

GENERAL STAR NATIONAL INSURANCE COMPANY

P.O. BOX 10360

STAMFORD, CONNECTICUT 06904-2354

(Administrative Office)

(A stock insurance Company, herein called the Company)

**NEW YORK
REAL ESTATE APPRAISERS ERRORS AND OMISSIONS INSURANCE POLICY**

NOTICE

**THIS IS A CLAIMS-MADE POLICY
THE LIMITS OF LIABILITY OF THIS POLICY CAN BE REDUCED, AND MAY BE COMPLETELY
EXHAUSTED, BY CLAIMS EXPENSES**

THE COMPANY SHALL HAVE NO OBLIGATION TO PAY ANY **CLAIMS EXPENSES** OR **DAMAGES** IF THE LIMITS OF LIABILITY OF THIS POLICY HAVE BEEN EXHAUSTED BY PAYMENTS OF **CLAIMS EXPENSES** OR **DAMAGES**. THE DEDUCTIBLE IS APPLICABLE EITHER TO **DAMAGES** ONLY OR TO BOTH **DAMAGES** AND **CLAIMS EXPENSES** AS SHOWN ON THE DECLARATIONS PAGE.

THIS REAL ESTATE APPRAISERS ERRORS AND OMISSIONS INSURANCE POLICY PROVIDES COVERAGE ON A CLAIMS-MADE BASIS. THE COVERAGE PROVIDED BY THIS POLICY IS LIMITED TO ONLY THOSE **CLAIMS**, WHICH ARISE FROM **PROFESSIONAL SERVICES** RENDERED ON OR AFTER THE RETROACTIVE DATE AS STATED ON THE DECLARATIONS PAGE AND BEFORE THE END OF THE **POLICY PERIOD**, THAT ARE FIRST MADE AGAINST THE **NAMED INSURED** DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE COMPANY AS SOON AS PRACTICABLE DURING THE **POLICY PERIOD**, ANY RENEWAL THEREOF, OR APPLICABLE EXTENDED REPORTING PERIOD. AFTERWARDS, COVERAGE CEASES.

THE LENGTH OF THE AUTOMATIC EXTENDED REPORTING PERIOD IS 60 DAYS, THE OPTIONAL EXTENDED REPORTING PERIOD CAN BE 12 MONTHS, 24 MONTHS OR 36 MONTHS AND OTHER EXTENDED REPORTING PERIODS MAY BE AVAILABLE FOR AN UNLIMITED DURATION OF TIME AFTER THE **TERMINATION OF COVERAGE**. IF THERE IS NO UNLIMITED EXTENDED REPORTING PERIOD, POTENTIAL COVERAGE GAPS MAY ARISE UPON EXPIRATION OF ANY APPLICABLE EXTENDED REPORTING PERIOD.

PLEASE REVIEW THE POLICY CAREFULLY. THIS POLICY CONTAINS IMPORTANT EXCLUSIONS AND CONDITIONS. ALL WORDS OR PHRASES (OTHER THAN CAPTIONS) THAT ARE PRINTED IN BOLD FACE ARE DEFINED IN THE POLICY. PLEASE DISCUSS ANY QUESTIONS CONCERNING THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

WHAT TO DO IN CASE OF A CLAIM

The **Named Insured** must comply with the reporting procedures of **SECTION IV – DUTY TO REPORT A POTENTIAL CLAIM OR CLAIM(S)** of this Policy by contacting the Company in writing as follows:

General Star Management Company
Casualty Claims
P.O. Box 1255
Stamford, CT 06904
Fax: 866-914-3151
E-Mail: GStarClaims@generalstar.com

Note: Failure to promptly report a **claim** could jeopardize your coverage.

IMPORTANT

This Policy is not effective unless a Declarations Page is issued.

TABLE OF CONTENTS

SECTION I — COVERAGE	3
SECTION II — LIMITS OF LIABILITY AND DEDUCTIBLE	4
SECTION III — TERRITORY	5
SECTION IV — DUTY TO REPORT A POTENTIAL CLAIM OR CLAIM(S)	5
SECTION V — SUPPLEMENTARY PAYMENTS	6
SECTION VI — EXCLUSIONS	6
SECTION VII — DEFINITIONS	8
SECTION VIII — AUTOMATIC AND OPTIONAL EXTENDED REPORTING PERIODS	10
SECTION IX — GENERAL CONDITIONS	12

SPECIMEN

**NEW YORK
REAL ESTATE APPRAISERS ERRORS AND OMISSIONS INSURANCE POLICY**

THIS IS A CLAIMS-MADE POLICY. PLEASE REVIEW THE POLICY CAREFULLY.

GENERAL STAR NATIONAL INSURANCE COMPANY, herein called the Company, agrees with the **Named Insured** as shown in the Declarations Page, which is made a part of this Policy, in consideration of the payment of the premium, and in reliance upon the statements on the **Application** and the Declarations Page and subject to the Limits of Liability, exclusions, conditions and other terms of this Policy, as follows:

SECTION I -- COVERAGE

A. Damages

The Company will pay on behalf of the **Named Insured** all sums which the **Named Insured** shall become legally obligated to pay as **Damages** for **Claims** first made against the **Named Insured** during the **Policy Period** and first reported to the Company in writing as soon as practicable during the **Policy Period**, any renewal thereof, or applicable Extended Reporting Period, arising out of any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** by the **Named Insured**; provided always that such act, error, omission or **Personal Injury** takes place on or after the Retroactive Date, as stated on the Declarations Page, which is made a part of this Policy, and before the end of the **Policy Period**. However, this Policy shall not afford coverage if at the inception of the **Policy Period** the **Named Insured** had knowledge of any fact or circumstance that may reasonably be anticipated to give rise to a **Claim(s)** or **Suit** against the **Named Insured**.

B. Defense

The Company shall have the right and duty to defend any **Claim** against the **Named Insured** seeking **Damages** to which this insurance applies even if any of the allegations of the **Claim** are groundless, false or fraudulent. However, the Company shall have no duty to defend the **Named Insured** against any **Suit** seeking **Damages** to which this insurance does not apply. For covered **Claims**, the Company, at its option, shall select and assign defense counsel; however, notwithstanding the Company's right and duty to defend a **Claim** covered by this Policy, the **Named Insured** shall have the right to:

1. Select its own defense counsel or to consent to the Company's choice of a defense counsel, which such consent shall not be unreasonably withheld by the **Named Insured**;
2. Participate in, and assist in the direction of, the defense of any **Claim**; and
3. Consent to a settlement.

Furthermore, the **Named Insured** may engage additional counsel, solely at its own expense, to associate in the defense of any covered **Claim**.

The Company shall also have the right to negotiate the settlement, as it deems expedient, but the Company shall not commit the **Named Insured** to any settlement if the **Named Insured**, at its option, withholds consent, which such consent shall not be unreasonably withheld. If the **Named Insured** unreasonably withholds and refuses to consent to any settlement recommended by the Company, and elects to contest the **Claim** or continue any legal proceedings in connection with such **Claim**, then the Company shall be relieved of any further duty to defend the **Claim**. Thereafter, the Company shall have the right, but not the obligation, to withdraw from further defense of such **Claim** by tendering control of said defense to the **Named Insured**. The maximum amount the Company shall pay for **Damages** and **Claims Expenses** shall not exceed the amount for which the **Claim** could have been settled, including the **Claims Expenses** incurred or authorized by the Company up to the date of such refusal.

In no event shall the Company be obligated to pay **Damages** or **Claims Expenses** or to defend, or continue to defend, any **Suit** after the applicable Limit of Liability shown on the Declarations has been exhausted by payments of **Damages** or **Claims Expenses**.

SECTION II -- LIMITS OF LIABILITY AND DEDUCTIBLE

- A. The Limits of Liability stated on the Declarations Page and the rules below establish the most the Company will pay regardless of the number of:
1. **Named Insureds** or Additional Insureds;
 2. **Claims** made or **Suits** brought; or
 3. Persons or organizations making **Claims** or bringing **Suits**.
- B. The "Aggregate" Limit of Liability shown on the Declarations Page is the most the Company will pay for the sum of all **Claims** covered by this Policy, as follows:
1. **Damages** and **Claims Expenses** apply to the "Aggregate" Limit of Liability;
 2. **Claims Expenses** are part of the loss and are not payable by the Company in addition to the Limits of Liability, thereby reducing the "Aggregate" Limit of Liability shown on the Declarations Page; and
 3. The "Aggregate" Limit of Liability is the most the Company will pay for **Damages** and **Claims Expenses** resulting from all **Claims** covered by this Policy.
- C. Subject to Paragraph B. above, the "Each **Claim**" Limit of Liability shown on the Declarations Page is the most the Company will pay for each **Claim** covered by this Policy, as follows:
1. **Damages** and **Claims Expenses** apply to the "Each **Claim**" Limit of Liability;
 2. **Claims Expenses** are part of the loss and are not payable by the Company in addition to the Limits of Liability, thereby reducing the "Each **Claim**" Limit of Liability shown on the Declarations Page; and
 3. The "Each **Claim**" Limit of Liability is the most the Company will pay for **Damages** and **Claims Expenses** resulting from each **Claim** covered by this Policy.
- D. Subject to Paragraph B. or C. above, whichever applies, all related **Claims** or all **Claims** based upon or arising from the same act or related acts, errors, omissions or **Personal Injuries** regardless of the number of **Named Insureds**, Additional Insureds, **Claims**, **Suits** filed, or persons or organizations making **Claims** or filing **Suits** shall be considered a single **Claim** for the purpose of this insurance, and shall be subject to the same Limit of Liability. All such **Claims** shall be considered first made at the earliest of the date the first **Claim** was made or the date the act, error, omission or **Personal Injury** was first reported to the Company.
- E. All related acts, errors, omissions or **Personal Injuries** are deemed to have taken place at the time the first related act, error, omission or **Personal Injury** took place.
- F. Subject to Paragraph B. or C. above, whichever applies, the Company will pay only in excess of the applicable Deductible shown on the Declarations Page, as follows:
1. In the event the Deductible applies to:
 - a. "**Damages Only**" shown on the Declaration Page, the **Named Insured's** obligation to pay **Damages** shall be the Deductible amount specified as "Each **Claim**" shown on the Declaration Page. The Company will pay **Damages** from each covered **Claim** in excess of that amount in addition to all **Claims Expenses** resulting from each covered **Claim**; or
 - b. "**Both Damages and Claims Expenses**" shown on the Declaration Page, the **Named Insured's** obligation to pay both **Damages** and **Claims Expenses** shall be the Deductible amount specified as "Each **Claim**" shown on the Declaration Page. The Company will pay **Damages** and **Claims Expenses** from each covered **Claim** in excess of that amount.
 2. The "Aggregate" Deductible shown on the Declarations Page, if applicable, is the most the **Named Insured** is obligated to pay for the Deductible resulting from all **Claims** covered by this Policy. Subject to any applicable "Aggregate" Deductible, the "Each **Claim**" Deductible shown on the Declarations Page is the most the **Named Insured** is obligated to pay for the Deductible resulting from a single **Claim** covered by this Policy; and
 3. A numeric value must be specified as "Aggregate" Deductible shown on the Declarations Page; otherwise such "Aggregate" does not apply to any Deductible. If the "Aggregate" Deductible shown on the Declarations Page is blank or lacks a numeric value, including but not limited to an entry stating "not applicable", "n/a", "none" or "nil", then such "Aggregate" Deductible does not apply to any Deductible resulting from a **Claim** covered by this Policy;
- G. The **Named Insured** shall remit the applicable Deductible within thirty (30) days of the Company's written demand.

- H. The Limits of Liability apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the inception of the **Policy Period** shown on the Declarations Page, unless the **Policy Period** is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Liability. If this Policy remains in effect beyond the original Expiration Date because of an alternative renewal notice, a late nonrenewal notice or a late conditional renewal notice, it does not create a new "Aggregate" Limit of Liability; however, such aggregate limit shall be increased in proportion to the time period of the extension relative to the original **Policy Period**.
- I. In the event the **Named Insured** participates in an **Alternative Dispute Resolution** to settle a **Claim**, the Company will waive 50% of the **Named Insured's** "Each **Claim**" Deductible obligation. However, if the **Alternative Dispute Resolution** fails to resolve the **Claim**, and the **Claim** proceeds to litigation, the full Deductible shown on the Declarations Page will apply without the 50% waiver to any **Damages** and **Claims Expenses** incurred once the litigation has commenced.
- J. The applicability of Limits of Liability for the Extended Reporting Period(s) options is described in **Section VIII – AUTOMATIC AND OPTIONAL EXTENDED REPORTING PERIODS**.

SECTION III -- TERRITORY

To be covered under this Policy, a **Claim** must be made and maintained, and a **Suit**, if any, must be brought and maintained within the United States of America, its territories, possessions, Puerto Rico or Canada.

SECTION IV -- DUTY TO REPORT A POTENTIAL CLAIM OR CLAIM(S)

- A. **Duties in the Event a Named Insured Becomes Aware of a Potential Claim**
If, during the **Policy Period**, a **Named Insured** becomes aware of any act, error, omission or **Personal Injury**, which took place on or after the Retroactive Date, as stated on the Declarations Page of this Policy, or during the **Policy Period**, that might reasonably be expected to give rise to a **Claim**, the **Named Insured** must notify the Company in writing as soon as practicable, but in no event later than the end of the **Policy Period**. Any **Claim** that subsequently arises out of such act, error, omission or **Personal Injury** shall be considered to be a **Claim** made and reported during the **Policy Period** in which such written notice of the potential **Claim** was first received by the Company. Such notice of potential claim shall include all demand letters and the fullest information obtainable surrounding the act, error, omission or **Personal Injury**.
- B. **Duties In the Event of a Claim**
If, during the **Policy Period**, any renewal thereof, or applicable Extended Reporting Period, a **Claim** is made against the **Named Insured** to which this insurance applies, the **Named Insured** must:
 1. Immediately record the specifics of the **Claim** or **Suit** and the date received;
 2. Provide the Company or its authorized agent in New York State with written notice of the **Claim** or **Suit**, with particulars sufficient to identify the **Named Insured**, as soon as practicable, but in no event after the end of the **Policy Period**, any renewal thereof, or any applicable Extended Reporting Period; and
 3. Immediately send the Company copies of any demand letters, pleadings, notices, summonses, or other legal papers received in connection with the **Claim** or **Suit**.

However, failure to give any notice required to be given by the Policy shall not invalidate any **Claim** made by the **Named Insured**, injured person or any other claimant, unless the failure to provide such timely notice has prejudiced the Company. However, no **Claim** made by the **Named Insured**, injured person or any other claimant will be invalidated if it shall be shown not to have been reasonably possible to give such timely notice, and that notice was given as soon as was reasonably possible thereafter.

- C. Notice to the Company shall be given to:

General Star Management Company
P.O. Box 1255
Stamford, CT 06904
Fax: 866-914-3151
or
GstarClaims@generalstar.com
Attn: Professional Liability Claims

- D. Notice given by or on behalf of the **Named Insured**, or written notice by or on behalf of the injured person or any other claimant, to any agent of the Company in New York State, with particulars sufficient to identify the **Named Insured**, shall be considered to be notice to the Company.

SECTION V -- SUPPLEMENTARY PAYMENTS

A. Supplementary Payments

The Company will pay, in addition to the applicable Limit of Liability:

1. Up to \$250 for loss of earnings to the **Named Insured** for each day or part of a day of such **Named Insured's** attendance at the Company's request at a trial, hearing or arbitration proceeding involving a **Suit** against such **Named Insured** for covered **Damages**, but the amount so payable for any one or series of trials, hearings or arbitration proceedings arising out of the same act, error, omission or **Personal Injury** shall in no event exceed \$5,000 per **Policy Period** in the aggregate.
2. Up to \$2,500 in the aggregate, regardless of the number of **Supplementary Payment Requests**, from **Legal Services**.
3. Up to \$2,500 in the aggregate, regardless of the number of **Supplementary Payment Requests**, for attorneys fees and other costs, expenses or fees resulting from a subpoena to the **Named Insured** for documents or testimony arising out of **Professional Services** covered under this Policy, provided that:
 - a. The subpoena arises out of a **Suit** to which the **Named Insured** is not a party; and
 - b. The **Named Insured** has not been engaged to provide advice, expert witness or testimony in connection with the **Suit**, nor has the **Named Insured** been engaged to provide such advice or testimony in the past.

B. Supplementary Payments Conditions

1. Supplementary Payments shall apply to **Supplementary Payment Requests** first made against the **Named Insured** during the **Policy Period** and first reported to the Company in writing as soon as practicable during the **Policy Period**, any renewal thereof, or applicable Extended Reporting Period, arising out of any act, error, omission, **Personal Injury** in the rendering of or failure to render **Professional Services** by the **Named Insured**; provided always that such act, error, omission, **Personal Injury** takes place on or after the Retroactive Date, as stated on the Declarations Page, and before the end of the **Policy Period**. However, this Policy shall not afford coverage for Supplementary Payments if at the inception of the **Policy Period** the **Named Insured** had knowledge of any fact or circumstance that may reasonably be anticipated to give rise to a **Supplementary Payment Request**.
2. The Deductible amount shown on the Declarations Page shall not apply to any Supplementary Payments.
3. Prejudgment interest awarded against the **Named Insured** on that part of the judgment the Company pays.
4. Post-judgment interest on the full amount of any judgment that accrues after entry of the judgment and before the Company has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Liability.

SECTION VI -- EXCLUSIONS

The Company has no obligation under this Policy to pay **Damages** or **Claims Expenses**, or to provide a defense, in connection with any **Claim(s)** if based on or arising out of:

A. Any:

1. Dishonest, fraudulent, criminal, knowingly wrongful, willful, malicious or intentional act, error, omission or **Personal Injury**;
2. Intentional misrepresentation; or
3. Willful, intentional or knowing violation of the laws, statutes, rules or regulations (including, but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), or other actual or alleged violations of state or federal anti-trust, price-fixing, restraint of trade or deceptive trade practice laws, rules or regulations);

- B. Any disputes involving the **Named Insured's** fees, commissions or charges, the failure to pay or collect premium, escrow or tax money, or the conversion, misappropriation, commingling or embezzlement of funds or other property;
- C. The rendering of or failure to render **Professional Services** by the **Named Insured** serving in any position or in any capacity for any entity not listed on the Declarations Page;
- D. Any:
 - 1. **Bodily Injury**; or
 - 2. **Property Damage**;
- E. Any actual or alleged violation of any workers' compensation, unemployment compensation, disability or pension benefits law, or any similar laws, including but not limited to, the Employee Retirement Income Security Act of 1974 (ERISA), or any of its amendments, or any other similar state or local law, or any non-qualified plan, while the **Named Insured** is acting as a fiduciary within the meaning of said laws;
- F. Any actual or alleged violation of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any state "blue sky" or securities law, or any similar state or federal statutes, or common law principles of liability;
- G. The rendering of or failure to render appraisal services by the **Named Insured** in the representation of clients in any securities transaction (either registered or exempt) including but not limited to bond or other debt offerings, public stock offerings, property syndication or real estate investment trusts;
- H. The sale or purchase of insurance, or the failure to effect or maintain adequate levels or types of insurance;
- I. Any liability assumed by the **Named Insured** under any oral or written contract or agreement, including any warranty, except that this exclusion shall not apply to liability the **Named Insured** would have in the absence of such contract, agreement or warranty;
- J. Any activities of the **Named Insured** as a mortgage banker, mortgage counselor, mortgage broker, business broker, independent third party escrow agent, contractor, construction advisor, home inspector, property developer, insurance agent, insurance broker, real estate agent, real estate broker, buyers broker, real estate consultant, real estate counselor or property manager;
- K. The actual or attempted purchase of real property by the **Named Insured**;
- L. The actual or attempted appraisal of property by the **Named Insured** if at the time of the act, error, omission or **Personal Injury** giving rise to such **Claim**:
 - 1. The **Named Insured** in any part owned such property;
 - 2. The **Named Insured** was the developer, builder, real estate broker or salesperson of such property;
 - 3. Such appraisal services were in exchange for stock, partial ownership or investment in such property; or
 - 4. The **Named Insured** was employed or subcontracted by a real estate broker or salesperson who was a party to any transaction involving the appraised property;
- M. The actual or attempted purchase of property by, or appraisal of property developed, constructed or owned by:
 - 1. Any entity in which the **Named Insured** has a financial interest;
 - 2. Any entity which has a financial interest in the **Named Insured**; or
 - 3. Any entity which is under the same financial control as the **Named Insured**, provided that such financial interest or control existed at the time of the act, error, omission or **Personal Injury** giving rise to the **Claim**;
- N. Alleging infringement of any copyright, title, slogan, patent, trademark, trade name, trade dress, service mark or service name;
- O. Any guarantee or promise of future status, performance or valuation in the course of performing **Professional Services** by the **Named Insured**;

- P. The actual or alleged notarized certification or acknowledgement by the **Named Insured** of a signature on any document that the **Named Insured** did not witness being placed on the document;
- Q. Pollution or **Pollutants**, including:
1. **Bodily Injury** or **Property Damage** which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** at any time;
 2. Any request, demand, order or statutory or regulatory requirement that the **Named Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **Pollutants**;
 3. Any **Claim** by or on behalf of a governmental authority for **Damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **Pollutants**; or
 4. Any misrepresentation of or failure to disclose of any exposure from pollution or any **Pollutant**;
- R. The **Named Insured** gaining of any personal profit or advantage to which the **Named Insured** is not legally entitled, including misappropriation, conversion, embezzlement, commingling or misuse of funds or other property;
- S. Any lead including:
1. The installation, removal, disposal, handling, use or existence of, exposure to, contact with, or the ingestion of lead paint or any other substance or matter containing lead paint or the residue of lead paint; or
 2. Any misrepresentation of or failure to disclose of any exposure to any lead paint or any other substance or matter containing lead paint or the residue of lead paint.
- However, this exclusion does not apply to **Professional Services** by the **Named Insured** involving a real estate transaction if the real property, which is the subject of such transaction, was built after 1980;
- T. Discrimination of any kind by the **Named Insured**, including but not limited to discrimination due to or on the basis of age, sex, race, color, religion, disability, marital status, pregnancy, national origin, HIV or AIDS status, sexual origin, sexual orientation, or sexual preference;
- U. The **Named Insured's** unauthorized use of confidential, privileged or non-public material or information for any purpose whatsoever;
- V. Any **Professional Services** rendered by any person or entity other than the **Named Insured**; or
- W. Any **Professional Services** rendered by the **Named Insured** if such claim was based on or arising out of such **Named Insured's** supervision, subcontracting, assignment or referral of any portion of any contract, project or engagement.

SECTION VII -- DEFINITIONS

- A. **Application** means all signed applications for this Policy, including any attachments and other materials submitted in conjunction with the signed application(s).
- B. **Alternative Dispute Resolution** means the use of mediation or non-binding arbitration proceedings in which the **Named Insured** participates with the consent of the Company.
- C. **Bodily Injury** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- D. **Claim(s)**, means a demand for money, receipt of a request to provide a recorded statement, the filing of **Suit** or the institution of arbitration or mediation proceedings naming the **Named Insured**, claiming **Damages** and alleging an act, error, omission or **Personal Injury** resulting from the rendering of or failure to render **Professional Services**.

Claim does not include proceedings seeking injunctive or other non-pecuniary relief, or administrative proceedings before any national, state, regional or local board of real estate agents, or any committee or sub-

committee, except as defined by **Supplementary Payment Requests** and made available in Paragraph A.2. of **SECTION V – SUPPLEMENTARY PAYMENTS**.

E. **Claims Expenses** means:

1. Fees charged by an attorney(s) designated by the Company and all other fees, costs, and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim**, if incurred by the Company, or by the **Named Insured** with written consent of the Company, but does not include salary charges or expenses of regular employees or officials of the Company, or fees and expenses of independent adjusters;
2. All court costs taxed against the **Named Insured** in a **Claim**. However, these costs do not include attorneys' fees or attorneys' expenses taxed against the **Named Insured**; or
3. Premiums on appeal bonds and premiums on bonds to release attachments in such **Suits**, but not premiums for bond amounts in excess of the applicable Limit of Liability. Notwithstanding the foregoing, the Company shall have no obligation to pay for or furnish any bond.

F. **Damages** means compensatory judgments, settlements or awards, but does not include punitive or exemplary damages, fines or penalties, sanctions, the return of fees or other consideration paid to the **Named Insured**, or that portion of any award or judgment caused by the trebling or multiplication of actual damages under federal or state law. **Damages** does not include matters uninsurable in the jurisdiction governing this Policy. **Damages** does not include **Claims Expenses**.

However, if a **Suit** is brought against the **Named Insured** with respect to a **Claim** for alleged acts, errors, omissions or **Personal Injury** falling within the scope of coverage afforded by this Policy, and such **Suit** seeks both compensatory and punitive or exemplary **Damages**, then the Company will afford a defense to such action without liability for payment of such punitive or exemplary **Damages**.

G. **Legal Services** means attorney's fees, and other costs, expenses or fees resulting from the investigation or defense of a proceeding before a state licensing board, local real estate board or governmental regulatory body incurred as the result of a notice of a proceeding, excluding commission disputes.

H. **Named Insured** means the person shown on the Declarations Page.

I. **Personal Injury** means:

1. False arrest, detention or imprisonment, wrongful entry or eviction, other invasion of private occupancy, or malicious prosecution; or
2. The publication or utterance of a libel, slander or other defamatory or disparaging material, or a publication or an utterance in violation of an individual's right of privacy.

J. **Policy Period** means the period from the inception date of this Policy to the Policy expiration date as set forth on the Declarations Page, or its earlier termination date, if any.

K. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

L. **Professional Services** means services performed by the **Named Insured** in the **Named Insured's** capacity as an appraiser of real estate as long as the **Named Insured** is properly licensed or certified at the time of the act, error, omission or **Personal Injury** giving rise to the **Claim** and as long as such service is rendered on or behalf of the customer or client in return for a fee, commission, or other compensation. It includes incidental services rendered by the **Named Insured** as a notary public, or as a member of a formal accreditation committee, standards review committee or similar board or committee. **Professional Services** does not include the supervision of, subcontracting to, assignment to or referral of any portion of any contract, project or engagement by the **Named Insured**.

M. **Property Damage** means physical injury to, destruction of or loss of tangible property.

N. **Suit** means a civil adjudicatory proceeding in a court of law in the United States of America, its territories, possessions, Puerto Rico or Canada.

O. **Termination of Coverage** means, whether made by the Company or the **Named Insured** at any time:

1. Cancellation or nonrenewal of this Policy; or
2. Decrease in Limits of Liability, reduction of coverage, increased Deductible, new exclusion, or any other change in coverage less favorable to the **Named Insured**.

SECTION VIII -- AUTOMATIC AND OPTIONAL EXTENDED REPORTING PERIODS

A. Automatic Extended Reporting Period

1. In the event of the **Termination of Coverage** a sixty (60) day Automatic Extended Reporting Period, effective at the end of the **Policy Period**, will be provided by the Company at no additional cost. This Automatic Extended Reporting Period shall extend the time in which the **Named Insured** can give written notice to the Company of **Claims** first made against the **Named Insured** during the **Policy Period** for any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** taking place on or after the Retroactive Date, as stated on the Declarations Page, and before the end of the **Policy Period**, subject to terms, limitations, exclusions and conditions of this Policy.
2. The Automatic Extended Reporting Period does not increase or reinstate the Limit of Liability of this Policy. The Limit of Liability available for "each **Claim**" and "Aggregate" during the Automatic Extended Reporting Period is equal to the amount remaining, if any, in the Limit of Liability shown on the Declarations Page as Limit of Liability "Each **Claim**" and "Aggregate", respectively, at the end of the **Policy Period**.
3. Within thirty (30) days after **Termination of Coverage** the Company will provide the **Named Insured** with the written notice of the Automatic Extended Reporting Period and the availability of, the premium for, and the importance of purchasing the Optional Extended Reporting Period coverage as set forth in paragraph B. of this Section. However, in the event of **Termination of Coverage** due to non-payment of premium or fraud on the part of the **Named Insured**, the Company shall not be required to provide a premium quotation for any Optional Extended Reporting Period unless requested by the **Named Insured**.

B. Optional Extended Reporting Period

1. In the event of the **Termination of Coverage**, except for the reasons set forth below in paragraph E. 1. **Applicability of Extended Reporting Periods**, the **Named Insured** shall have the right to an extension of coverage, known as the Optional Extended Reporting Period, for the time periods and at the premiums set forth below, for **Claims** first made against the **Named Insured** and reported in writing to the Company as soon as practicable during the Automatic Extended Reporting Period or Optional Extended Reporting Period for any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** taking place on or after the Retroactive Date, as stated on the Declarations Page, and before the end of the **Policy Period**, subject to terms, limitations, exclusions and conditions of this Policy.
2. The right to purchase the Optional Extended Reporting Period shall terminate unless written notice of the **Named Insured's** acceptance and election together with the full premium is received by the Company or its authorized agent within the greater of sixty (60) days of the end or termination of the **Policy Period** or thirty (30) days from the date of mailing or delivery of the Company's written notice as set forth in the paragraph A.3. of this Section. The Optional Extended Reporting Period may not be renewed upon its expiration.
3. The Optional Extended Reporting Period is available for the following time periods and premiums:
 - a. Twelve (12) months for an additional 100% of the full annual premium;
 - b. Twenty-four (24) months for an additional 135% of the full annual premium; or
 - c. Thirty-six (36) months for an additional 150% of the full annual premium.
4. The Limit of Liability available during the Optional Extended Reporting Period shall apply as follows:
 - a. If, when the **Named Insured** exercises its option to purchase an Optional Extended Reporting Period, such **Named Insured** has at least three (3) consecutive **Policy Periods** of REAL ESTATE APPRAISERS ERRORS AND OMISSIONS INSURANCE issued by the Company, then an "Aggregate" Limit of Liability applicable to the Optional Extended Reporting Period shall be equal to and in addition to the amount shown on the Declarations as the "Aggregate" Limit of Liability. The Limit of Liability shown on the Declarations, which is applicable during the **Policy Period**, shall cease to be available during the Optional Extended Reporting Period.

- b. If, when the **Named Insured** exercises its option to purchase an Optional Extended Reporting Period, such **Named Insured** has fewer than three (3) consecutive **Policy Periods** of REAL ESTATE APPRAISERS ERRORS AND OMISSIONS INSURANCE issued by the Company, then an "Aggregate" Limit of Liability applicable to the Optional Extended Reporting Period shall be equal to the greater of:
 - i. The amount remaining in the Limit of Liability shown on the Declarations Page as "Aggregate" Limit of Liability at the end of the **Policy Period**; or
 - ii. An additional amount equal to fifty percent (50%) of the Limit of Liability shown on the Declarations Page as "Aggregate" Limit of Liability. The Limit of Liability shown on the Declarations, which is applicable during the **Policy Period**, shall cease to be available during the Optional Extended Reporting Period.
5. An Optional Extended Reporting Period coverage shall also be available to any **Named Insured** if:
 - a. The **Named Insured** has been placed in liquidation or bankruptcy or permanently ceases operations; and
 - b. A designated trustee, who is overseeing the liquidation, bankruptcy or permanent ceasing of operations of the **Named Insured**, does not purchase any Optional Extended Reporting Period.

Then any person, who is a **Named Insured**, may purchase an Optional Extended Reporting Period by submitting a written request to the Company within 120 days of the **Termination of Coverage**. The Company shall provide the coverage to such person only and will determine a commensurate premium. The Company has no obligation to notify such person of the cancellation, **Termination of Coverage** or the availability of any Extended Reporting Period.

C. **Retiree Extended Reporting Period**

If the **Named Insured** cancels, nonrenews or fails to renew this Policy due to retirement in the capacity as an appraiser of real estate, the **Named Insured** shall, for an additional premium of 160% of the full annual premium for this Policy, have the right to a Retiree Extended Reporting Period for an unlimited period following the end of the **Policy Period**. This Retiree Extended Reporting Period shall extend for an unlimited period of time in which the **Named Insured** can give written notice to the Company of **Claims** first made against the **Named Insured** during the Automatic Extended Reporting Period or Retiree Extended Reporting Period for any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** taking place on or after the Retroactive Date, as stated on the Declarations Page, and before the end of the **Policy Period**, subject to the terms, limitations, exclusions and conditions of this Policy. The right to purchase the Retiree Extended Reporting Period shall terminate unless written notice of the **Named Insured's** election together with the additional premium is received by the Company or its authorized agent within sixty (60) days of the end of the **Policy Period**.

D. **Death, Disability or Retirement Extended Reporting Period**

In the event the **Named Insured** dies or becomes permanently and totally disabled during the **Policy Period**, an unlimited Extended Reporting Period will be granted at no additional premium, provided that within sixty (60) days of the death or permanent and **Total Disability** the **Named Insured** or the **Named Insured's** legal representative requests the Death, Disability or Retirement Extended Reporting Period, subject to:

1. The **Named Insured's** legal representative furnishes written evidence and proof of the date of the **Named Insured's** death, or
2. The **Named Insured** or **Named Insured's** legal representative provides written evidence and proof of the permanent and **Total Disability** including the date of the actual disability and written certification by the **Named Insured's** attending physician, and
3. In the case of permanent and **Total Disability** the **Named Insured** agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such permanent and total disability.

This Death, Disability or Retirement Extended Reporting Period shall extend for an unlimited period of time in which the **Named Insured** can give written notice to the Company of **Claims** first made against the **Named Insured** during the **Policy Period** for any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** taking place on or after the Retroactive Date, as stated on the Declarations, and before the end of the **Policy Period**, subject to the terms, limitations, exclusions and conditions of this Policy. If after reaching age sixty five (65), and having been continuously insured by the Company on a claims-made basis for a minimum of five (5) years the **Named Insured** retires during the **Policy Period**, an

unlimited Extended Reporting Period will be granted at no additional premium provided that the **Named Insured** within sixty (60) days of the retirement requests the unlimited Extended Reporting Period.

E. Applicability of Extended Reporting Periods

1. None of the Extended Reporting Periods, except Automatic Extended Reporting Period, shall be available to the **Named Insured** upon **Termination of Coverage** due to the reason of nonpayment of premium or fraud on the part of the **Named Insured** if such **Termination of Coverage** takes place less than one (1) year upon inception of continuous and uninterrupted coverage provided by the Company.
2. Neither Retiree Extended Reporting Period nor Death, Disability or Retirement Extended Reporting Period, shall apply if the Policy is rescinded, cancelled or nonrenewed for any of the following reasons:
 - a. Non-payment of premium;
 - b. Fraud on the part of the **Named Insured**;
 - c. Failure to comply with provisions of this Policy;
 - d. Non-payment of a Deductible or any advanced payment, which the Company made on behalf of the **Named Insured**;
 - e. Failure to cooperate with the Company; or
 - f. Fraud, concealment or material misrepresentation of facts in any **Application** for this Policy or any renewal policy for this insurance.

F. Termination of Any Extended Reporting Period Option

Once in effect, the Optional Extended Reporting Period, Retiree Extended Reporting Period and Death, Disability or Retirement Extended Reporting Period may not be canceled. At the commencement of any Extended Reporting Period, the entire premium shall be deemed earned and the Company shall not be liable to return to the **Named Insured** any portion of the premium for any Extended Reporting Period.

G. Miscellaneous

1. There are no separate or additional Limits of Liability for the Retiree Extended Reporting Period or the Death, Disability or Retirement Extended Reporting Period.
2. The Aggregate Limit of Liability available during the Retiree Extended Reporting Period, if purchased, or Death, Disability or Retirement Extended Reporting Period shall be the remaining amount, if any, of the "Aggregate" Limit of Liability at the end of the **Policy Period**.
3. The Automatic Extended Reporting Period does not extend the time in which to exercise the right to:
 - a. Purchase the Optional Extended Reporting Period or the Retiree Extended Reporting Period; or
 - b. Make effective the Death, Disability or Retirement Extended Reporting Period.
4. The first sixty (60) days of the Optional Extended Reporting Period, Retiree Extended Reporting Period or Death, Disability or Retirement Extended Reporting Period shall run in addition to the Automatic Extended Reporting Period.
5. The Deductible shown on the Declarations Page shall apply to any Extended Reporting Period.

SECTION IX -- GENERAL CONDITIONS

A. Premium

All premiums for this Policy shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premiums applicable to this insurance. The **Named Insured** shall maintain records of the information necessary for premium computation and shall send copies of such records to the Company at such times as the Company may direct.

B. Assistance and Cooperation of the Named Insured

The **Named Insured** shall fully cooperate with the Company in the defense of any **Claim** made under this Policy. Upon the Company's request, the **Named Insured** shall assist in making settlements, in the conduct of **Suits** and in enforcing any right of contribution, subrogation or indemnity against any person, organization or other insurer which may be liable to the **Named Insured** or the Company for **Damages** or **Claims Expenses**. The **Named Insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The **Named Insured** shall not, except at the **Named Insured's** own cost, voluntarily make any payments, assume any obligation or incur any expense. The **Named Insured** may provide for **Alternative Dispute Resolution** with a client under an engagement letter or any other written contract as long as such agreement is executed in writing prior to any **Claim** or such **Named Insured's** awareness of any act, error, omission or **Personal Injury** that might reasonably be expected to give rise to a **Claim**.

The **Named Insured** will consent to the submission of special verdict forms or other written inquiries to the trier of fact for the purpose of determining the basis for the **Named Insured's** liability and any **Damages** awarded if **Suit** or any other proceeding is brought on the **Claim**.

C. Assignment

This Policy may not be assigned without first obtaining the written consent of the Company. The **Named Insured's** rights under this Policy are not assignable. If the **Named Insured** shall die or be adjudged incompetent, this insurance shall terminate for such person, but shall cover the **Named Insured's** legal representative with respect to liability previously incurred and covered by this insurance.

D. Legal Action Against The Company

No action shall lie against the Company unless, as a condition precedent thereto, the **Named Insured** shall have fully complied with all terms of this Policy and the amount of the **Named Insured's** obligation to pay shall have been finally determined either by final judgment against the **Named Insured** or by written agreement of the **Named Insured**, the injured person, the claimant and the Company. The **Named Insured** may take action against the Company if payment for **Damages** under this Policy remains unsatisfied after 30 days from the serving of notice of entry of judgment upon the **Named Insured** or a representative of the **Named Insured**, and upon the Company, unless the payment is withheld during a stay or limited stay of execution on such judgment.

If the Company denies coverage with respect to a **Claim** arising out of an act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** by the **Named Insured** (provided always that such act, error, omission or **Personal Injury** takes place on or after the Retroactive Date, as stated on the Declarations Page, which is made a part of this Policy, and before the end of the **Policy Period**) and such denial of coverage is based on the failure to provide timely notice of a **Claim**, then the **Named Insured**, injured person or claimant may maintain an action directly against the Company, in which the sole question is the Company's denial based on the failure of the **Named Insured** to provide timely notice, unless within sixty (60) days following the denial, the **Named Insured** or the Company:

1. Initiates an action to declare the rights of the parties under the insurance Policy; and
2. Names the injured person or other claimant as a party to the action.

E. Conformity to Statute

In the event that any terms, conditions or exclusions of this Policy conflict with any law applicable to the coverage afforded hereunder, the terms of this contract shall, by this statement, be amended to conform to such law or laws.

F. Other Insurance

If there is other valid and collectible insurance (whether primary, excess, contingent or qualified self-insurance, including Extended Reporting Period coverage in the **Named Insured's** previous insurance) which may apply to a **Claim** covered by this Policy, the insurance provided hereunder shall be deemed excess insurance over and above the applicable limits of liability of all other insurance or qualified self-insurance.

1. When this insurance is excess, the Company shall have no duty under this Policy to defend any **Claim** or **Suit** that any other insurer or qualified self-insurer has a duty to defend. If such other insurer or self-insurer refuses to defend such **Claim** or **Suit**, the Company shall be entitled to the **Named Insured's** rights against all other insurers or qualified self-insurers for any **Claims Expenses** and **Damages** incurred by the Company.
2. If a loss occurs involving two or more policies of valid and collectible insurance, each of which provides that its insurance shall be excess, each will contribute pro rata. The Company's pro rata amount is the ratio of the Company's Limits of Liability to the limits of the other policies. Only one policy shall have a duty to defend. The policy with the greatest financial exposure, based on limits of liability of the policies applicable to the loss, shall have the duty to defend. If no policy has the greatest financial exposure, then the **Named Insured** and the Company agree to use best efforts with fair and proper reasoning to determine which policy has the duty to defend among all of the insurers (including qualified self-insurers), whose insurance is applicable to the loss. If the parties cannot agree after using fair and proper reasoning, the Company shall have a duty to defend and advance the amounts the Company believes to constitute covered **Claims Expenses**, until a different decision is negotiated, arbitrated or judicially determined. At such time, the Company will tender its defense obligations in an orderly manner to the

responsible party. Any amounts so advanced shall apply pro rata to this Policy and shall not apply to or create any presumption of a fair or proper allocation for any other amounts that the Company is obligated.

G. Subrogation

To the extent of any payment under this Policy, the Company shall be subrogated to all the **Named Insured's** rights of recovery against any person, organization or entity, and the **Named Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Named Insured** shall do nothing after any **Claim** to prejudice or terminate such rights and shall fully cooperate with the Company. The Company shall not exercise any such rights against the **Named Insured**. Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against the **Named Insured** arising from a **Claim** brought about or contributed to by any dishonest, criminal, fraudulent, malicious or illegal acts or omissions.

H. Cancellation

1. This Policy may be canceled by the **Named Insured** by surrendering this Policy to the Company or its authorized representative stating when thereafter the cancellation shall be effective.
2. This Policy may be canceled by the Company as follows:
 - a. Cancellation for Policies in Effect Sixty (60) Days Or Less
The Policy may be canceled by the Company by mailing or delivering written notice stating the reason for cancellation to the **Named Insured** at the mailing address shown in this Policy, and to the **Named Insured's** authorized agent or broker at least:
 - i. Twenty (20) days before the effective date of cancellation if the Policy is canceled for any reason not included in Paragraph H.2.a.ii. below; or
 - ii. Fifteen (15) days before the effective date of cancellation if the Policy is canceled for any of the following reasons:
 - (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the **Named Insured** of the amount due;
 - (2) Conviction of a crime arising out of acts increasing the hazard insured against;
 - (3) Discovery of fraud or material misrepresentation in the obtaining of the Policy or in the presentation of a **Claim**;
 - (4) After issuance of the Policy or after the last renewal date, discovery of an act or omission, or a violation of any Policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to the inception of the current **Policy Period**;
 - (5) Material change in the nature or extent of the risk, such change occurring after issuance or after the 1st annual renewal or anniversary date of the Policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the Policy was issued or last renewed;
 - (6) A determination by the Superintendent of Financial Services that continuation of the present premium volume of the Company would jeopardize the Company's solvency or be hazardous to the interest of the Company's policyholders, creditors or the public;
 - (7) A determination by the Superintendent of Financial Services that the continuation of the Policy would violate, or would place the Company in violation of any provision of the Insurance Code; or
 - (8) Revocation or suspension of the **Named Insured's** license to practice his profession.
 - b. Cancellation of Policies in Effect For More Than Sixty (60) Days.
If this Policy has been in effect for more than sixty (60) days, or if this Policy is a renewal or continuation of a Policy issued by the Company, the Policy may be canceled by the Company only for any of the reasons listed in Paragraph H.2.a.ii. above, provided a written notice stating the reason for cancellation is mailed or delivered to the **Named Insured** at the address shown in this Policy, and to the **Named Insured's** authorized agent or broker at least fifteen (15) days before the effective date of cancellation.
3. If either the **Named Insured** or the Company cancels, earned premium shall be the prorated amount of the annual premium. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Company's check or the check of its representative mailed as aforesaid shall be sufficient tender of any refund or premium due to the **Named Insured**, provided that if at the time of cancellation the Limit of Liability has been exhausted as a result of a **Claim**, the entire premium shall be considered earned.

I. Nonrenewal, Conditional Nonrenewal, Notices of Nonrenewal and Conditional Renewal

1. Nonrenewal

If the Company elects not to renew this Policy, the Company shall send notice as provided in Paragraph I.3. below along with the reason for nonrenewal.

2. Conditional Renewal

If the Company conditions renewal of this Policy upon:

- a. Change of Limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased Deductible;
- e. Addition of an exclusion; or
- f. Increased premiums in excess of ten percent (10%), exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

The Company shall send notice as provided in Paragraph I.3. below.

3. Notices of Nonrenewal and Conditional Renewal

- a. If the Company decides not to renew this Policy or to conditionally renew this Policy as provided in Paragraph I.1. and I.2. above, the Company shall mail or deliver written notice to the **Named Insured** at least sixty (60) days but not more than one hundred twenty (120) days before:
 - i. The expiration date; or
 - ii. The anniversary date if this is a continuous policy.
- b. Notice will be mailed or delivered to the **Named Insured** at the address shown in the Policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
- c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.
- d. The Company will not send the **Named Insured** notice of nonrenewal or conditional renewal if the **Named Insured**, the authorized agent or broker or another insurer of the **Named Insured** mails or delivers notice that the Policy has been replaced or is no longer desired.
- e. If the Company violates any of the provisions of Paragraph I.3.a., b. or c. above by sending the **Named Insured** an incomplete or late conditional renewal notice or a late nonrenewal notice:
 - i. Coverage will remain in effect at the same terms and conditions of this Policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the **Named Insured**, during this 60 day period, has replaced the coverage or elects to cancel.
 - ii. On or after the expiration date of this Policy, coverage will remain in effect at the same terms and conditions of this Policy for another **Policy Period**, at the lower of the current rates or the prior period's rates, unless the **Named Insured**, during this additional **Policy Period**, has replaced the coverage or elects to cancel.
- f. If the **Named Insured** elects to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
 - i. Upon expiration of the 60 day period; or
 - ii. Notwithstanding the provisions in Paragraphs e.i. and e.ii., as of the renewal date of the Policy if the Company sends the **Named Insured** the conditional renewal notice at least 30 days prior to the expiration or anniversary date of the Policy.

J. Transfer of Duties When a Limit of Liability Is Used Up

1. If the Company concludes, based on **Claims** reported to the Company to which this insurance may apply, that the Limit of Liability shown on the Declarations as "Aggregate" is likely to be used up by any pending payment, the Company shall notify the **Named Insured**, in writing, to that effect.
2. When such "Aggregate" described in Paragraph 1. above has actually been used up by payments to which this insurance applies:
 - a. The Company will notify the **Named Insured**, in writing, as soon as practicable, that:
 - i. Such limit has actually been used up; and
 - ii. The duty of the Company to defend any **Suit** against the **Named Insured** seeking **Damages**, subject to such "Aggregate", has also ended.

- b. The Company shall initiate, and cooperate in, the transfer of control, to the **Named Insured**, of all **Claims**, including **Suits** seeking **Damages**, which are subject to such "Aggregate" limit and which are reported to the Company before such limit is used up. That **Named Insured** must cooperate in the transfer of control of said **Claims** and **Suits**. The Company agrees to take steps as the Company deems appropriate to avoid a default in, or continue the defense of, such **Suits** until such transfer is completed, provided the **Named Insured** is cooperating in completing such transfer. The Company shall take no action whatsoever with respect to any **Claim**, or **Suit** seeking **Damages**, that would have been subject to such "Aggregate" limit, had it not been used up, if the **Claim** or **Suit** is reported to the Company after such "Aggregate" limit was used up.
 - c. The **Named Insured** must arrange for the defense of such **Suit** within such time period as agreed to between the **Named Insured** and the Company. Absent any such agreement, arrangements for the defense of such **Suit** must be made as soon as practicable.
3. The **Named Insured** shall reimburse, within thirty (30) days of written notice by the Company, the amount that the Company incurred as **Claims Expenses** in taking those steps the Company deemed appropriate in accordance with Paragraph 2.b. above. The duty of the **Named Insured** to reimburse the Company will begin on:
 - a. The date on which the applicable "Aggregate" limit is used up, if the Company sent notice in accordance with Paragraph 1. above; or
 - b. The date on which the Company sent notice in accordance with Paragraph 2.a. above, if the Company did not send notice in accordance with Paragraph 1. above.

The exhaustion of such "Aggregate" limit by payments to which this insurance applies, and the resulting end of the Company's duty to defend, will not be affected by the Company's failure to comply with any of the provisions of this Condition.

K. Changes

The terms of this Policy shall not be waived or changed except by endorsement issued to form a part of this Policy.

L. Bankruptcy or Insolvency of the Named Insured

Bankruptcy or insolvency of the **Named Insured** or of the **Named Insured's** estate shall not relieve the Company of any of its obligations under this Policy.

M. Declarations and Application

By acceptance of this Policy, the **Named Insured** agrees that the statements in the **Application** are the **Named Insured's** agreements and representations, that they shall be deemed material, that this Policy is issued in reliance upon the truth of such representations that this Policy embodies all agreements existing between the **Named Insured** and the Company or any of its agents relating to this insurance, and they shall be considered as incorporated into and constitute a part of this Policy.

This Policy is not effective unless a Declarations Page is issued.

N. Reimbursement

While the Company has no duty to do so, if the Company pays **Damages** or **Claims Expenses**:

1. Within the amount of the applicable Deductible,
 2. In excess of the applicable Limit of Liability, or
 3. Under a reservation of rights to seek reimbursement, and it is determined that the Company is entitled to reimbursement,
- upon written demand, the **Named Insured** shall repay such amounts to the Company within thirty (30) days.

O. Liberalization

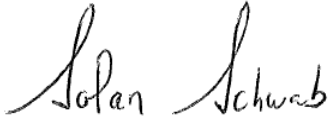
If the Company adopts, during the **Policy Period**, any revision that without additional premium would broaden the coverage under this Policy, the broadened coverage will apply to this Policy effective when the provision has been approved by the appropriate regulatory authority. Such provision shall only apply to **Claims** first made after the date such approval is received by the Company.

P. Examination of Named Insured Books and Records

The Company may examine and audit the **Named Insured's** books and records as they related to this Policy at any time during the **Policy Period** and up to three (3) years afterward.

IN WITNESS WHEREOF **General Star National Insurance Company** has caused this Policy to be signed by its President and Secretary at Stamford, Connecticut, but the same shall not be binding upon the Company unless countersigned on the Declarations Page by an authorized representative of the Company.

GENERAL STAR NATIONAL INSURANCE COMPANY



Secretary



President

SPECIMEN