



ZURICH

**Professional Liability
Insurance Policy
Corporate Lawyers**

Specimen

ZURICH-AMERICAN INSURANCE GROUP

Insurance is provided by the Company designated on the declaration page. (A stock insurance company, herein called the Company.)

Provisions

In consideration of the undertaking of the Named Insured to pay, when due, the premium and the deductible as described herein and in the amounts stated in the Declarations, in reliance upon statements in the application attached hereto and made a part hereof, and subject to the limits of liability shown in the Declarations, and subject to all of the terms of this insurance, the Company agrees with the Named Insured as follows:

This is a Claims Made Policy — Please Read Carefully

Insured:

The word “Insured”, whenever used in this policy, means:

- (a) The person or persons named in Item 1 of the Declarations;
- (b) as respects the liability of each Insured as is otherwise covered herein, the heirs, executors, administrators, assigns and legal representatives of each Insured in the event of death, incapacity or bankruptcy.

Coverage

I. Professional Liability and Claims Made Clause:

To pay on behalf of the Insured all sums in excess of the deductible amount stated in the Declarations which the Insured shall become legally obligated to pay as damages as a result of CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD:

- (a) by reason of any act, error or omission in professional services rendered or that should have been rendered by the Insured or by any person for whose acts, errors or omissions the Insured is legally responsible, and arising out of the conduct of the Insured’s profession as a lawyer or notary public;
- (b) because of personal injury and arising out of the professional activities of the Insured as a lawyer or notary public;

PROVIDED ALWAYS that there is no policy or policies which in the absence of this coverage would provide insurance for such liability or claim, whether or not the available limits of liability of such policy or policies are sufficient to pay any liability or claim or whether or not the deductible provisions and amount of such policy or policies are different from this policy; and

PROVIDED FURTHER THAT such act, error or omission or such personal injury happens:

- (aa) during the policy period, or
- (bb) prior to the policy period provided that prior to the effective date of this policy:
 - 1) the Insured did not give notice to any prior insurer of any such act, error, omission or personal injury; and
 - 2) the Insured had no basis to believe that the Insured had breached a professional duty.

When the Insured renders or fails to render services as an administrator, conservator, receiver, executor, guardian, trustee, or in any similar fiduciary capacity, the Insured’s acts and omissions in such capacity shall be deemed for the purpose of this section to be the performance of professional services for others in the Insured’s capacity as a lawyer, provided that this coverage shall not apply to any loss sustained by the Insured as the beneficiary or distributee of any trust or estate.

Services performed by the Insured in a lawyer-client relationship on behalf of one or more clients shall be deemed for the purpose of this section to be the performance of professional services for others in the Insured’s capacity as a lawyer, although such services could be performed wholly or in part by non-lawyers.

It is a condition precedent to coverage under this policy that all claims be reported in compliance with the section CLAIMS 1: NOTICE OF CLAIM.

Claim, whenever used in this policy, means: a demand received by the Insured for money or services, including the service of suit or institution of arbitration proceedings against the Insured.

Damages, whenever used in this policy, means: a judgment award or settlement for compensatory damages to others only, and does not include fines or penalties whether imposed by law or otherwise, nor the return of or restitution of legal fees and costs arising therefrom.

Personal injury, whenever used in this policy, means:

- (a) false arrest, humiliation, detention or imprisonment, wrongful entry or eviction or other invasion of private occupancy;
- (b) the publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or an utterance in violation of an individual’s right of privacy.

Policy period, whenever used in this policy, means: the period from the inception date of this policy to the policy expiration date as set forth in the Declarations or its earlier termination date, if any.

Policy year, whenever used in this policy, means: the period of one (1) year following the effective date and hour of this policy or any anniversary thereof, or, if the time between the effective date or any anniversary and the termination of this policy is less than one (1) year, such lesser period. If the Optional Extension Period is purchased in accordance with the section COVERAGE IV, then such period shall be part of and not in addition to the last policy year.

II. Defense, Settlement:

- (a) With respect to the insurance afforded by this policy, the Company shall defend any claim against the Insured including the appeal thereof seeking damages to which this insurance applies even if any of the allegations of the suit are groundless, false or fraudulent. It is further agreed that the Company may make such investigation of any claim or suit as it deems expedient, but the Company shall not be obligated to pay any claim or judgment or to defend or to continue to defend any suit or claim after the applicable limit of the Company's liability has been exhausted by payments of judgments or settlements.
- (b) With respect to claims first made against the Insured during the policy period arising out of professional services rendered or that should have been rendered by the Insured for his employer, the Company agrees to reimburse the Insured for reasonable fees charged by a lawyer designated by the Insured to afford a defense; provided, however, that such claim has not been brought by the Insured's employer. Subject to the limits of liability stated in the Declarations, the total amount payable by the Company on behalf of each individual Named Insured under the provisions of this paragraph as a result of all such claims first made against the Insured during the policy period including the Optional Extension Period if purchased, shall not exceed the sum of \$25,000. This limit of liability shall apply separately with respect to each person named in Item 1 of the Declarations as Named Insured.

III. Discovery Clause: If during the policy period or any Optional Extension Period purchased hereunder the Insured first becomes aware that an Insured has committed a specific act, error or omission in professional services for which coverage is otherwise provided hereunder, and if the Insured shall during the policy period or the Optional Extension Period purchased hereunder give written notice to the Company of:

- (a) the specific act, error or omission; and
- (b) the injury or damage which has or may result from such act, error or omission; and
- (c) the circumstances by which the Insured first became aware of such act, error or omission;

then any claim that may subsequently be made against the Insured arising out of such act, error or omission shall be deemed for the purposes of this insurance to have been made during the policy period or the Optional Extension Period purchased hereunder. The Insured shall cooperate fully with the Company as provided in CLAIMS I and II, and any investigation conducted by the Company or its representatives shall be subject to the terms set forth in this policy.

IV. Option to extend claims reporting period: If the Company shall cancel this policy or terminate it by refusing to renew, for reasons other than the Insured's non-payment of premium and/or deductible amount or non-compliance with the terms and conditions of this policy, then the Insured upon payment of an additional premium calculated at a percentage of the premium for the policy period shown in Item 6 of the Declarations of the premium for the policy period shall have the option to extend the claims reporting period, subject otherwise to its terms, LIMITS OF LIABILITY, EXCLUSIONS and CONDITIONS, to apply to CLAIMS FIRST MADE AGAINST THE INSURED DURING TWENTY-FOUR CALENDAR MONTHS following immediately upon the effective date of such cancellation or non-renewal, but only by reason of any act, error or omission in professional services rendered before such applicable termination or expiration date and otherwise covered under this insurance. This twenty-four calendar month interval shall be hereinafter referred to as the "OPTIONAL EXTENSION PERIOD."

This Optional Extension Period shall not be available when any Insured's license or right to practice his or her profession is revoked, suspended or surrendered.

The quotation of a different premium and/or deductible and/or limit of liability for renewal does not constitute a cancellation or refusal to renew for the purpose of this provision.

As a condition precedent to the Insured's right to purchase the Optional Extension Period coverage, the full premium for this policy and any deductibles that are due must have been paid.

The Insured's right to purchase the Optional Extension Period coverage must be exercised by notice in writing no later than thirty (30) days after the cancellation or termination date of this policy AND MUST INCLUDE PAYMENT OF PREMIUM FOR THE OPTIONAL EXTENSION PERIOD, as well as payment of all premiums and/or deductibles due to the Company. If such notice and premium payment are not given to the Company, the Insured shall not at a later date be able to exercise such right.

At the commencement of any Optional Extension Period, the entire premium therefor shall be deemed earned, and in the event the Insured terminates the Optional Extension Period before its term for any reason, the Company shall not be liable to return to the Insured any portion of the premium paid for the Optional Extension Period.

The fact that the period during which claims may be first made against the Insured under this policy is extended by virtue of the Optional Extension Period shall not in any way increase the limits of liability of this policy.

Exclusions

This policy does not apply:

- (a) to any judgment or final adjudication based upon or arising out of any dishonest, deliberately fraudulent, criminal, maliciously or deliberately wrongful acts or omissions committed by the Insured. However, notwithstanding the foregoing, the Company will provide a defense in accordance with COVERAGE II(a) for any such claims without any liability on the part of the Company to pay such sums as the Insured shall become legally obligated to pay;
- (b) to damages arising out of professional services rendered or that should have been rendered by the Insured for his or her employer, except that the Company shall provide a defense in accordance with COVERAGE II(b);
- (c) to liability arising out of the Insured's capacity as:
 - 1) an officer, director, partner, or stockholder employee of a business enterprise, charitable organization or pension, welfare, profit sharing, mutual or investment fund or trust;
 - 2) a public official, an employee of a governmental body, subdivision, agency, an arbitrator or as a member of a bar group; except as provided under COVERAGE II(b);
 - 3) a fiduciary under the Employee Retirement Income Security Act of 1974 and its amendments or any regulation or order issued pursuant thereto, except if an Insured is deemed to be a fiduciary solely by reason of legal advice rendered with respect to an employee benefit plan;
- (d) to any liability for bodily injury, sickness, disease or death of any person, or injury to or destruction of any tangible property or loss of use resulting therefrom, except that this exclusion does not apply to mental illness or emotional distress or humiliation caused by personal injury;
- (e) to any loss or claim based upon or arising out of a violation or alleged violation of the Securities Act of 1933 as amended, the Securities Exchange Act of 1934 as amended, Blue Sky laws as amended, or any regulation issued pursuant to any of the foregoing statutes unless endorsed hereon.

Territory

The insurance afforded applies worldwide, but claims or suits must be brought in the United States of America, its territories or possessions or Canada.

Limits of Liability

- I. Limit of Liability—Each Claim:** The liability of the Company for each claim FIRST MADE AGAINST THE INSURED DURING THE POLICY YEAR including the Optional Extension Period, if purchased, shall not exceed the amount stated in the Declarations for "each claim."
- II. Limit of Liability—Annual Aggregate:** Subject to 1. Limit of Liability-Each Claim, the liability of the Company shall not exceed the amount stated in the Declarations as "aggregate" as a result of all claims FIRST MADE AGAINST THE INSURED DURING EACH POLICY YEAR including the Optional Extension Period, if purchased.
- III. Deductible:** The deductible amount stated in the Declarations shall be paid by the Named Insured and shall be applicable to each claim and shall include loss payments and claim expenses, whether or not loss payment is made.

Such amounts shall, upon written demand by the Company, be paid by the Named Insured within thirty (30) days. The total payments requested from the Named Insured in respect of each covered claim shall not exceed the deductible amount stated in the Declarations. Solely for the purpose of determining the Company's limit of liability, the deductible amount shall be deemed to be applied first to the loss payment.

The determination of the Company as to the reasonableness of the claim expenses shall be conclusive on the Named Insured.

IV. Limit of Liability—Reduction for Refusal to Settle: The Company shall not settle any claim without the consent of the Insured. If, however, the Insured shall refuse to consent to any settlement recommended by the Company and shall elect to contest the claim or continue any legal proceedings in connection with such claim, then the Company's liability for the claim shall not exceed the amount for which the claim could have been so settled plus claim expenses incurred up to the date of such refusal. Such amounts are subject to the provisions of the section LIMITS OF LIABILITY I and II.

V. Multiple Insureds, Claims and Claimants: The inclusion herein of more than one Insured or the making of claims or the bringing of suits by more than one person or organization shall not operate to increase the Company's limits of liability. Two or more claims arising out of a single act, error or omission or a series of related acts, errors or omissions shall be treated as a single claim. All such claims, whenever made, shall be considered first made during the policy period or Optional Extension Period in which the earliest claim arising out of such act, error or omission was first made, and all such claims shall be subject to the same limits of liability.

VI. Payment and Apportionment of Claim Expenses: Subject to COVERAGE II(b) and the Named Insured's obligation to pay the deductible as set forth in LIMITS OF LIABILITY III, which includes an obligation to pay loss payments and claim expenses, the Company shall pay in addition to the applicable limits of liability, all claims expenses except as limited in COVERAGE II. Defense, Settlement (b).

However, in the event of any payment other than claim expenses in excess of the amount of the limit available under this policy, the Company's liability for claim expenses incurred with its consent shall be such proportion thereof as the amount of the payment hereunder (exclusive of claim expenses) bears to the amount paid to dispose of the claim (exclusive of claim expenses). In no event shall the Company be obligated to pay any claim or judgment or to defend or continue the defense of any claim after the aggregate limit of the Company's liability has been exhausted by payment of judgments or settlements.

Claim expenses, whenever used in this policy means:

- (a) fees charged by any lawyer designated by the Company;
- (b) all other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a claim, if incurred by the Company.

However, "claim expenses" does not include salary charges of regular employees or officials of the Company or any supervisory counsel retained by the Company.

Claims

I. Notice of Claim: As a condition precedent to the right to the protection afforded by this insurance, the Insured shall, as soon as practicable, give written notice to the Company of any claim made against the Insured. In the event suit is brought against the Insured, the Insured shall immediately forward to the Company every demand, notice, summons or other process received directly or by the Insured's representatives.

II. Assistance and Cooperation of the Insured: The Insured shall cooperate with the Company and upon the Company's request shall submit to examination and interrogation by a representative of the Company, under oath if required, and shall attend hearings, depositions and trials and shall assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits, as well as in the giving of a written statement or statements to the Company's representatives and meeting with such representatives for the purpose of investigation and/or defense, all without charge to the Company. The Insured shall further cooperate with the Company and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment which the Insured may have. The Insured shall exercise his or her right to either reject or demand the arbitration of any claim made against him or her in accordance with the written instructions of the Company. The Insured shall not, except at his or her own cost, make any payment, admit any liability, settle any claims, assume any obligation or incur any expense without the written consent of the Company.

III. Subrogation: In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after the claim to prejudice such rights.

The Company shall not exercise any such rights against any persons included in the definition of "Insured." Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against an Insured in respect of any claim brought about or contributed to by any dishonest, deliberately fraudulent, criminal, malicious or deliberately wrongful acts or omissions of such Insured.

IV. Action Against the Company: No action shall lie against the Company unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this policy, nor until the amount of the Insured's obligations to pay shall have been fully and finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy.

Nothing contained in this policy shall give any person or organization the right to join the Company as a co-defendant in any action against the Insured to determine the Insured's liability. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations hereunder.

- V. False or Fraudulent Claims:** If any Insured shall commit fraud in proffering any claim as regards amount or otherwise, this insurance shall become void as to such Insured from the date such fraudulent claim is proffered.

Other Conditions

- I. Application:** By acceptance of this policy, the Insured agrees that the statements in the application are personal representations, that they shall be deemed material and that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between the Insured and the Company, or any of its agents, relating to this insurance.
- II. Changes:** Notice to any agent or knowledge possessed by any agent or other person acting on behalf of the Company shall not effect a waiver or a change in any part of this policy or stop the Company from asserting any right under the terms of the policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.
- III. Assignment:** Assignment of interest under this policy shall not bind the Company unless its consent is endorsed hereon.
- IV. Cancellations:** This policy may be cancelled by the Named Insured by surrender thereof to the Company or by mailing to the aforementioned written notice stating when thereafter such cancellation shall be effective. If cancelled by the Insured the Company shall retain the customary short rate proportion of the premium.

This policy may be cancelled by the Company by mailing to the Named Insured written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. However, if the Company cancels the policy because the Insured has failed to pay a premium or deductible when due this policy may be cancelled by the Company by mailing a written notice of cancellation to the Insured stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in any notice shall become the end of the policy period. Delivery of such written notice by the Named Insure or the Company, shall be the equivalent to mailing.

If cancelled by the Company earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter.

Specimen

Definitions - Reference

Certain words are specifically defined for the policy and the definitions are to be found in the sections set forth as follow:

- (a) Claim, damages, personal injury, policy period, policy year (See: Coverage)
- (b) Claim expenses (See: Limits of Liability)

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 Page by a duly authorized representative of the Company.

IN WITNESS WHEREOF, the Company has caused this policy to be executed an attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the Company.

Nancy D. Mueller

President

David J. K...

Corporate Secretary

American Guarantee and Liability Insurance Company
American Zurich Insurance Company
Zurich American Insurance Company of Illinois
Administrative Offices
Zurich Towers
1400 American Lane
Schaumburg, Illinois 60196-1056

Nuclear Energy Liability Exclusion Endorsement (BROAD FORM)

This endorsement modifies the provisions of this policy.

It is agreed that:

I. This policy does not apply:

- (A) Under any Liability Coverage, to bodily injury or property damage
- 1) with respect to which an Insured under this Policy is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual-Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - 2) resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the Insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- (B) Under any Medical Payments Coverage, or any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- (C) Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if
- 1) the nuclear material (a) is at any nuclear facility owned by or operated by or on behalf of an Insured or (b) has been discharged or dispersed therefrom;
 - 2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an Insured; or
 - 3) the bodily injury or property damage arises out of the furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat.

II. As used in this endorsement:

“hazardous properties” include radioactive, toxic or explosive properties;

“nuclear material” means source material, special nuclear material or by-product material;

“source material,” “special nuclear material,” and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

“spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

“waste” means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

“nuclear facility” means:

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste.
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235.
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste.

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

“nuclear reactor” means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

“property damage” includes all forms of radioactive contamination of property.

Specimen

ZURICH—AMERICAN INSURANCE GROUP

A MEMBER OF THE WORLDWIDE ZURICH INSURANCE GROUP

1400 AMERICAN LANE, SCHAUMBURG, IL 60196-1056

U-PL-205-A (CW) (1/95)