

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 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 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 **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.

THE FOLLOWING DOES NOT APPLY TO POLICYHOLDERS IN THE <BRANDED > PROGRAM: DURING THE FIRST SEVERAL YEARS OF THE CLAIMS-MADE RELATIONSHIP, CLAIMS-MADE RATES ARE COMPARATIVELY LOWER THAN OCCURRENCE RATES, AND THE **NAMED INSURED** MAY EXPECT SUBSTANTIAL ANNUAL PREMIUM INCREASES, INDEPENDENT OF OVERALL RATE LEVEL INCREASES, UNTIL THE CLAIMS-MADE RELATIONSHIP REACHES MATURITY.

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 V – 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.

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**NEW YORK
REAL ESTATE 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 **Insured** all sums which the **Insured** shall become legally obligated to pay as **Damages** for **Claims** first made against the **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 an **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 **Insured** had knowledge of any fact or circumstance that may reasonably be anticipated to give rise to a **Claim(s)** or **Suit** against any **Insured**.

B. Defense

The Company shall have the right and duty to defend any **Claim** against the **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 **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;
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 as stated on the Declarations Page has been exhausted by payments of **Damages** or **Claims Expenses**.

C. **Coverage Extension**

Subject to paragraphs A. and B. above, the following coverage extension is made part of this insurance:

Open House

Claims based on or arising out of an **Open House** will be subject to a sub-limit of \$50,000 in the aggregate, regardless of the number of **Claims**, for **Damages** that shall be a part of, and not in addition to, the applicable Limit of Liability shown on the Declarations Page.

SECTION II – WHO IS INSURED

Each of the following is an **Insured** under this Policy to the extent set forth below:

- A. If the **Named Insured** is designated as an independent contractor in the **Application**, then coverage is only afforded to the individual designated as the **Named Insured** on the Declarations Page;
- B. The entity or person designated as the **Named Insured**;
- C. Any **Predecessor Firm** or **Successor in Business** of the **Named Insured**;
- D. Any past or present partners, officers, directors, stockholders, members, managing members or employees of any person or entity specified in Paragraphs B. or C of this Section, but only with respect to **Claims** arising out of any act, error, omission or **Personal Injury** in the rendering or failure to render **Professional Services** that took place while acting within the scope of their duties on behalf of such person or entity and while employed by such person or entity;
- E. Any **Salesperson, Short Term Escrow Agent** or licensed real estate appraiser but only with respect to **Claims** arising out of any act, error, omission or **Personal Injury** in the rendering or failure to render **Professional Services** on behalf of any person or entity specified in Paragraphs B. or C of this Section;
- F. Any Franchisor(s) of the **Named Insured**, but only when such Franchisor(s) is named in a **Claim** arising out of any act, error, omission or **Personal Injury** in the rendering or failure to render **Professional Services** by any **Insured** other than the Franchisor(s).

SECTION III -- LIMITS OF LIABILITY AND DEDUCTIBLE

- A. The Limits of Liability shown on the Declarations Page and the rules below establish the most the Company will pay regardless of the number of:
 - 1. **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 **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 **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 **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 **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 **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 **Insured** participates in an **Alternative Dispute Resolution** to settle a **Claim**, the Company will waive 50% of the **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** incurred once the litigation has commenced. The maximum amount of this waiver shall not exceed \$25,000 per **Claim**.
- J. The **Insured's** obligation to pay the Deductible shown on the Declarations Page shall be waived for amounts not exceeding \$5,000, provided that the following conditions are met and documentation of such conditions, as follows, is provided to the Company with notice of Claim:
1. A seller disclosure form was signed by the seller and acknowledged by the buyer prior to closing;
 2. A home warranty policy was purchased prior to closing;
 3. A home inspection was completed and a copy was provided to the buyer prior to closing; and
 4. A state or local Board approved standard sales contract was utilized.
- The **Insured's** obligation to pay the Deductible shown on the Declarations Page shall not be waived if any **Insured** individually acted as both buyer's and seller's agent in the transaction, which gave rise to a **Claim**
- K. The applicability of Limits of Liability for the Extended Reporting Period(s) options is described in **Section IX—AUTOMATIC AND OPTIONAL EXTENDED REPORTING PERIODS**.

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

A. Duties in the Event an Insured Becomes Aware of a Potential Claim

If, during the **Policy Period**, an **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 **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 any **Insured** to which this insurance applies, the **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 **Insured**, as soon as practicable, but in no event after the end of the **Policy Period**, any renewal thereof, or 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 **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 **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 **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 **Insured**, shall be considered to be notice to the Company.

SECTION VI -- SUPPLEMENTARY PAYMENTS

A. Supplementary Payments

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

1. Up to \$500 for loss of earnings to each individual **Insured** for each day or part of a day of the **Insured's** attendance at the Company's request at a trial, hearing or arbitration proceeding involving a **Suit** against the **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 \$10,000 per **Policy Period** in the aggregate for all **Insureds**.

2. Up to \$10,000 in the aggregate, regardless of the number of **Supplementary Payment Requests**, from **Legal Services**.
3. Up to \$10,000 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 an **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 no **Insured** is a party; and
 - b. No **Insured** has been engaged to provide advice, expert witness or testimony in connection with the **Suit**, nor has any **Insured** been engaged to provide such advice, expert witness or testimony in the past.
4. Up to \$5,000 in the aggregate, regardless of the number of **Supplementary Payment Requests**, from the **Costs of Third Party Notification**, as required by applicable State or Federal Privacy statutes, due to the loss, disclosure or dissemination of confidential data as a result of an **Insured's** act, error, omission or **Personal Injury**, and for the cost or fees for services of outside consultants or firms retained by the **Named Insured**:
 - a. To mitigate, prevent, or decrease the possibility of further loss as a result of **Electronic Information Damages**;
 - b. To investigate and verify the cause, amount or extent of **Electronic Information Damages**;
 - c. To contain, eradicate and recover the loss, disclosure or dissemination of confidential data as a result of **Electronic Information Damages**.**Costs of Third Party Notification and Electronic Information Damages** must be incurred by the **Named Insured** during the **Policy Period**.
5. Up to \$5,000 in the aggregate, regardless of the number of **Supplementary Payment Requests**, for direct loss of or damage to the personal property of the **Named Insured** or personal property of the client, held in an **Insured's** care, custody and control, resulting from **Dishonest Acts** committed by any employee acting alone or in collusion with other persons. However, this paragraph does not apply to **Dishonest Acts** committed by any agent, broker, commissioned merchant, consignee or independent contractor.
6. Prejudgment interest awarded against the **Insured** on that part of the judgment the Company pays.
7. 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.

B. Supplementary Payments Conditions

1. Supplementary Payments shall apply to **Supplementary Payment Requests** first made against the **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** or, when applicable, **Dishonest Acts** in the rendering of or failure to render **Professional Services** by the **Insured**; provided always that such act, error, omission, **Personal Injury** or, when applicable, **Dishonest Acts** take 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 **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.

SECTION VII -- 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)**:

A. Under any part of this Policy if based on or arising out of the following:

1. Any:
 - a. Dishonest, fraudulent, criminal, knowingly wrongful, willful, malicious or intentional act, error, omission or **Personal Injury**;
 - b. Intentional misrepresentation; or
 - c. 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).

However, this exclusion shall not apply to strictly vicarious liability of an innocent **Insured**, whose conduct, as stated in this exclusion, was not committed by, at the direction of or with the knowledge of such innocent **Insured**;

2. Any disputes involving any **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. However, in the event a **Claim** is made against an **Insured** seeking both the return of escrow money and alleging an act, error, omission or **Personal Injury** in the performance of **Professional Services** covered under this Policy, the Company will defend such **Claim** without any obligation to reimburse the **Insured** for the payment of monies held as escrow;
3. Any action, including any actual or threatened legal action, made by any **Insured** against any other **Insured**. However, this exclusion does not apply to a **Claim** arising solely out of **Professional Services** by such any other **Insured** in a broker-client relationship with the **Insured**, who made the **Claim**; provided further that the **Insured**, who made the **Claim**, was not acting within the scope of duties for the **Named Insured**, as described by **SECTION II – WHO IS INSURED**, when **Professional Services** took place;
4. The rendering of or failure to render **Professional Services** by any **Insured** serving in any position or in any capacity for any entity not listed on the Declarations Page;
5. Any:
 - a. **Bodily Injury**; or
 - b. **Property Damage**; however, the exclusion for **Property Damage** does not apply, to the extent coverage is described in this Policy, to **Claims** arising out of **Electronic Information Damages**, employee **Dishonest Acts**, **Lock Box** or **Open House**;
6. 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 any **Insured** is acting as a fiduciary within the meaning of said laws;
7. 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;
8. The rendering of or failure to render **Professional Services** by any **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;
9. The sale or purchase of insurance, or the failure to effect or maintain adequate levels or types of insurance;

10. Any liability assumed by an **Insured** under any oral or written contract or agreement, including any warranty, except that this exclusion shall not apply to liability the **Insured** would have in the absence of such contract, agreement or warranty;
11. Any activities of an **Insured** as a mortgage banker, mortgage counselor, mortgage broker, business broker, independent third party escrow agent, contractor, construction advisor, construction or property inspector, property developer, insurance agent or insurance broker;
12. The actual or attempted purchase of real property by any **Insured**;
13. The actual or attempted sale or leasing of property by any **Insured** if at the time of the act, error, omission or **Personal Injury** giving rise to the **Claim**, any **Insured** owned, or was the developer or constructor of, such property. This exclusion does not apply to:
 - a. The actual or attempted sale or leasing of real property that an **Insured** did not construct or develop, and in which the combined ownership interest of all **Insureds** at the time of sale or lease was less than 10%;
 - b. The actual or attempted sale of **Residential Property** that an **Insured** did not construct or develop that is, at such time, 100% owned by an **Insured**, and if all of the following conditions are met:
 - (1) The property was acquired by an **Insured** under a written Guaranteed Sales Listing Agreement; and
 - (2) From acquisition to resale:
 - (a) The title to the property was held by an **Insured** for less than twelve months; and
 - (b) The property was continually offered for sale by an **Insured**; or
 - c. The actual or attempted sale or leasing of **Residential Property** that an **Insured** did not construct or develop, where an **Insured** is the 100% owner of such **Residential Property** for more than 180 days and all of the following conditions are met in connection with such sale:
 - (1) A written Home Inspection Report is issued by a licensed and accredited home inspector;
 - (2) A home warranty policy was purchased prior to closing;
 - (3) A seller disclosure form was signed by the **Insured** and acknowledged by the buyer prior to closing; and
 - (4) A state or local board's approved standard sales contract was utilized;
14. The actual or attempted purchase of property by, or the actual or attempted sale, leasing or appraisal of property developed, constructed or owned by:
 - a. Any entity in which any **Insured** has a financial interest;
 - b. Any entity which has a financial interest in the **Insured**; or
 - c. Any entity which is under the same financial control as the **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**;
15. The actual or attempted appraisal of property by any **Insured** if at the time of the act, error, omission or **Personal Injury** giving rise to the **Claim**:
 - a. Any **Insured** in any part owned such property;
 - b. Any **Insured** was the developer, builder, real estate broker or **Salesperson** of such property;
 - c. Such appraisal services were in exchange for stock, partial ownership or investment in such property; or
 - d. Any **Insured** was employed or subcontracted by a real estate broker or **Salesperson** who was a party to any transaction involving the appraised property;
16. Alleging infringement of any copyright, title, slogan, patent, trademark, trade name, trade dress, service mark or service name;
17. Any guarantee or promise of future status, performance or valuation in the course of performing **Professional Services** by the **Insured**;
18. The actual or alleged notarized certification or acknowledgement by any **Insured** of a signature on any document that the **Insured** did not witness being placed on the document;
19. Any **Asbestos**, any exposure to **Asbestos** or the use of any **Asbestos** including but not limited to:

- a. Any injury, disease or illness, including death at any time resulting therefrom;
 - b. Any damage to or reduction in financial value of any property;
 - c. Any misrepresentation of or failure to disclose of the existence, manufacturing, construction, disturbance or migration of any **Asbestos**;
 - d. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with any **Asbestos**;
 - e. Any obligation to assess the presence, absence or amount or effect of any **Asbestos**; or
 - f. Any other loss or expense relating to or resulting therefrom;
20. Any Pollution or **Pollutants**, including:
- a. **Damages** 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;
 - b. Any request, demand, order or statutory or regulatory requirement that any **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**;
 - c. 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
 - d. Any misrepresentation of or failure to disclose of any exposure from pollution or any **Pollutant**;
21. The **Insured** gaining of any personal profit or advantage to which any **Insured** is not legally entitled, including misappropriation, conversion, embezzlement, commingling or misuse of funds or other property;
22. Any lead including:
- a. 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
 - b. 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 any **Insured** involving a real estate transaction if the real property, which is the subject of such transaction, was built after 1980;
23. Discrimination of any kind by any **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; or
24. Any **Insured's** unauthorized use of confidential, privileged or non-public material or information for any purpose whatsoever.
- B. Under Paragraphs A.4. and A.5. of **SECTION VI – SUPPLEMENTARY PAYMENTS** if based on or arising out of the following:
1. The malfunction or defect of **Network Communications System**;
 2. The electrical failure including electrical power interruption, surge, brownout or blackout;
 3. The interruptions or outages to gas, water, telephone, cable or satellite services furnished by utility companies;
 4. Any criminal or **Dishonest Act** that any partner, officer, director or managing member of the **Named Insured** commits whether acting alone or in collusion with other persons;
 5. Any criminal or **Dishonest Act**, the only proof of which as to its existence or amount is:
 - a. An inventory computation; or
 - b. A profit and loss computation; or
 6. Any loss caused by any civil authority, including seizure, confiscation, destruction, or quarantine of property.

SECTION VIII -- 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 **Insured** participates with the consent of the Company.
- C. **Asbestos** shall include but is not limited to: asbestos or other mineral wools; asbestos or mineral wool products, fibers, or dust; asbestos or other mineral wools contained in products or materials.
- D. **Bodily Injury** means bodily injury, sickness, disease, emotional distress or mental anguish sustained by a person, including death resulting from any of these at any time.
- E. **Claim(s)**, including **Claims** based on or arising out of a **Lock Box** or **Open House**, 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 **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 VI – SUPPLEMENTARY PAYMENTS**.

- F. **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 **Insured** in a **Claim**. However, these costs do not include attorneys' fees or attorneys' expenses taxed against the **Insured**; or
 - 3. Premiums on appeal bonds and premiums on bonds to release attachments in **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.
- G. **Costs of Third Party Notification** means all costs associated with the notification of current or previous clients or other parties including reasonable, applicable and necessary legal fees, other than **Claims Expenses**, incurred in connection with such notification.
- H. **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 **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 an **Insured** with respect to a **Claim** for an alleged act, error, omission 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.

- I. **Dishonest Acts** means dishonest or fraudulent acts committed with the apparent intent to cause an **Insured** to sustain loss or **Damages** and to obtain financial benefit for the employee or for any other employee, person, or organization. The financial benefit does not include salaries, commissions, bonuses, fees, profit sharing, or other employee benefits; however, this definition only applies to Paragraph A.5. of **SECTION VI – SUPPLEMENTARY PAYMENTS**.

- J. **Electronic Information Damages** means damage arising out of the unauthorized and third party:
1. Destruction or addition or deletion of information that was entrusted to an **Insured** by others and that was resident on the **Named Insured's Network Communications System**;
 2. Copying or theft of any information resident on **Network Communications System**; or
 3. Use or alteration of any software resident on **Network Communications System**.
- K. **Insured** means any person or organization qualifying as an **Insured** under **SECTION II - WHO IS INSURED** of this Policy.
- L. **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 disputes involving any fees, commissions or charges.
- M. **Lock Box** means any keyless entry system, security code or password protected key storage device or similar device on property that the **Insured** has shown or listed for sale while the property is in the care, custody or control of the **Insured**.
- N. **Named Insured** means the person or organization shown on Declarations Page as the named insured.
- O. **Network Communications System** means any or all of the components, owned and/or controlled by the **Named Insured**, including computers and software, which combine to enable the **Named Insured's** computers to communicate electronically with other computer systems.
- P. **Open House** means any advertised, designated time period (up to four hours) when multiple potential buyers have the opportunity to view the specified property that is listed for sale by the **Named Insured** while in the care, custody or control of an **Insured** and with an **Insured** in attendance during the entire duration of such period.
- Q. **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.
- R. **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.
- S. **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.
- T. **Predecessor Firm** means any real estate firm which has undergone dissolution and:
1. Some or all of such firms' principals, owners, officers or partners have joined the **Named Insured**, provided such persons were responsible for producing billings in excess of 50% of the prior firm's annual gross revenues and such prior firm's billings have been assigned or transferred to the **Named Insured**;
 2. At least 50% of the principals, owners, partners or officers of the prior firm have joined the **Named Insured**; or
 3. At least 50% of the prior firm's financial assets and liabilities have been assumed by the **Named Insured**.

- U. **Professional Services** means services performed by an **Insured** in an **Insured's** capacity as a real estate agent, real estate broker, real estate appraiser, real estate consultant, real property auctioneer, property manager, as long as the **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 for or on behalf of the customer or client in return for a fee, commission, or other compensation or in the course of solicitation of a client or customer for services which would result in payment of a fee, commission, or other compensation. It includes incidental services rendered by any **Insured** as a notary public, title agent or as a member of a formal accreditation committee, standards review committee or similar board or committee.
- V. **Property Damage** means physical injury to, destruction of or loss of tangible property.
- W. **Residential Property** means a single family residence or multi-family residence with 4 units or fewer.
- X. **Salesperson** means an independent contractor engaged in practice as a real estate broker, agent, real property auctioneer, property manager or employee of the **Named Insured**, and licensed under all applicable laws of all jurisdictions in which he or she practices.
- Y. **Short Term Escrow Agent** means a person(s) who, while acting as a real estate agent, real estate broker, or real property auctioneer in connection with the sale or purchase of real property, receives or holds funds in, or distributes funds from, an escrow or trust account. Such funds:
1. Must relate to the sale or purchase of a specific real property with the **Short Term Escrow Agent** acting as the real estate agent, real estate broker, or real property auctioneer;
 2. Must be received in the form of United States currency, a certified or guaranteed check or money order;
 3. Must be held in a client trust account or otherwise segregated from the **Insured's** funds; and
 4. Are, or are to be, fully distributed within 12 months from the date received by the **Insured**.
- Z. **Successor in Business** means, after dissolution of the **Named Insured**, any firm in which:
1. Some or all of the principals, owners, officers or partners of the **Named Insured** have joined an existing, or formed a new firm, provided such persons were responsible for producing more than 50% of the **Named Insured's** annual gross revenues at the time of dissolution and such revenues have been assigned or transferred to the successor firm;
 2. At least 50% of the principals, owners, partners or officers of the **Named Insured** have joined an existing firm, or formed a new firm; or
 3. At least 50% of the **Named Insured's** financial assets/liabilities have been assumed by the successor firm.
- However, **Successor in Business** shall not include any entity that is also an **Insured** under any similar insurance policy issued by the Company, regardless of such policy's exhaustion of its Limits of Liability. An entity shall cease to be covered as a **Successor in Business** at the earlier of the Policy's termination or ninety (90) days from the date of dissolution of the **Named Insured** unless written notice is given to the Company, together with other information as the Company may request, the Company agrees, in its sole discretion, to continue coverage for the **Successor in Business** and the **Successor in Business** pays any additional premium required by the Company by the applicable deadline.
- AA. **Suit** means a civil adjudicatory proceeding in a court of law in the United States of America, its territories, possessions, Puerto Rico or Canada.
- BB. **Supplementary Payment Request** means a written request for money by an **Insured** to the Company for payments according to the terms stated in **SECTION VI – SUPPLEMENTARY PAYMENTS**.
- CC. **Termination of Coverage** means, whether made by the Company or the **Named Insured** at any time:

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

DD. **Total Disability** means that, as a result of sickness or injury which manifests itself during the **Policy Period** and is substantiated by medical documentation, a partner, officer, director or managing member of the **Named Insured**, is permanently prevented from doing the substantial and material acts required for his or her usual duties for the **Named Insured** at any real estate agency.

SECTION IX -- 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 an **Insured** can give written notice to the Company of **Claims** first made against the **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, of the limits shown 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 any **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 an **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 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 Page as the "Aggregate" Limit of Liability. The "Aggregate" Limit of Liability shown on the Declarations Page that had been applicable during the **Policy Period** shall cease to be available during the Optional Extended Reporting Period, thereby such aggregate limit is replaced by an additional "Aggregate" Limit of Liability.
 - 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 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 "Aggregate" Limit of Liability shown on the Declarations Page that had been applicable during the **Policy Period** shall cease to be available during the Optional Extended Reporting Period, thereby such aggregate limit is replaced by an additional fifty percent (50%) of the "Aggregate" Limit of Liability.
5. An Optional Extended Reporting Period coverage shall also be available to any **Insured** if the **Named Insured** is a corporation, partnership or other entity, which:
- a. Is placed in liquidation or bankruptcy or permanently ceases operations; and
 - b. The **Named Insured** or its 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 an **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** is:

1. An independent contractor and shall cancel or fail to renew this Policy due to retirement of the **Named Insured** from active business;
2. A sole proprietorship and shall cancel or fail to renew this Policy due to retirement of the **Named Insured** from active business; or
3. A partnership, limited liability partnership, or corporation and shall cancel or fail to renew this Policy due to dissolution of the partnership, or corporation resulting from the retirement of an **Insured**;

then 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 an **Insured** can give written notice to the Company of **Claims** first made against the **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 the **Named insured's** legal representative provides 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 an **Insured** can give written notice to the Company of **Claims** first made against the **Insured** during the Automatic Extended Reporting Period or Death, Disability or Retirement 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, 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**, this Death, Disability or Retirement Extended Reporting Period will be granted at no additional premium provided that the **Named Insured** within sixty (60) days of the retirement requests the Death, Disability or Retirement 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 any **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 X -- 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 Insured

All **Insureds** shall fully cooperate with the Company in the defense of any **Claim** made under this Policy. Upon the Company's request, all **Insureds** 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 **Insured** or the Company for **Damages** or **Claims Expenses**. An **Insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. No **Insured** shall, except at the **Insured's** own cost, voluntarily make any payments, assume any obligation or incur any expense. An **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 **Insured's** awareness of any act, error, omission or **Personal Injury** that might reasonably be expected to give rise to a **Claim**.

All **Insureds** 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 **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. No **Insured's** rights under this Policy are assignable. If any **Insured** shall die or be adjudged incompetent, this insurance shall terminate for such person, but shall cover the **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 **Insured** shall have fully complied with all terms of this Policy and the amount of the **Insured's** obligation to pay shall have been finally determined either by final judgment against the **Insured** or by written agreement of the **Insured**, the injured person, the claimant and the Company. The **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 **Insured** or a representative of the **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 an **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 **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 **Insured** to provide timely notice, unless within sixty (60) days following the denial, the **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 **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 **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 **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 **Insured's** rights of recovery against any person, organization or entity, and all **Insureds** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **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 any **Insured**. Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against an **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 **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 the Declarations Page 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 **Insured** seeking **Damages**, subject to such "Aggregate", has also ended.
 - b. The Company shall initiate, and cooperate in, the transfer of control, to the **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 **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 **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**, and any other **Insured** involved in a **Suit** seeking **Damages** subject to such limit, must arrange for the defense of such **Suit** within such time period as agreed to between the appropriate **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 Insured

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

M. Declarations Page and Application

By acceptance of this Policy, all **Insureds** agree that the statements in the **Application** are the **Insureds'** 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 **Insureds** 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,
- all **Insureds** shall be jointly and severally liable to the Company for such amounts. Upon written demand, the **Insureds** 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 **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