



ACE American Insurance Company
 Illinois Union Insurance Company
 Westchester Fire Insurance Company
 Westchester Surplus Lines Insurance Company
[LIST ONLY THE COMPANY THAT APPLIES]

ACE Advantage[®] Employed Lawyers' Professional Liability Policy Declarations

This Policy is issued by the stock insurance company listed above.

THIS POLICY IS A CLAIMS MADE AND REPORTED POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER DURING THE POLICY PERIOD. PLEASE READ THIS POLICY CAREFULLY.

THE LIMITS OF LIABILITY AVAILABLE TO PAY INSURED DAMAGES SHALL BE REDUCED BY AMOUNTS INCURRED FOR CLAIMS EXPENSES. FURTHER NOTE THAT AMOUNTS INCURRED FOR DAMAGES AND CLAIMS EXPENSES SHALL ALSO BE APPLIED AGAINST THE RETENTION AMOUNT.

TERMS THAT APPEAR IN BOLD FACE TYPE HAVE SPECIAL MEANING. PLEASE REFER TO SECTION II, DEFINITIONS.

Policy No.	
Item 1. Named Insured	Principal Address:
Item 2. Policy Period:	From 12:01 a.m. To 12:01 a.m. (Local time at the address shown in Item 1)
Item 3. Limit of Liability (including Claims Expenses)	A. \$ Each Claim B. \$ Each Securities Claim Sublimit (part of the Limits set forth in 3A & 3C) C. \$ Aggregate Limit D. \$ Disciplinary Proceeding Claims Expenses Aggregate Limit (in addition to the Limits set forth in 3A & 3C) E. \$ Aggregate "Insured v. Insured" Claims Expense Sublimit (part of the Limits set forth in 3A & 3C)
Item 4. Retention	A. Insuring Agreement A1: \$ Each Claim B. Insuring Agreement A2: \$ Each Claim
Item 5. Premium	\$
Item 6. Prior or Pending Proceeding Date:	

Item 7. Notice to **Insurer**:

A. Notice of **Claim** or **Wrongful Act**:

[Company]
[Address]
[Address]
[Fax Number]

B. All other notices:

Chief Underwriting Officer
[Company]
[Address]
[Address]

Item 8. Optional **Extended Reporting Period**:

Additional Premium: \$

Additional Period:

Item 9. Endorsements Effective Upon **Policy** Inception:

IN WITNESS WHEREOF, the **Insurer** has caused this **Policy** to be countersigned by a duly authorized representative of the **Insurer**.

DATE: _____

Authorized Representative



In consideration of the payment of the premium, in reliance upon the **Application**, and subject to the Declarations and the terms and conditions of this **Policy**, the **Insureds** and the **Insurer** agree as follows:

I. INSURING AGREEMENT AND DEFENSE

A. Insuring Agreements

1. **Employed Lawyers' Liability**

The **Insurer** will pay on behalf of the **Insured Persons** all sums for which the **Insured Persons** are not indemnified by the **Company** and which the **Insured Persons** shall become legally obligated to pay as **Damages** and **Claims Expenses** because of a **Claim** first made against the **Insured Persons** and reported to the **Insurer** during the **Policy Period** by reason of a **Wrongful Act** committed before the end of the **Policy Period**.

2. **Company Reimbursement**

The **Insurer** will indemnify the **Company** all sums for which the **Company** has indemnified the **Insured Persons** and which the **Insured Persons** have become legally obligated to pay as **Damages** and **Claims Expenses** because of a **Claim** first made against the **Insured Persons** and reported to the **Insurer** during the **Policy Period** by reason of a **Wrongful Act** committed before the end of the **Policy Period**.

B. Defense

1. The **Insurer** shall have the right and duty to defend any covered **Claim** brought against the **Insured Persons** even if the **Claim** is groundless, false or fraudulent. The **Insured Persons** shall not admit or assume liability or settle or negotiate to settle any **Claim** or incur any **Claims Expenses** without the prior written consent of the **Insurer** and the **Insurer** shall have the right to appoint counsel and to make such investigation and defense of a **Claim** as it deems necessary.
2. If the **Insurer** recommends a settlement acceptable to the claimant where the total incurred **Damages** and **Claims Expenses** exceed the Retention and are within the applicable **Policy** Limit of Liability, but the **Insureds** do not consent to such settlement within 30 days of the date the **Insureds** are first made aware of such potential settlement, the **Insurer's** liability for all **Damages** and **Claims Expenses** on account of such **Claim** shall not exceed: (i) the amount of **Damages** for which the **Insurer** could have settled such **Claim** plus **Claims Expenses** incurred as of the date such potential settlement was proposed in writing by the **Insurer** to the **Insureds**; and (ii) 50% of all subsequent covered **Damages** and **Claims Expenses** in excess of such amount, the remaining 50% of which shall be borne by the **Insureds** uninsured and at their own risk.
3. The **Insurer** shall not be obligated to commence or continue to investigate, defend, pay or settle any **Claim** after the applicable Limit of Liability specified in Item 3 of the Declarations has been exhausted, or after the **Insurer** has deposited the remaining available Limit of Liability with a court of competent jurisdiction. In such case, the **Insurer** shall withdraw from investigation, defense, payment or settlement of such **Claim** and shall tender control of such **Claim** to the **Insured**.

II. DEFINITIONS

- A. **Application** means all applications, including any attachments thereto, and all other information and materials submitted by or on behalf of the **Insureds** to the **Insurer** in connection with the **Insurer** underwriting this **Policy** or any policy of which this **Policy** is a renewal or replacement or which it succeeds in time. **Application** also includes any public documents filed by the **Insured** within 12 months prior to inception of this **Policy** with any federal, state, local or foreign regulatory agency, including the Securities and Exchange Commission and any similar state, local or foreign regulatory

agency. All such applications, attachments, information, and materials are deemed attached to and incorporated into this **Policy**.

B. **Bodily Injury** means injury to the body, sickness, or disease, and death. **Bodily Injury** also means mental injury, mental anguish, mental tension, emotional distress, pain and suffering, or shock, whether or not resulting from injury to the body, sickness, disease or death of any person.

C. **Claim** means:

1. a written demand against any **Insured Person** for monetary or non-monetary damages;
2. a civil proceeding against any **Insured Person** for monetary damages, non-monetary damages or injunctive relief, commenced by the service of a complaint or similar pleading;
3. an arbitration proceeding against any **Insured Person** for monetary damages, non-monetary damages or injunctive relief;
4. a civil, administrative or regulatory investigation against any **Insured Person** commenced by the filing of a notice of charges, investigative order or similar document;
5. a judicial, administrative, bar association or other proceeding against an **Employed Lawyer** solely concerning: a) the eligibility or license of such **Employed Lawyer** to practice law, or b) compliance with Section 307 of the Sarbanes-Oxley Act of 2002 and any rule or regulations promulgated thereunder or pursuant thereto; and
6. a **Disciplinary Proceeding** including any appeal therefrom.

D. **Claims Expenses** means:

1. reasonable and necessary attorneys' fees, expert witness fees and other fees and costs incurred by the **Insurer**, or by the **Insured** with the **Insurer's** prior written consent, in the investigation and defense of covered **Claims**; and
2. premiums for any appeal bond, attachment bond or similar bond, provided the **Insurer** shall have no obligation to apply for or furnish such bond.

Claims Expenses shall not include wages, salaries, fees or costs of directors, officers or employees of the **Insurer** or the **Insured**.

E. **Company** means the **Named Insured** and any **Subsidiary**.

F. **Damages** means any compensatory amount which the **Insured Person** becomes legally obligated to pay on account of a covered **Claim**, including judgments, any award of prejudgment and post-judgment interest on that part of any judgment paid under this **Policy**, awards, settlements, and punitive, exemplary damages and the multiplied portion of multiple damage award, to the extent such damages are insurable under the internal laws of any jurisdiction which has a substantial relationship to the **Insured**, the **Insurer**, this **Policy** or such **Claim**.

Damages shall not include:

1. any amount for which the **Insured** is not financially liable or legally obligated to pay;
2. taxes, fines or penalties;
3. any amount incurred by any **Insured** in a proceeding or investigation that is not at that time a **Claim**, even if such amount also benefits the defense of a **Claim** and even if such proceeding or investigation subsequently gives rise to a **Claim**;
4. matters uninsurable under the law pursuant to which this **Policy** is construed;
5. disgorgement of profits by an **Insured**, fees, expenses or costs paid to or charged by an **Insured**, or the cost of an **Insured's** correction;
6. the costs and expenses of complying with injunctive or other form of non-monetary relief, and
7. any amount relating to a **Disciplinary Proceeding**, other than **Claims Expenses**.

- G. **Disciplinary Proceeding** means any proceeding by a regulatory or disciplinary official, board or agency to investigate charges of professional misconduct by an **Employed Lawyer** in the performance of **Professional Legal Services**.
- H. **Employee** means any past, present, or future employee, including any part-time, seasonal and temporary employee of the **Company**.
- I. **Employed Lawyer** means an attorney admitted to practice law anywhere in the world while an **Employee**.
- J. **Extended Reporting Period** means the period for the extension of coverage, if elected, described in Section V, **Extended Reporting Period**.
- K. **Insured** means:
1. the **Company**; and
 2. any **Insured Person**.
- L. **Insured Person** means an **Employed Lawyer**, together with an **Employee** of the **Company** who supports an **Employed Lawyer** in the performance of **Professional Legal Services** for the **Company**.
- M. **Insurer** means the insurance Insurer providing this insurance.
- N. **Interrelated Wrongful Acts** means all **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.
- O. **Named Insured** means the entity or person specified in Item 1 of the Declarations.
- P. **Personal Injury Offense** means one or more of the following offenses:
1. false arrest, detention or imprisonment;
 2. malicious prosecution;
 3. defamation, including libel and slander, and disparagement;
 4. publication or an utterance in violation of an individual's right to privacy; and
 5. invasion of the right to private occupancy, including wrongful entry or eviction.
- Q. **Policy** means collectively, the Declarations, the **Application**, this policy form and any endorsements.
- R. **Policy Period** means the period of time specified in Item 2 of the Declarations, subject to prior termination pursuant to Section VII, E, Termination.
- S. **Pollutants** means any substance exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county or municipal or local counterpart thereof or any foreign equivalent. 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, silica, noise, fungus (including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi, but not including any fungi intended by the **Insured** for consumption), and electric, magnetic, or electromagnetic fields.
- T. **Professional Legal Services** means:
1. legal services provided by an **Employed Lawyer** for the **Company** and in the **Employed Lawyer's** capacity as an **Employee**;
 2. pro bono legal services provided by an **Employed Lawyer** at the direction of and with the prior written consent of the **Company**, but only if such **Employed Lawyer** is a full time and permanent **Employee**;
 3. legal services provided by an **Employed Lawyer** while "moonlighting", but only if such **Employed Lawyer** is a full time and permanent **Employee**; and

4. legal services provided by an **Employee** of the **Company** who supports an **Employed Lawyer** in the performance of **Professional Legal Services** for the **Company**, but only while acting under the direct supervision of an **Employed Lawyer**.
- U. **Property Damage** means:
1. physical injury to, or loss or destruction of, tangible property, including the loss of use thereof; and
 2. loss of use of tangible property which has not been physically injured, lost, damaged or destroyed.
- V. **Retaliation** means retaliatory treatment on account of:
1. the actual or attempted exercise by an **Employee** of any rights of such an **Employee** under law, including workers' compensation laws, the Family and Medical Leave Act, and the Americans with Disabilities Act;
 2. the filing of any claim under any statute, rule or regulation to protect an employee from discrimination by his or her employer if such employee discloses or threatens to disclose to a superior or a governmental agency, or if such employee gives testimony relating to, any activity within such employer's operations which may be in violation of a statute, rule or regulation or any professional codes of ethics, including the Federal False Claims Act;
 3. the disclosure or threat of disclosure by an **Employee** of the **Company** to a superior or to any governmental agency of any act by an **Insured** which act is alleged to be a violation of any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder;
 4. an **Employee** assisting, cooperating or testifying in any proceeding or investigation into whether an **Insured** violated any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder; or
 5. any strike of any **Employee** of the **Company**.
- W. **Securities Claim** means any **Claim** which, in whole or in part, is:
1. brought by one or more securities holders of the **Company**, in their capacity as such, including derivative actions brought by one or more shareholders to enforce a right of the **Company**; or
 2. alleging a violation of any federal, state, local or foreign regulation, rule or statute regulating securities, including but not limited to the purchase or sale of, or offer to purchase or sell, or solicitation of any offer to purchase or sell, any securities issued by the **Company**, whether such purchase, sale, offer or solicitation involves a transaction with the **Company** or occurs in the open market, including any such **Claim** brought by the Securities and Exchange Commission or any other claimant.
- X. **Subsidiary** means any entity that is not formed as a partnership or joint venture of which the **Named Insured** owns or has the right to vote more than 50% of the outstanding voting securities representing the present right to vote for election of directors, or the managers or members of the board of managers or equivalent executives of a limited liability Insurer, on or before the inception date of the **Policy**, either directly or indirectly, in any combination, by one or more other **Subsidiaries**.
- Y. **Wrongful Act** means any actual or alleged negligent act, error, omission, misstatement, misleading statement or **Personal Injury Offense** committed by an **Insured Person** in the performance of or failure to perform **Professional Legal Services**.
- Z. **Wrongful Employment Practices** means, with respect to any **Employee** or applicant for employment with the **Company**, any actual or alleged:
1. wrongful dismissal or discharge or termination, whether actual or constructive;
 2. employment-related misrepresentation;
 3. violation of any federal, state, or local laws (whether common or statutory) concerning employment or discrimination in employment;
 4. sexual harassment or other unlawful workplace harassment;
 5. wrongful deprivation of a career opportunity or failure to employ or promote;
 6. wrongful discipline;

7. **Retaliation;**
8. negligent evaluation;
9. failure to adopt adequate workplace or employment policies and procedures;
10. employment-related libel, slander, defamation, or invasion of privacy;
11. employment-related wrongful infliction of emotional distress;
12. any actual or alleged discrimination or violation of a natural person's civil rights relating to such discrimination, whether direct, indirect, intentional or unintentional.

The foregoing definitions shall apply equally to the singular and plural forms of the respective words.

III. EXCLUSIONS

The **Insurer** shall not be liable for **Damages** or **Claims Expenses** on account of any **Claim**:

- A. alleging, based upon, arising out of, or attributable to any dishonest, fraudulent, criminal or malicious act or omission, or any intentional or knowing violation of the law by an **Insured**, however, this exclusion shall not apply to **Claims Expenses** or the **Insurer's** duty to defend any such **Claim** unless and until there is an adverse admission by, finding of fact, or final adjudication against any **Insured** as to such conduct. For the purpose of determining the applicability of this exclusion, facts pertaining to and knowledge possessed by one **Insured Person** shall not be imputed to any other **Insured Person**;
- B. alleging, based upon, arising out of, or attributable to any **Bodily Injury** or **Property Damage**, however this exclusion shall not apply to mental anguish or emotional distress resulting from a **Personal Injury Offense**;
- C. brought or maintained by, on behalf of, or in the right of any **Insured**, any entity that is operated, controlled, or managed by the **Company**, any other current or former director, officer, trustee, partner, joint venture, governor, management committee member, member of the management board, parent **Insurer**, successor or assignee of the **Company**, any **Employee** of the **Company**, or any security holder or member of the **Company**, whether directly or derivatively, except, and subject to the terms and conditions of this **Policy**, where such **Claim** is:
 1. made by a current or former director, officer, or **Employee** of the **Company** to whom an **Employed Lawyer** or an **Employee** of the **Company** who supports and works under the direct supervision of such **Employed Lawyer** provided **Professional Legal Services** with the prior written consent of the **Company**;
 2. made by a security holder or member of the **Company**, where such **Claim** is instigated and continued totally independent of, and totally without the solicitation, assistance, active participation or intervention of an **Insured**, the **Company**, or any director, officer, trustee, governor, management committee member, member of the management board or **Employee** of the **Company**;
 3. brought or maintained by any **Insured Person** in the form of a cross-claim or a third-party claim for contribution or indemnity which is part of, and results directly from, a **Claim** that is covered by this **Policy**; or
 4. brought by any bankruptcy or insolvency trustee, receiver, examiner, liquidator or similar official for the **Company**;

Provided, however, this exclusion will not apply to **Claims Expenses** up to the Aggregate "**Insured v. Insured**" **Claims Expense** Sublimit set forth in Item 3E of the Declarations.

- D. alleging, based upon, arising out of or attributable to any discrimination on any basis, including, but not limited to, race, creed, color, religion, ethnic background, national origin, age, handicap, disability, gender, sexual orientation or pregnancy or any **Wrongful Employment Practice**, however, this exclusion shall not apply to any **Wrongful Employment Practice** committed by others, to the extent that such **Wrongful Employment Practice** was committed in reliance on **Professional Legal Services**;
- E. alleging based upon, arising out of or attributable to any price fixing, restraint of trade, monopolization, unfair trade practices or other violation of the Federal Trade Commission Act, the Sherman Anti-Trust Act, the Clayton Act, or any other federal statutory provision involving antitrust, monopoly, price fixing,

price discrimination, predatory pricing or restraint of trade activities, and any amendments thereto or any rules or regulations promulgated thereunder, or any similar provision of any federal, state, or local statutory law or common law anywhere in the world;

- F. alleging, based upon, arising out or attributable to the violation of the Employee Retirement Income Security Act of 1974, and any rules or regulations promulgated thereunder, amendments thereof, or any similar federal, state or common law. Provided, however, this exclusion shall not apply to **Claims** arising out of the actual or alleged rendering of **Professional Services** to an ERISA fiduciary;
- G. alleging, based upon, arising out of, or attributable to the gaining in fact of any profit or advantage to which the **Insured** is not legally entitled, or to the commingling, misappropriation, or improper use of funds. However, this exclusion shall not apply to **Claims Expenses** or the **Insurer's** duty to defend any such **Claim** unless and until there is an adverse admission by, finding of fact, or final adjudication against any **Insured** as to such conduct. For the purpose of determining the applicability of this exclusion, facts pertaining to and knowledge possessed by one **Insured Person** shall not be imputed to any other **Insured Person**;
- H. alleging, based upon, arising out of, or attributable to a **Wrongful Act** committed prior to the beginning of the **Policy Period**, if, on or before the earlier of the effective date of this **Policy** or the effective date of any **Policy** issued by the **Insurer** to which this **Policy** is a continuous renewal or replacement, the **Insured** had a reasonable basis to believe that such **Wrongful Act** would result in a **Claim**;
- I. alleging, based upon, arising out of, or attributable to:
 - 1. any **Wrongful Act**, fact circumstance or situation which has been the subject of any written notice given under any other policy of which this **Policy** is a renewal or replacement or which it succeeds in time; or
 - 2. any other **Wrongful Act** whenever occurring which, together with a **Wrongful Act** which has been the subject of such notice, would constitute **Interrelated Wrongful Acts**.
- J. alleging, based upon, arising out of, or attributable to:
 - 1. the actual or threatened discharge, dispersal, release, escape, seepage, migration or disposal of **Pollutants**; or
 - 2. any direction or request that any **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so;
- K. alleging, based upon, arising out of, or attributable to any invalidity, infringement, violation or misappropriation of any patent, copyright, service mark, trademark, trade name, trade secret or any other intellectual property right;
- L. alleging, based upon, arising out of, or attributable to any **Wrongful Act** committed or attempted by a **Subsidiary** or **Insureds** thereof before the date the **Subsidiary** became an **Insured**, and after the date the **Subsidiary** ceased to be an **Insured**;
- M. alleging, based upon, arising out of, or attributable to advising, requiring, obtaining or failing to advise, require or obtain any bond, suretyship or other form of insurance;
- N. alleging, based upon, arising out of, or attributable to any prior or pending litigation, **Disciplinary Proceeding**, administrative or regulatory proceeding which was filed against an **Insured**, and of which an **Insured** had notice, on or before the Prior or Pending Proceeding date shown in Item 6 of the Declarations, or the same or substantially the same **Wrongful Act**, fact, circumstance or situation underlying or alleged therein.

IV. ESTATES, LEGAL REPRESENTATIVES, AND SPOUSES

The estates, heirs, legal representatives, assigns, spouses of **Insured Persons**, and any natural person qualifying as a domestic partner of **Insured Persons** under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by the **Company**, shall be considered **Insureds** under this **Policy**; but coverage is afforded to such estates, heirs, legal representatives, assigns, spouses and domestic partners only for a **Claim** arising solely out of their status as such and, in the case of a spouse or domestic partner, where the **Claim** seeks damages from marital community property, jointly held property or property transferred from the **Insured Person** to the spouse or domestic partner. No coverage is provided for any **Wrongful Act** of an estate, heir, legal representative,

assign, spouse or domestic partner. All of the terms and conditions of this **Policy** including, without limitation, the Retention applicable to **Damages** and **Claims Expenses** incurred by **Insured Persons** shown in Item 4 of the Declarations, shall also apply to **Damages** and **Claims Expenses** incurred by such estates, heirs, legal representatives, assigns, spouses and domestic partners.

V. **EXTENDED REPORTING PERIOD**

If the **Insurer** terminates or does not renew this **Policy** (other than for failure to pay a premium when due), or if the **Named Insured** terminates or does not renew this **Policy** and does not obtain replacement coverage as of the effective date of such termination or nonrenewal, the **Named Insured** shall have the right, upon payment of the additional premium described below, to a continuation of the coverage granted by this **Policy** for at least one **Extended Reporting Period** as follows:

A. **Automatic Extended Reporting Period**

The **Named Insured** shall have continued coverage granted by this **Policy** for a period of 30 days following the effective date of such termination or nonrenewal, but only for **Claims** first made during such 30 days and arising from **Wrongful Acts** taking place prior to the effective date of such termination or nonrenewal. This Automatic **Extended Reporting Period** shall immediately expire upon the purchase of replacement coverage by the **Named Insured**.

B. **Optional Extended Reporting Period**

1. The **Named Insured** shall have the right, upon payment of the additional premium set forth in Item 8 of the Declarations, to an **Optional Extended Reporting Period**, for the period set forth in Item 8 of the Declarations following the effective date of such termination or nonrenewal, but only for **Claims** first made during such **Optional Extended Reporting Period** and arising from **Wrongful Acts** taking place prior to the effective date of such termination or nonrenewal.
2. This right to continue coverage shall lapse unless written notice of such election is given by the **Named Insured** to the **Insurer**, and the **Insurer** receives payment of the additional premium, within 30 days following the effective date of termination or nonrenewal.
3. The 30 days of the **Optional Extended Reporting Period**, if it becomes effective, shall run concurrently with the Automatic **Extended Reporting Period**.

C. The **Insurer** shall give the **Named Insured** notice of the premium due for the **Optional Extended Reporting Period** as soon as practicable following the date the **Named Insured** gives such notice of such election, and such premium shall be paid by the **Named Insured** to the **Insurer** within 10 days following the date of such notice by the **Insurer** of the premium due. The **Optional Extended Reporting Period** is not cancelable and the entire premium for the **Optional Extended Reporting Period** shall be deemed fully earned and non-refundable upon payment.

D. The Automatic and **Optional Extended Reporting Periods** shall be part of and not in addition to the Limit of Liability for the immediately-preceding **Policy Period**. The Automatic and **Optional Extended Reporting Periods** shall not increase or reinstate the Limit of Liability, which shall be the maximum liability of the **Insurer** for the **Policy Period** and the Automatic and **Optional Extended Reporting Period**, combined.

E. A change in **Policy** terms, conditions, exclusions or premiums shall not be considered a nonrenewal for purposes of triggering the rights to the Automatic or **Optional Extended Reporting Period**.

VI. **LIMITS OF LIABILITY AND RETENTION**

A. **Limits**

1. All **Claims** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** of the **Insureds** shall be deemed to be one **Claim**, and such **Claim** shall be deemed to be first made on the date the earliest of such **Claims** is first made, regardless of whether such date is before or during the **Policy Period**.
2. The Each **Claim** Limit stated in Item 3A of the Declarations shall be the **Insurer's** maximum aggregate liability for the sum of all **Damages** and **Claims Expenses** because of each **Claim**, including each **Claim** alleging any **Interrelated Wrongful Acts**, first made and reported during the **Policy Period**. All **Damages** and all **Claims Expenses** resulting from a single **Claim** shall be deemed a single **Damage** and **Claims Expense**.

3. The Each **Securities Claim** Sublimit stated in Item 3B of the Declarations shall be the **Insurer's** maximum aggregate liability for the sum of all **Damages** and **Claims Expenses** because of each **Securities Claim**, including each **Securities Claim** alleging any **Interrelated Wrongful Acts**, first made and reported during the **Policy Period**. All **Damages** and all **Claims Expenses** resulting from a single **Securities Claim** shall be deemed a single **Damage** and **Claims Expense**. This Sublimit is part of and not in addition to the Each **Claim** and Aggregate Limits set forth in Item 3 of the Declarations.
4. The Aggregate Limit stated in Item 3C of the Declarations shall be the maximum aggregate liability of the **Insurer** for all **Damages** and **Claims Expenses** because of all **Claims**, including all **Claims** alleging any **Interrelated Wrongful Acts**, first made and reported during the **Policy Period**.
5. The **Disciplinary Proceeding Claims Expenses** Aggregate Limit stated in Item 3D of the Declarations shall be the maximum aggregate liability of the **Insurer** for **Claims Expenses** for **Disciplinary Proceedings** for each **Policy Period** regardless of the number of **Disciplinary Proceedings** or **Insureds**. This limit is in addition to and is not part of the Each **Claim** and Aggregate Limits set forth in Item 3 of the Declarations.
6. The Aggregate "**Insured v. Insured**" **Claims Expense** Sublimit stated in Item 3E of the Declarations shall be the maximum aggregate liability of the **Insurer** because of all **Claims** for which **Claims Expenses** coverage only is afforded with respect to **Claims** otherwise excluded by exclusion C of this **Policy**. This Sublimit is part of, and not in addition to the Each **Claim** and Aggregate Limits set forth in Item 3 of the Declarations.
7. **Claims Expenses** shall be part of and not in addition to the Limits and Sublimits of Liability shown in Items 3A through 3E of the Declarations, and shall reduce such Limits and Sublimits of Liability.
8. If the Limit of Liability is exhausted by payment of **Damages** or **Claims Expenses**, the obligations of the **Insurer** under this **Policy** shall be completely fulfilled and extinguished.

B. Retention

1. The liability of the **Insurer** shall apply only to that part of **Damages** and **Claims Expenses** which are excess of the Retention amount shown in Item 4 of the Declarations. Such Retention shall be borne uninsured by the **Insureds** and at their own risk.
2. A single Retention amount shall apply to **Damages** and **Claims Expenses** arising from all **Claims** alleging **Interrelated Wrongful Acts**.

VII. CONDITIONS

A. Notice:

1. The **Insured** shall, as a condition precedent to their rights under this **Policy**, give to the **Insurer** written notice of any **Claim** as soon as practicable, but in no event later than 30 days after: (i) the end of the **Policy Period**, or (ii) with respect to **Claims** first made during any applicable Automatic or Optional **Extended Reporting Period**, the end of such Automatic or Optional **Extended Reporting Period**.
2. If, during the **Policy Period**, any **Insured** becomes aware of any specific **Wrongful Act** which may reasonably give rise to a future **Claim** covered under this **Policy**, and if the **Insureds** give written notice to the **Insurer** during the **Policy Period**, the Automatic **Extended Reporting Period**, or, if elected, the Optional **Extended Reporting Period** of:
 - a. the identity of the potential claimants;
 - b. a description of the anticipated **Wrongful Act** allegations;
 - c. the identity of the **Insureds** allegedly involved;
 - d. the circumstances by which the **Insureds** first became aware of the **Wrongful Act**;
 - e. the consequences which have resulted or may result; and
 - f. the potential monetary damages;

then any **Claim** which arises out of such **Wrongful Act** shall be deemed to have been first made at the time such written notice was received by the **Insurer**. No coverage is provided for fees, expenses and other costs incurred prior to the time such **Wrongful Act** results in a **Claim**.

3. All notices under any provision of this **Policy** shall be in writing and given by prepaid express courier, certified mail or facsimile transmission properly addressed to the appropriate party. Notice to the **Insureds** may be given to the **Named Insured** at the address shown in Item 1 of the Declarations. Notice to the **Insurer** of any **Claim** or **Wrongful Act** shall be given to the **Insurer** at the address set forth in Item 7A of the Declarations. All other notices to the **Insurer** under this **Policy** shall be given to the **Insurer** at the address set forth in Item 7B of the Declarations. Notice given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee, or one day following the date such notice is sent, whichever is earlier.

B. Assistance and Cooperation

The **Insured** shall cooperate with the **Insurer**, and provide to the **Insurer** all information and assistance which the **Insurer** reasonably requests including without limitation attending hearings, depositions and trials and assisting in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and conducting the defense of any **Claim** covered by this **Policy**. The **Insured** shall do nothing that may prejudice the **Insurer's** position.

C. Other Insurance

If any **Damages** or **Claims Expenses** covered under this **Policy** are covered under any other valid and collectible insurance, then this **Policy** shall cover such **Damages** or **Claims Expenses**, subject to its terms and conditions, only to the extent that the amount of such **Damages** or **Claims Expenses** are in excess of the amount of such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided by this **Policy**.

D. Representations

1. The **Insureds** represent and acknowledge that the statements and information contained in the **Application** are true and accurate and:
 - a. are the basis of this **Policy** and are to be considered as incorporated into and constituting a part of this **Policy**; and
 - b. shall be deemed material to the acceptance of this risk or the hazard assumed by the **Insurer** under this **Policy**.

It is understood and agreed that this **Policy** is issued in reliance upon the truth and accuracy of such representations.

2. In the event the **Application**, including materials submitted or required to be submitted therewith, contains any misrepresentation or omission made with the intent to deceive or which materially affects either the acceptance of the risk or hazard assumed by the **Insurer** under this **Policy**, this **Policy** shall be void ab initio.

E. Termination

1. This **Policy** shall terminate at the earliest of the following times:
 - a. the effective date of termination specified in a prior written notice by the **Named Insured** to the **Insurer**;
 - b. 60 days after receipt by the **Named Insured** of a written notice of termination from the **Insurer**;
 - c. 10 days after receipt by the **Named Insured** of a written notice of termination from the **Insurer** for failure to pay a premium when due, unless the premium is paid within such 10 day period;
 - d. upon expiration of the **Policy Period** as set forth in Item 2 of the Declarations; or
 - e. at such other time as may be agreed upon by the **Insurer** and the **Named Insured**.
2. If the **Policy** is terminated by the **Named Insured**, the **Insurer** shall refund the unearned premium computed at the customary short rate. If the **Policy** is terminated by the **Insurer**, the **Insurer** shall refund the unearned premium computed *pro rata*. Payment or tender of any unearned premium by

the **Insurer** shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable.

F. Territory

1. Coverage under this **Policy** shall extend to **Wrongful Acts** taking place or **Claims** made or **Damages** sustained anywhere in the world if the legal obligation to pay Damages is determined on the merits within the jurisdiction and subject to the substantive laws of the United States of America, Canada, or their territories or possessions.
2. All premiums, limits, retentions, **Damages** and other amounts under this **Policy** are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of **Damages** under this **Policy** is stated in a currency other than United States of America dollars, payment under this **Policy** shall be made in United States dollars at the applicable rate of exchange as published in *The Wall Street Journal* as of the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of **Damages** is due, respectively or if not published on such date, the next date of publication of *The Wall Street Journal*.

G. Subrogation

In the event of any payment under this **Policy**, the **Insurer** shall be subrogated to the extent of such payment to all the rights of recovery of the **Insureds**. The **Insureds** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the **Insurer** effectively to bring suit or otherwise pursue subrogation rights in the name of the **Insureds**.

H. Action Against the **Insurer** and Bankruptcy

No action shall lie against the **Insurer** unless the **Insured** has fully complied with all the terms of this **Policy**. No person or Company shall have any right under this **Policy** to join the **Insurer** as a party to any action against any **Insured** to determine the liability of the **Insured** nor shall the **Insurer** be impleaded by any **Insured** or its legal representatives. Bankruptcy or insolvency of any **Insured** or of the estate of any **Insured** shall not relieve the **Insurer** of its obligations nor deprive the **Insurer** of its rights or defenses under this **Policy**.

I. Authorization

By acceptance of this **Policy**, the **Named Insured** agrees to act on behalf of all **Insureds** with respect to the giving of notice of **Claim**, the giving or receiving of notice of termination or non renewal, the payment of premiums, the receiving of any premiums that may become due under this **Policy**, the agreement to and acceptance of endorsements, consenting to any settlement, exercising the right to the **Extended Reporting Period**, and the giving or receiving of any other notice provided for in this **Policy**, and all **Insureds** agree that the **Named Insured** shall so act on their behalf.

J. Alteration, Assignment and Headings

1. Notice to any agent or knowledge possessed by any agent or by any other person shall not give effect to or cause a waiver or a change in any part of this **Policy** nor prevent the **Insurer** from asserting any right under the terms of this **Policy**.
2. No change in, modification of, or assignment of interest under this **Policy** shall be effective except when made by a written endorsement to this **Policy** which is signed by an authorized representative of the **Insurer**.
3. The titles and headings to the various parts, sections, subsections and endorsements of the **Policy** are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions of such parts, sections, subsections or endorsements.

K. Interpretation

The terms and conditions of this **Policy** shall be interpreted and construed in an evenhanded fashion as between the parties. If the language of this **Policy** is deemed to be ambiguous or otherwise unclear, the issue shall be resolved in the manner most consistent with the relevant terms and conditions of this **Policy**, without regard to the authorship of the language, without any presumption or

arbitrary interpretation or construction in favor of either any **Insured** or the **Insurer** and without reference to the reasonable expectations of either the **Insured** or the **Insurer**.

VIII. MATERIAL CHANGES IN CONDITIONS

A. Acquisition or Creation of Another Company

If, during the **Policy Period**, the **Named Insured**:

1. acquires voting securities in another Company or creates another Company, which as a result of such acquisition or creation becomes a **Subsidiary**; or
2. acquires any Company by merger into or consolidation with the **Named Insured**;

then, subject to the terms and conditions of this **Policy**, such Company shall be covered under this **Policy**, but only with respect to **Claims** for **Wrongful Acts** taking place after such acquisition or creation, unless the **Insurer** agrees to provide coverage by endorsement for **Wrongful Acts** taking place prior to such acquisition or creation.

If the total assets of such acquired Company, as reflected in the then most recent consolidated financial statements of the Company, exceeds 10% of the total assets of the **Named Insured** and the **Subsidiaries** as reflected in the then most recent consolidated financial statements of the **Named Insured** and the **Subsidiaries**, the **Named Insured**, as a condition precedent to coverage with respect to such **Insureds**, shall, no later than 60 days after the effective date of such acquisition or creation:

- a. give written notice of such acquisition or creation to the **Insurer**;
- b. pay any additional premium required by the **Insurer**; and
- c. agree to any additional terms and conditions of this **Policy** as required by the **Insurer**.

B. Acquisition of the **Named Insured**

If, during the **Policy Period**, any of the following events occurs:

1. the acquisition of the **Named Insured**, or of all or substantially all of its assets, by another entity, or the merger or consolidation of the **Named Insured** into or with another entity such that the **Named Insured** is not the surviving entity; or
2. the obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate at least 50% of the directors of the **Named Insured**;

then coverage under this **Policy** will continue in full force and effect until termination of this **Policy**, but only with respect to **Claims** for **Wrongful Acts** taking place before such event. Coverage under this **Policy** will cease as of the effective date of such event with respect to **Claims** for **Wrongful Acts** taking place after such event. This **Policy** may not be cancelled after the effective time of the event, and the entire premium for this **Policy** shall be deemed earned as of such time.

C. Termination of a **Subsidiary**

If before or during the **Policy Period** an organization ceases to be a **Subsidiary**, coverage with respect to the **Subsidiary** and its **Insureds** shall continue until termination of this **Policy**. Such coverage continuation shall apply only with respect to **Claims** for **Wrongful Acts** taking place prior to the date such Company ceased to be a **Subsidiary**.