

- w) defects in title of which you had knowledge at the date of issuance of such title insurance but failed to disclose to the title insurance company;
- x) payments you make in connection with building construction without prior receipt of an architect's certificate, where such certificate is required as a condition of payment;
- y) payments you make for work or materials that have been supplied by subcontractors or other suppliers without prior receipt of appropriate waivers or releases of lien from the subcontractors or other suppliers involved;
- z) faulty workmanship or defective materials or breaches of contract on the part of contractors or subcontractors;
- aa) the financial inability to pay, insolvency, receivership, bankruptcy or liquidation of any insurance company, any reinsurer, any pool, syndicate, association or other combination formed for the purpose of providing insurance or reinsurance.

In the event that **we** choose to provide a defense for any excluded **claim**, **we** will have no obligation to pay **damages** on **your** behalf.

2. INNOCENT INSURED

The following applies only to exclusions (a), (f), (h) and (i):

In the event that coverage under this **policy** would be excluded, suspended or lost because of a dishonest, criminal, malicious, or fraudulent act, error, or omission by one or more of **you**, **we** will cover any other of **you** who did not participate in, acquiesce in or fail to take appropriate action when **you** discovered the conduct, provided that **you** complied with all other **policy** provisions.

In the event that coverage under this **policy** would be excluded, suspended or lost because any of **you** concealed a **claim** from **us**, **we** will cover any other of **you** who did not participate in, acquiesce in or fail to promptly notify **us** of this concealment, provided that **you** complied with all other **policy** provisions.

We have the right to recover against any **insured** responsible for dishonest, criminal, malicious or fraudulent acts errors, omissions, or discrimination, or concealment, or any other illegal act, whether or not intentional, for any **claim expenses** or **damages** paid under this section.

F. SUPPLEMENTARY PAYMENTS

1. LAWYER DISCIPLINE DEFENSE

We will pay up to \$10,000 for the reasonable fees of a lawyer assigned by **us**, or with **our** written consent, to defend **you** in a **disciplinary proceeding**, the purpose of which is to restrict or rescind **your** ability to practice as a lawyer. These proceedings must:

- a) commence during the **policy period**;
- b) be first reported to **us** or **our** authorized agent during the **policy period**;
- c) arise from acts, errors or omissions that first occurred on or after the applicable **retroactive date(s)**;
- d) result from **professional services** rendered or which should have been rendered by **you**; and
- e) not arise from acts, errors or omissions for which Section E of this **policy** excludes coverage.

For purposes of this section, reporting a preliminary investigation or a request for an investigation will be considered the same as reporting a formal proceeding. However, **we** have no obligation under this section until the reported investigation is elevated to a formal proceeding.

We will not pay more than an aggregate total of \$25,000 under this section, regardless of the number of proceedings or the number of **you** subject to these proceedings.

In the event **you** receive notice of a proceeding, **you** must:

- a) immediately give **us** written notice of the proceeding; and
- b) forward to **us** every request, notice, summons or other communication **you** receive.

All of the terms and conditions of this **policy** will apply with respect to the coverage provided under this section. The coverage provided under this section only applies to **you** if **you** are a partner, limited liability company member, officer, director, stockholder or employee of the **Named Insured** at the time **you** report the investigation or proceeding. There will be no **extended reporting period** for the coverage provided in this section.

The benefits provided under this section are additional benefits with limited coverage for specific **claims** and expenses which are otherwise excluded by this **policy**.

2. EMPLOYMENT PRACTICES DEFENSE

We will pay up to \$5,000 for the reasonable fees of a lawyer assigned by **us**, or with **our** written consent, to defend **you** against **claims** arising out of **employment practices** solely while acting on behalf of the **Named Insured** or **Predecessor Firm**. The **claim** must:

- a) first be made against **you** during the **policy period**;
- b) first be reported to **us** or **our** authorized agent during the **policy period**;
- c) arise from acts, errors or omissions that first occurred on or after the applicable **retroactive date(s)**;
- d) not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement, unemployment, wage or hour violation;
- e) not arise out of ownership of the **Named Insured** or **Predecessor Firm**; and
- f) not arise from acts, errors or omissions for which Section E of this **policy** excludes coverage.

All of the terms and conditions of this **policy** will apply except exclusions E.1.g) and E.1.i) with respect to the coverage provided under this section. The coverage provided under this section only applies to **you** if **you** are a partner, limited liability company member, officer, director, stockholder or employee of the **Named Insured** at the time **you** report the matter.

There will be no **extended reporting period** for the coverage provided in this section.

We will not pay more than an aggregate total of \$10,000 under this section regardless of the number of **claims** made or the number of persons making the **claims**.

In the event **you** receive notice of a **claim**, **you** must:

- a) immediately give **us** written notice of the **claim**; and
- b) forward every request, notice, summons or other communication **you** receive to **us**.

The benefits provided under this section are additional benefits with limited coverage for specific **claims** and expenses which are otherwise excluded by this **policy**.

G. EXTENDED REPORTING PERIOD

1. ELIGIBILITY AND PREMIUM PAYMENT

You may obtain an **Extended Reporting Period** endorsement if **we** or **you** cancel or do not renew this **policy**, if **we** offer renewal under terms and conditions less favorable to **you**, or if **you** retire, cease the private practice of law or leave the **Named Insured** firm. **You** must have been continuously insured with **us** under this **policy** or any prior **policy** issued by **us** for not less than 12 consecutive months prior to the **policy termination date**.

The premium for an **Extended Reporting Period** endorsement will be based on **our** rates and rules in effect on the date this **policy** was issued or last renewed. It will be fully earned and non-refundable. **You** may purchase an

Extended Reporting Period endorsement by requesting the coverage in writing within sixty (60) days of the **policy termination date**. If a premium is applicable, it must be paid at the time of the written request.

The **Extended Reporting Period** applies only to **claims** otherwise covered by this **policy** (except for **claims** made under Section F. Supplementary Payments). This coverage applies only to **claims** first made against **you** and first reported to **us** on or after the **policy termination date** and prior to the **Extended Reporting Period** endorsement Expiration Date shown on the **Extended Reporting Period** Endorsement. If there is other valid and collectible insurance that would apply to a loss reported during the **Extended Reporting Period**, then coverage under this section will not apply, even though the limits of liability for the other insurance may be inadequate to pay all **damages** and **claim expenses**.

The **Extended Reporting Period** does not extend the **policy period**, increase the limits of liability as stated in the Declarations, or reinstate limits exhausted by the payment of **claims**. The deductible is waived.

To be eligible for the **Extended Reporting Period** Endorsement:

- a) **You** must pay any premium and deductible amounts owed **us**;
- b) **You** must be in full compliance with all **policy** terms and conditions; and
- c) **You** must reimburse **us** for any amounts **we** have paid in settlement of **claims** or satisfaction of judgments in excess of the limit of liability.

2. RETIREMENT, DEATH OR DISABILITY

If **you** die or become **permanently and totally disabled**, do not have any other available insurance coverage and meet **our** eligibility requirements, **we** will issue an **Extended Reporting Period** Endorsement of unlimited duration without cost to **you**, provided:

- a) Death was not caused by a self-inflicted injury or misuse or abuse of any substance.
- b) Permanent total disability commenced after the effective date of the **policy**. The disability must be a result of accidental bodily injury, physical illness or disease, and not arise out of any self-inflicted injury or attempted suicide, or the abuse of intoxicants or controlled substances. Your inability to practice law must be certified in writing by a physician acceptable to **us**.

If **you** have retired completely from the practice of law, been continuously insured with **us** on a ProDirect Select® and/or ProDirect Premier® **policy** for the immediately preceding five years, and have reached the age of 65, **we** will issue an **Extended Reporting Period** Endorsement of unlimited duration without cost to **you**.

3. AUTOMATIC EXTENSION

We will provide 60 days after the **policy termination date** for **you** to report any **claims** to **us**. We will not issue an endorsement extending the **policy period** nor will **we** charge a premium for this **Extended Reporting Period**. The **professional services** rendered must have occurred prior to the end of the **policy period**. If there is another **policy** in force that would cover any **claims** reported under this automatic **Extended Reporting Period**, then this coverage will not apply. All terms and conditions of the **policy** apply, including payment of the deductible.

4. SUSPENSION OF LAWYER

If **you** leave the practice of law as a result of loss, suspension, revocation or surrender of **your** license because of threatened, pending or actual disciplinary action, **you** are not eligible to purchase or receive an **Extended Reporting Period** endorsement. If **you** have a solo practice when **you** lose **your** license, then neither the firm nor **you** are eligible to purchase or receive an **Extended Reporting Period** endorsement.

H. CLAIMS

1. NOTICE OF CLAIM

If **you** become aware of any act, error or omission which could reasonably be expected to form the basis of a **claim** or suit, **you** will immediately give written notice to **us** or any authorized agent with the fullest information available.

Any subsequent **claim** made against **you** will be deemed to have been made at the time initial notice was given to **us**. No subsequent **policy** issued by **us** will apply to such **claim**.

Notice of a **claim** by **you** or on **your** behalf to any of **our** authorized agents, with particulars sufficient to identify **you**, will be deemed to be notice to **us**.

2. ASSISTANCE AND COOPERATION OF THE INSURED

You must cooperate with **us** for purposes of investigation and defense, including providing written details of a **claim** should **we** request it, without charge or reimbursement of **your** expenses. **You** will 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 **our** prior written consent.

3. ASSIGNMENT OF RIGHTS OF RECOVERY AGAINST OTHERS

You agree to assign to **us** **your** rights of recovery against any other party for any **damages** or **claim expenses we** have paid on **your** behalf. **You** will do everything necessary to preserve **our** rights and will do nothing to jeopardize them.

I. CONDITIONS

1. ACTION AGAINST THE COMPANY

You will not take any action against **us** unless:

- a) **you** have complied in full with all of the terms and conditions of this **policy**; and
- b) the amount of **your** obligation to pay has been finally determined by judgment after trial or by written agreement among **you**, the claimant and **us**.

No person or entity may join **us** as a party to any action against **you** to determine **your** liability under this **policy**. **Your** bankruptcy or insolvency or that of **your** estate will not relieve **us** of any of **our** obligations under this **policy**. In case execution against **you** is returned unsatisfied in an action brought by an injured person or his or her personal representative because of an insolvency or bankruptcy, then an action in the nature of a writ of garnishment may be maintained by the injured person or his or her personal representative against **us** under and subject to the terms of the **policy** for the amount of the judgment not exceeding the amount of the **policy**.

2. APPLICATION

By acceptance of this **policy**, **you** agree that the statements in the application and all supplemental information **we** requested are personal representations, that they will be deemed material and that this **policy** is issued in reliance upon the truth of **your** representations. This **policy** embodies all agreements existing between **you** and **us**, or any of **our** agents, relating to this insurance. **You** agree to a continuing obligation to report any material change to **your** practice, including but not limited to **your** areas of practice and the number of attorneys who are partners, principals, or employees of **yours**.

3. CHANGES

The terms of this **policy** will not be changed, except by written endorsement or amendment to the Declarations issued and duly signed by **us**. Any additions to or deletions from the lawyers listed in the application must be reported to **us** within thirty (30) days. Any merger or acquisition with other firms or solo practitioners occurring during the **policy period** must be reported to **us** in writing within thirty (30) days of the merger or acquisition, or the next anniversary of this **policy**, whichever is sooner. **We** will have the right to adjust the **policy** terms, conditions, exclusions and premium to reflect any change in exposure created by any merger or acquisition, or any other change to the **policy**.

4. OTHER INSURANCE

If **you** have other insurance which applies to a **claim** covered by this **policy**, this **policy** will be excess over any other valid and collectible insurance, whether the other insurance is primary, pro rata, contributory, excess,

contingent or on any other basis. However, if the other insurance is written to apply as specific excess insurance over this **policy's** limit of liability, or the other insurance is an **extended reporting period** endorsement attached to another **policy** that **we** issued, this **policy** will be primary.

If a **claim** occurs involving two or more policies, each of which provides that its insurance will be excess, then each **policy** will contribute on a pro rata basis. This means that **we** will not pay more than **our** percentage of the total amount of the insurance covering the **claim**, less the deductible.

If two or more **policies we** issued apply to the same **claim** or **claims**, **we** will not pay more than the highest applicable limit of liability.

5. ASSIGNMENT

You may not assign this **policy** to any other person or entity without **our** written consent.

6. CANCELLATION OR NONRENEWAL

You or **your** personal representative may cancel this **policy** at any time by mailing or delivering to **us** or any of **our** authorized agents advance written notice of cancellation. **We** will refund the excess of paid premium or assessment above the pro rata rates for the expired time.

We may cancel this **policy** by mailing to **your** last known address, with postage fully prepaid:

- a) ten (10) days' written notice of cancellation for nonpayment of premium or deductible; or
- b) thirty (30) days' written notice of cancellation for reasons other than nonpayment of premium; and
- c) whether or not **we** offer a return of unearned paid premium or assessment.

The minimum earned premium will be the pro rata premium for the expired time or \$25.00, whichever is greater.

If **we** decide not to renew this **policy**, **we** will mail written notice to **you** at least thirty (30) days before the expiration date. Changes in the terms available on renewal will not be considered a nonrenewal of this **policy**.

7. RENEWAL

We may offer to renew this **policy** at the terms and rates applicable at the expiration date. **We** will not amend the **retroactive date(s)** during a period of continuous coverage.

8. POLICY DISPUTES

If there is a dispute between **you** and **us** in the interpretation, validity, construction or enforceability of this **policy**, the dispute will be referred to non-binding mediation prior to the initiation of any legal proceeding. **We** both agree to meet with a qualified mediator in a good faith effort to negotiate a resolution of the dispute unless **we** and **you** both agree in writing to waive this provision. **We** and **you** agree to split the cost of the mediator equally. If **you** and **we** cannot agree on the specifics of the mediation, including but not limited to date, time, and/or mediator, the mediation process will instead follow the Commercial Mediation Procedures of the American Arbitration Association in effect at the inception of this **policy**. The mediation will continue until the dispute is resolved; or the mediator notifies **you** and **us** that it is unlikely that the dispute will be resolved through mediation; or any party elects, after a minimum of 30 days after the first mediation session, to end the mediation.

You have thirty days to accept **our** written invitation to participate in mediation. Refusal to participate in mediation, respond to a request to participate in mediation, or, after agreeing to participate, refusal to agree to terms of mediation, or to pay **your** share of mediation expenses will result in a waiver of this clause.

9. LOSS INFORMATION

We will provide **you** with loss information, including losses paid, loss reserves, **claim expenses** paid, **claim expense** reserves, and the balance of the limit of liability remaining on the **policy** upon **your** written request.

10. CONFORMANCE TO STATUTE

The terms of this **policy** which are in conflict with the statutes of the state in which this **policy** is issued are amended to conform to those statutes.

11. PREMIUM PAYMENT

This **policy** will not be effective unless **you** have paid the premium due, and **we** have received the completed application by the Policy Effective Date shown on the Declarations.

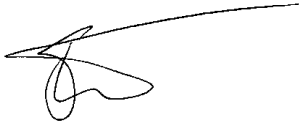
12. LIBERALIZATION

If **we** adopt any revisions to the terms and conditions of this **policy** form to provide more coverage without an additional premium charge during the **policy** term, the broadened coverage will immediately apply. However, the broadened terms and conditions will not apply to any **claims** that were first made against **you** prior to the effective date of the revision.

13. NAMED INSURED AS AGENT FOR ALL OF YOU

The **Named Insured** will be the sole agent of all of **you** as respects the acceptance or giving of any notice, the exercising or waiving of any right available under this **policy**, the payment or receipt of premiums or return premiums, and the cancellation of this **policy**.

IN WITNESS WHEREOF, the **Company** has caused this **policy** to be signed by its President.



President

SPECIMEN

SPECIMEN



Professionals Direct
INSURANCE COMPANY

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