



# LAWYERS' MUTUAL INSURANCE COMPANY

## **IMPORTANT**

The policy contained herein does not become effective unless a DECLARATIONS insert is issued to form a part hereof.

## **NOTICE**

### **THIS IS A CLAIMS-MADE POLICY**

This is a "Claims-Made" policy. The coverage afforded by this policy is limited to Claims arising from the performance of Professional Services which are first made against the Insured and reported in writing to the Company while the policy is in force. Please review the policy carefully and discuss the coverage thereunder with your insurance agent, broker or other representative.

This policy excludes prior acts. Unless otherwise provided in an endorsement attached to this policy, this policy provides no coverage or defense for acts, errors, omissions or personal injuries which occur prior to the, effective date of the first policy issued to the Named Insured or any predecessor thereof by the Company and continuously renewed thereafter.

In consideration of the undertaking of the Named Insured to pay, when due, the premium, the Deductible, and other amounts to the Company as described herein and in reliance upon the statements in the application made a part hereof and subject to all the terms and conditions of this policy, Lawyers' Mutual Insurance Company ("Company") agrees with the Named Insured-as follows:

## ARTICLE 1.

# The Definitions

Whenever used in this policy the term

- 1.1 "Claim" means:  
a demand including service of suit or institution of arbitration proceedings, for money against an Insured. A Multiple Claim shall constitute one Claim for purposes of this policy.
- 1.2 "Claim Expenses" means:  
(a) Except as provided in Section 1.2 (b) below:  
(i) fees charged by any Lawyer designated by the Company;  
(ii) all other fees, costs and expenses incurred by the Company resulting from the investigation, adjustment, defense and appeal of a Claim;  
(iii) reasonable fees, at hourly rates and in the aggregate per comparable Claim not to exceed those customarily charged by the panel of defense counsel designated by the Company, charged by any Lawyer designated by the Insured with the prior written consent of the Company.  
(b) Claim Expenses does not include salaried charges of regular employees or officials of the Company, nor does Claim Expenses include any fees or costs incurred by the Insured without the prior written consent of the Company, including but not limited to any fees and costs incurred prior to the date the Claim out of which such fees and costs arise is first reported to the Company. The Company shall have no obligation to apply for or furnish, or provide collateral for, attachment or appeal bonds. However, premiums for such bonds shall constitute Claim Expenses. Claim Expenses shall not include fees charged by any Lawyer designated by the Insured with the prior written consent of the Company in excess of amounts specified in Section 1.2 (a) (iii).
- 1.3 "Claim Expense Allowance" means:  
a \$50,000 allowance for Claim Expenses, in excess of the Deductible, and aggregate for all Claims, as provided for in Section 4.4 of this policy entitled "Damages and Excess Claim Expenses Included in Policy Limits".
- 1.4 "Damages" means:  
a monetary judgment, award or settlement but does not include:  
(a) any fine, sanction, penalty, or punitive or exemplary damages;  
(b) Claim Expenses including, but not limited to, legal fees, costs or expenses in connection with a monetary judgment, award or settlement; or  
(c) restitution of legal fees previously paid to any Insured.
- 1.5 "Deductible" means:  
the deductible applicable to each Claim under the policy as set forth in Section 4.5 of this policy.
- 1.6 "Excess Claim Expenses" means:  
any Claim Expenses in excess of the Claim Expense Allowance. Excess Claim Expenses are included in policy limits and reduce amounts available to pay Damages.
- 1.7 "Extended Reporting Period" means:  
the period provided for in an endorsement issued pursuant to Section 2.6 of this policy entitled "Extended Reporting Option. "
- 1.8 "Incidental Interest in Publicly Traded Securities" means:  
beneficial ownership of securities of a class registered under Section 12 of the Securities Exchange Act of 1934 or exempted from registration by Section 12 (g) (2) (A) thereof, if, taking into account the beneficial ownership interest of each and every Insured and the beneficial ownership interest of their respective Related Individuals as a group, such group does not beneficially own more than 1% of the outstanding securities of such class.
- 1.9 "Insured" means:  
(a) the Named Insured, defined as the partnership, professional corporation or individual named in Item 1 of the Declarations;  
(b) any Lawyer who is a partner of, stockholder in, or employee of the Named Insured at the effective date of this policy, for so long as such Lawyer remains a partner of, stockholder in, or employee of the Named Insured and solely with respect to acts on behalf of the Named Insured or Predecessor Firm. The individuals listed in Item 2 of the Declarations will be conclusively presumed to constitute all such individuals at the effective date of this policy;

- (c) any Lawyer who becomes a stockholder in, partner of, or employee of the Named Insured during the policy period, who was not an Insured at the effective date of this policy, for so long as such Lawyer remains a stockholder in, partner of, or an employee of the Named Insured and solely with respect to acts on behalf of the Named Insured. A Lawyer shall be an- Insured pursuant to this subsection 1.9 (c), if and only if the Named Insured has given notice of the name of such Lawyer to the Company in writing within 30 days after the date of such Lawyer's becoming a stockholder in, partner of, or an employee of the Named Insured and such Lawyer has submitted appropriate underwriting information promptly upon request therefore by the Company;
  - (d) any Lawyer who was formerly a stockholder in, partner of, or employee of the Named Insured solely with respect to acts on behalf of the Named Insured or Predecessor Firm;
  - (e) any employee of the Named Insured who is not a Lawyer, solely with respect to acts on behalf of the Named Insured or Predecessor Firm within the course and scope of his employment;
  - (f) any Predecessor or Successor Firm:
  - (g) any Lawyer who acts Of Counsel to the Named Insured or Predecessor Firm, but only with respect to acts on behalf of the Named Insured or Predecessor Firm, and under the name of the Named Insured or Predecessor Firm. The individuals listed in Item 2 of the Declarations will be conclusively presumed to constitute all such individuals as of the effective date of, this policy. Any Lawyer who is designated "Of Counsel" on the letterhead of the Named Insured subsequent to the effective date of this policy shall be an Insured pursuant to this subsection 1.9 (g) if and only if the Named Insured has given notice of the name of such Lawyer to the Company in writing within 30 days after such designation, and such Lawyer has submitted appropriate underwriting information promptly upon request therefore by the Company.
- 1.10 "Lawyer" means:  
a lawyer or professional corporation owned by a lawyer or lawyers.
- 1.11 "Limit of Liability - Each Claim" means:  
the limit of liability for each Claim as set forth in Section 4.1 of this policy.
- 1.12 "Limit of Liability - Policy Aggregate" means:  
the limit of liability for all Claims under the policy as set forth in Section 4.2 of this policy.
- 1.13 "Multiple Claim" means:  
two or more demands received by the Insured for money, including service of suit or institution of arbitration proceedings against the Insured, arising out of a single act, error or omission or Personal Injury or a series of related acts, errors, omissions or Personal Injuries, whether such demands are made against one or more Insureds or whether such demands are made by one or more persons or organizations. Without limitation on the foregoing, a shareholder derivative or class action suit brought against the Insured for acts, errors, omissions or Personal Injuries or a related series of acts, errors, omissions or Personal Injuries shall constitute a Multiple Claim.
- 1.14 "Of Counsel" means:  
a Lawyer who is designated "Of Counsel" on the letterhead of the Named Insured.
- 1.15 "Personal Injury" means:  
(a) false arrest, detention or imprisonment, wrongful entry or eviction: or  
(b) the publication or utterance of a libel or slander or other defamatory or disparaging material or a publication or utterance in violation of an individual's right of privacy.
- 1.16 "Policy Period" means:  
the period from the effective date and time of this policy, as set forth in the Declarations, to the policy expiration date and time, as set forth in the Declarations, unless the policy is terminated earlier, in which event the Policy Period shall end on the date of such earlier Termination. The Extended Reporting Period, if any, is excluded from the Policy Period.
- 1.17 "Predecessor Firm" means:  
a partnership or professional corporation which has undergone a dissolution and which is listed in Item 3 of the Declarations, if and only if at least two-thirds of the Lawyers who were shareholders in, partners of, or employees of such firm at the time of its dissolution were at any subsequent time partners of, shareholders in, or employees of the Named Insured.
- 1.18 "Professional Services" means:  
(a) legal services performed for others as a Lawyer or notary public;  
(b) legal services performed for others, as an administrator, conservator, receiver, executor, guardian, or trustee of an express trust.
- 1.19 "Related Individual" means:  
the spouse, former spouse, children, grandchildren, parents and siblings of an Insured, and any trust or estate of which any of them is a beneficiary. With respect to a professional corporation which is an Insured, "Related Individual" includes a Related Individual of each owner of such professional corporation.
- 1.20 "Successor Firm" means:  
a professional corporation or partnership which is created upon the dissolution of the Named Insured subsequent to the date of this policy, if immediately subsequent to the dissolution of the Named Insured:

- (a) at least two-thirds of the Lawyers who are shareholders in, partners of, or employees of such firm are individuals listed in Item 2 of the Declarations; and
- (b) at least one-half of the Lawyers listed in Item 2 of the Declarations are shareholders in, partners of, or employees of such firm.

1.21 "Termination" with respect to the policy means: cancellation or nonrenewal by either the Named Insured or the Company.

## ARTICLE 2.

# The Coverage

### 2.1 Coverage for Professional Liability.

Subject to the terms and conditions of this policy, including, but not limited to Article 4 of this policy entitled "Limits of Liability" and Section 2.5 of this policy entitled "Reduction of Claim Payment", and in reliance upon the representations made in the Application attached to and made a part hereof, the Company agrees to pay on behalf of the Insured all sums in excess of the Deductible stated in the Declarations which the Insured shall become legally obligated to pay as Damages as a result of CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD:

- (a) By reason of any act, error, omission or Personal Injury arising out of Professional Services rendered or that should have been rendered by the Insured or by any person whose Professional Services were performed solely at the direction of the Insured and for whose acts, errors, omissions or Personal Injuries the Insured is legally responsible;
- (b) By reason of any act, error, omission or Personal Injury committed by any non-Lawyer employee of the Named Insured but solely if arising out of services rendered within the scope of such person's employment by the Named Insured and arising out of the Named Insured's Professional Services.

PROVIDED THAT such act, error or omission or such Personal Injury happens on or subsequent to the effective date of the first policy issued to the Named Insured or any Predecessor Firm by the Company and continuously renewed and maintained in effect to the inception of this Policy Period.

### 2.2 Defense and Settlement.

For any Claim seeking Damages with respect to such insurance as is afforded by the policy, the Company shall have the right to appoint counsel and shall have the duty to defend such Claim even if any or all of the allegations of the Claim are groundless, false or fraudulent. It is further agreed that the Company may make such investigation, undertake such negotiations and with the written consent of the Insured, such settlement of any Claim as it deems expedient. If the Insured shall refuse to consent to any settlement or compromise recommended by the Company and acceptable to, the claimant and shall elect to continue to contest the Claim, then the Company's liability shall not exceed the amount for which the Company would have been liable for Damages and Claim Expenses at the time the Claim could have been settled or compromised.

It is further provided that the Company shall not be obligated to pay any Damages or Claim Expenses, or continue to undertake defense of any Claim after the Limit of Liability - Each Claim or the Limit of Liability - Policy Aggregate have been exhausted by payments of Damages and Claim Expenses, and that, in -such a case, the Company shall have the right to withdraw from further defense thereof, by tendering control of the defense to the Named Insured and the Named Insured agrees, as a condition to the issuance of this policy to accept such tender. The Company shall have no obligation to apply for or furnish, or provide collateral for, attachment or appeal bonds.

### 2.3 Payment of Claim Expenses.

Subject to Article 4 of this policy entitled "Limits of Liability," including, without limitation, Sections 4.1, 4.2, 4.4 and 4.5 thereof entitled respectively "Limit of Liability - Each Claim", "Limit of Liability - Policy Aggregate", "Damages and Claim Expenses Included in Limits of Liability", and "Deductible", the Company shall pay Claim Expenses.

### 2.4 Policy Territory.

This policy applies to acts, errors or omissions occurring anywhere in the world, provided that the Company shall have no obligation to pay any amount as Damages pursuant to a judgment or award made in any suit or proceeding brought in a jurisdiction outside of the United States (including its territories and possessions) or Canada, or defend the Insured pursuant to Section 2.2 of this policy entitled "Defense and Settlement" in such suit or proceeding. However, the Company may, at its option, assume the defense of such a suit or proceeding. Even if the Company defends such a suit or proceeding, it shall have no obligation to pay any amount on behalf of the Insured with respect to any judgment or award of Damages in such proceeding.

### 2.5 Reduction of Claim Payment.

The Company shall reduce any sum otherwise payable on behalf of the Insured as Damages with respect to a Claim by an amount equal to any amount (a) received by the Insured on or after the date such Claim is first made against the Insured for any Professional Services rendered to the claimant, plus (b) any amount claimed,, as of the date payment is made on behalf of an Insured by the Company as Damages, by the Insured for Professional Services rendered to the claimant.

2.6 **Extended Reporting Option.**

In case of Termination by either the Named Insured or the Company, the Named Insured shall have the right, upon payment of an additional premium, within 30 days of the Termination, to have issued a policy providing an Extended Reporting Period covering Claims first reported during the Extended Reporting Period on acts, errors or omissions occurring prior to the Termination date and on or subsequent to the effective date of the first policy issued to the Named Insured or any Predecessor Firm by the Company and continuously renewed and maintained in effect to the inception of this Policy Period (or such earlier date or dates as provided in a prior acts endorsement to this policy). The price and terms of such policy and the duration of the Extended Reporting Period shall be solely within the discretion of the Company. Issuance of such policy shall not increase the Limit of Liability - Each Claim or the Limit of Liability - Policy Aggregate.

If, on the date of Termination, the Named Insured has failed to pay a premium due or has failed, after demand, to reimburse the Company such amounts as the Company has paid as Damages or for Claim Expenses in excess of the applicable Limits of Liability, or within the amount of the applicable Deductible, or has otherwise failed to pay other amounts due the Company, the Named Insured shall not have the right to have such Extended Reporting Period policy issued.

**ARTICLE 3.**

**The Exclusions**

THIS POLICY DOES NOT APPLY:

- 3.1 To any Claim based on or arising out of any criminal act, error, omission or Personal Injury committed by an Insured or any dishonest, fraudulent or malicious acts, errors, omissions or Personal Injuries committed by an Insured with actual, dishonest or fraudulent purpose or intent or with Malice. As used herein, "Malice" means conduct which is intended by the Insured to cause injury or conduct which is carried on by the Insured with conscious disregard of the rights or safety of others.
- 3.2 To any Claim made by any Insured or a present, former or prospective employer, partner, officer, director, owner, stockholder or employee or Related Individual of any Insured.
- 3.3 To any Claim, or any portion of a Claim, for emotional distress, mental illness, humiliation, bodily injury, sickness, disease, or death of any person or injury to, conversion of, or destruction of, any tangible property or to the loss of use thereof.
- 3.4 To any loss sustained by any Insured as the beneficiary or distributee of any trust or estate.
- 3.5 To Damages arising out of any and all Claims made under this policy to the extent Damages for any such Claim or for all such Claims in the aggregate are in excess of \$50,000 and are based on liability under:
  - (a) Statutes of the United States or any rules or regulations promulgated thereunder relating to the issuance, offering, sale or distribution of securities, including, without limitation:
    - (i) The Securities Act of 1933, as amended;
    - (ii) The Securities Exchange Act of 1934, as amended;
    - (iii) The Public Utility Holding Company Act of 1935, as amended;
    - (iv) The Trust Indenture Act of 1939, as amended;
    - (v) The Investment Advisors Act of 1940, as amended;
    - (vi) The Investment Company Act of 1940, as amended;
  - (b) Statutes of California or any rules or regulations promulgated thereunder relating to the issuance, offering, sale or distribution, of securities, including, without limitation:
    - (i) The Corporate Securities Law of 1968, as amended, except those transactions arising solely under the provisions of Sections 25102 (f) or 25102 (h), as amended, of the California Corporations Code;
    - (ii) Comparable provisions of California law relating to the jurisdiction of the Real Estate Commissioner, the Insurance Commissioner or other state regulatory authority over the issuance, offering, sale or distribution of securities;
  - (c) Statutes or rules or regulations promulgated thereunder, of any other jurisdiction, United States or foreign, which are comparable in purpose or scope to the statutes encompassed in (a) and/or (b) above.
- 3.6 To any Claim made against or by any business enterprise (other than the Named Insured), not-for profit organization (including a charity), or pension, -welfare, profit sharing, mutual or investment plan or trust not named in the Declarations in which any insured or Related Individual is a director, officer, employee, trustee, administrator, partner, manager or with respect to which any Insured or Related Individual has any ownership interest (whether through ownership of stock, partnership shares or otherwise), unless such interest consists solely of an Incidental Interest in Publicly Traded Securities.
- 3.7 To any Claim based on or arising out of any Insured's services and/or capacity as:
  - (a) an officer, director, partner, trustee, or employee of a business enterprise or charitable organization or pension, welfare, profit sharing, mutual or investment fund or trust;
  - (b) a public official, or an employee of a governmental body, subdivision, or agency;

- (c) a fiduciary under the Employee Retirement Income Security Act of 1974 and its amendments or any regulation or order issued pursuant thereto, except if the Insured is deemed to be a fiduciary solely by reason of legal advice rendered with respect to an employee benefit plan.
- 3.8 To any Claim based on or arising out of discrimination of any kind by any Insured including, but not limited to, discrimination on the basis of race, national origin, creed, religion, age, sex or marital status.
- 3.9 To any Claim based on or arising out of the certification or acknowledgment of a signature by any Insured acting in the capacity of a notary public if such certification or acknowledgment was made without the contemporaneous physical presence of the individual whose act of signature was certified or acknowledged.
- 3.10 To any Claim based on or arising out of a contract for, or other right relating to, division of fees or fee apportionment between any Insured and any other Lawyer or Lawyers.
- 3.11 To any Claim, proceeding or suit brought by any governmental or quasi-governmental regulatory agency (including, but not limited to, the State Bar of California) partly or wholly seeking to impose disciplinary action, including but not limited to reprimand, suspension or disbarment, injunctive relief, criminal sanctions, statutory fines or incidental damages.
- 3.12 To any Claim based on or arising out of an obligation assumed by contract other than an obligation to perform Professional Services.
- 3.13 To any Claim based on or arising out of the rendering of investment advice by any Insured to any person in connection with the purchase or sale of any investment or property, including but not limited to, securities, real property, commodities or franchises, or based on or arising out of any Insured's services or capacity as a broker, dealer, investment advisor, accountant, real estate broker, or real estate agent.
- 3.14 To any Claim based on or arising out of deprivation by any Insured of any rights, privileges or immunities secured by the Constitution and laws of the United States of America or the States thereof, including but not limited to, Federal Civil Rights Act of 1964, Federal Civil Rights Act of 1957, Federal Civil Rights Act of 1968, California Unruh Civil Rights Act (California Civil Code § 51 et seq.), California Fair Employment and Housing Act (California Government Code § 12900 et seq.), the California Rumford Act (Health & Safety Code § 3500 et seq.) and other similar statutes.

**ARTICLE 4.**

**Limits of Liability**

- 4.1 **Limit of Liability - Each Claim.**  
The Liability of the Company for each Claim FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD shall not exceed the amount stated in the Declarations for each Claim, subject to the \$50,000 limitation on Damages with respect to each Claim to which Section 3.5 of this policy is applicable.
- 4.2 **Limit of Liability - Policy Aggregate.**  
Subject to the Limit of Liability - Each Claim, and subject to the \$50,000 limitation on Damages with respect to all Claims to which Section 3.5 of this policy is applicable, liability of the Company shall not exceed the amount stated in the Declarations as "Aggregate" as a result of all Claims FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD.
- 4.3 **Multiple Insureds, Claims and Claimants.**  
A Multiple Claim shall be one Claim for all purposes of this policy. The inclusion in a Claim of more than one Insured or the making of demands by more than one person or organization shall not operate to increase the Company's limit of liability.
- 4.4 **Damages and Excess Claim Expenses Included in Limits of Liability.**  
There shall be a Claim Expense Allowance of \$50,000 for aggregate Claim Expenses incurred with respect to all Claims FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD. Claim Expenses included within the Deductible shall not be charged against the Claim Expense Allowance. Claim Expenses which exceed the Claim Expense Allowance are referred to in this policy as Excess Claim Expenses. Excess Claim Expenses shall be paid and applied first against and shall reduce the Limit of Liability - Each Claim and the Limit of Liability - Policy Aggregate. The difference between applicable Limits and Excess Claim Expenses, if any, shall be the amount available to pay Damages.
- 4.5 **Deductible.**  
The Deductible stated in the Declarations shall be applicable to Damages and Claim Expenses with respect to Each Claim first made during the Policy Period, and the Company shall not be liable for the Deductible. The Deductible shall first be applied to Claim Expenses and then to Damages.
- 4.6 **Reimbursement**  
If the Company has paid any amounts as Damages or Claim Expenses in excess of the applicable Limit of Liability -Each Claim or Limit of Liability - Policy Aggregate or within the amount of the applicable Deductible, the Named Insured shall be liable to the Company for any and all such amounts and upon written demand, shall pay such amounts within 30 days to the Company.

ARTICLE 5.

## Claims

5.1 **Notice of Claim or Suit.**

As a condition precedent to the Insured's right to the protection afforded by this insurance, the Insured shall, as soon as practicable during the Policy Period, give to the Company written notice of any Claim made against the Insured directed to Lawyers' Mutual Insurance Company, 3110 West Empire Avenue, Burbank, California 91504, Attention: Claims Administrator.

In the event suit is brought against the Insured, the Insured shall IMMEDIATELY forward to the Company, directed to the attention of the Company's Claims Administrator, every demand, notice, summons or other process received by him or by his representatives.

Even though it does not qualify as a Claim under this policy, the Insured shall, as soon as practicable during the Policy Period, give to the Company similar written notice of any demand by another for remedial services and of any required participation in hearings or proceedings before governmental agencies or entities with regard to his activities as a Lawyer.

5.2 **Assistance and Cooperation of the Insured.**

The Insured shall cooperate with the Company and upon the Company's request shall submit to examination and interrogation by a representative of the Company under oath, if required, and, shall attend hearings, depositions and trials and shall assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits, as well as in the giving of a written statement or statements to the Company's representatives and meeting with such representatives for the purpose of investigation and/or defense all without charge to the Company. The Insured shall further cooperate with the Company and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment which the Insured may have, and the Company may exercise those rights in the name of the Insured.

The insured shall notify the Company of the Insured's right to demand arbitration of a Claim and shall exercise the Insured's right to demand or to reject the arbitration of any Claim made against the Insured in accordance with the written instructions of the Company. The Insured shall not make any payments, admit any liability, settle any Claims, assume any obligation, or incur any expense without the prior written consent of the Company.

5.3 **Date Claim Made.**

No Claim (including a Multiple Claim) shall be deemed first made against the Insured during the Policy Period if such Claim or any act, error or omission or Personal Injury giving rise to such Claim was reported by the Insured prior to the effective date of this policy to the Company or other professional liability insurer, or was known to the Insured prior to the effective date of this policy. If during the Policy Period the Named Insured shall first become aware that an Insured has committed an act, error or omission or Personal Injury with respect to which no Claim has been made and if the Company shall be given written notice of:

- (a) the specific act, error, omission or Personal Injury;
- (b) the injury or damage which has or may result from such act, error, omission or Personal Injury; and
- (c) the circumstances by which the Insured first became aware of such act, error, omission, or Personal Injury, then any Claim that may subsequently be made against the Insured arising out of such act, error, omission or Personal Injury shall be deemed for the purpose of this insurance to have been made and reported in writing on the date such notice is received by the Company.

5.4 **Date of Reporting.**

A Claim shall be considered reported to the Company on the date when it was first reported in writing to the Company. A Multiple Claim shall be considered to be reported in writing to the Company on the date the first of the demands for money which is one of the demands constituting the Multiple Claim is reported in writing to the Company.

5.5 **Subrogation.**

In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery therefore, against any person or organization, and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights. The Company shall have the right to pursue subrogation in the name of the Insured or in its own name.

The Company shall not exercise any such rights against any persons, firms or corporations included in the definition of "Insured". Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against an Insured in respect of any Claim brought about or contributed to by the dishonest, fraudulent, criminal, malicious or knowingly wrongful acts, errors or omissions committed by or at the direction of, or ratified by, the Insured or where the Insured intended to inflict the harm out of which the Claim arises or acted with a conscious disregard of the rights of others. And notwithstanding the foregoing, the Company may pursue any subrogation rights or coverage Claims which may exist as against any other coverage possessed by an Insured.

Any amount recovered pursuant to subrogation shall be apportioned as follows:

Any recovery shall first be used for the repayment of expenses incurred toward subrogation; second, to Damages and/or Claim Expenses paid by the Company; third, to any loss and expense payment by the Insured in excess of any Deductible (s); fourth, to any loss and expense payments by an excess carrier on behalf of the Insured; fifth, to any loss and expense payments by any primary carrier on behalf of the Insured; and last, to repayment of the Insured's Deductible.

5.6 **Arbitration.**

In the event that a dispute arises between an Insured and the Company with respect to (1 ) coverage; (2) liability for premiums, deductibles, or other amounts; or (3) any term or condition of the Policy, the matter shall be resolved by arbitration and such arbitration shall be governed by the provisions of the California Arbitration Act, Sections 1280 through 1294.2 of the Code of Civil Procedure. If a dispute subject to arbitration hereunder should arise, either party may make a demand for arbitration by filing a demand in writing with the other. There shall be three arbitrators, one named in writing by each of the parties within ten (10) days after demand for arbitration is given and a third chosen by the two appointed. Should either party refuse or neglect to join in the appointment of the arbitrator(s) or to furnish the arbitrator(s) with any papers or information demanded, the arbitrator(s) are empowered by both parties to proceed ex parte. Arbitration shall take place in the City of Burbank, County of Los Angeles, State of California, and the hearing before the arbitrator (s) of the matter to be arbitrated shall be at the time and place within said city as is selected by the arbitrator(s). The arbitrator(s) shall select such time and place promptly after his (or their) appointment and shall give written notice thereof to each party at least 20 days prior to the date so fixed. At the hearing any relevant evidence may be presented by either party, and the formal rules of evidence applicable to judicial proceedings shall not govern. Evidence may be admitted or excluded in the sole discretion of the arbitrator(s). Said arbitrator(s) shall hear and determine the matter and shall execute and acknowledge their award in writing and cause a copy thereof to be delivered to each of the parties. The decision of any two arbitrators shall be final, binding and conclusive. The submission of a dispute to the arbitrator(s) may be rendered by any Superior Court having jurisdiction, or such Court may vacate, modify, or correct the award in accordance with the prevailing sections of the California Arbitration Act. If three arbitrators are selected under the foregoing procedure but two of the three fail to reach an agreement in the determination of the matter in question, the matter shall be decided by three new arbitrators who shall be appointed and shall proceed in the same manner, and the process shall be repeated until a decision is finally reached by two of the three arbitrators selected. The costs of such arbitration shall be borne equally by the parties or in such proportions as the arbitrator(s) shall determine.

Each party shall appoint and pay for any counsel appointed to represent it in such arbitration, unless otherwise provided by law.

This Section 5.6 is not to be construed to give a direct right of action against the Company by a claimant not otherwise provided by law.

5.7 **Action Against the Company.**

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

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

5.8 **False or Fraudulent Claims.**

If any Insured shall commit fraud in proffering any Claims as to amount or otherwise, this insurance shall become void as to such Insured from the date, such fraudulent Claim is proffered.

## ARTICLE 6.

### Other Conditions

6.1 **Application.**

By acceptance of this policy, the Insured agrees that the statements in the application are his representations, that they shall be deemed material, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Company, Of any of its agents, relating to this insurance.

6.2 **Other Insurance.**

This insurance shall be in excess of any other valid and collectible insurance available to the Insured whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as a specific excess insurance over the limits of liability provided in this policy. With regard to any other insurance which is listed in the Declarations, the insurance shall be deemed to be written only as specific excess insurance over the limits of liability provided by said other insurance.



6.3 **Policy Changes.**

Notice to any agent or knowledge possessed by any agent or other person acting on behalf of the Company shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed except by endorsement issued to form a part of this policy.

6.4 **Assignment.**

Assignment of interest under this Policy shall not bind the Company unless its consent is endorsed herein.

6.5 **Cancellations.**

This policy may be cancelled for any reason consistent with Section 676.2 of the California insurance Code, as now in effect or hereafter amended.

This policy may be cancelled by the Named Insured by surrender thereof to the Company or, to any of its authorized agents or by mailing to the aforementioned written notice stating when thereafter such cancellation shall be effective. If cancelled by the Named Insured, the Company shall return to the Named Insured a proportion of the premium determined in accordance with the Company's standard practices which may include use of a customary "short rate" table. The Company may offset the return premium against sums otherwise due and owing to the Company by the Named Insured.

This policy may be cancelled by the Company by mailing to the Named Insured, and to the producer of record, if any, at the mailing address shown on the Declarations, written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. However, if the Company cancels the policy because the Insured has failed to pay premium when due, or for fraud, this policy may be cancelled by the Company by mailing a written notice of cancellation to the Named Insured and his producer of record, if any, stating when not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice by the Named Insured, the Company, or the authorized agent of the Company shall be equivalent to mailing. If cancelled by the Company, returned premium shall be computed pro rata. The Company may offset the return premium against sums otherwise due and owing to the Company by the Named Insured. Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter. Without limiting the generality of the foregoing, the Company may cancel this policy if the Named Insured is subject to dissolution and there is no successor firm. Any such cancellation shall not affect the liability of the Named Insured for premiums then due.

6.6 **Premium.**

The premium for this policy is as set forth in the Declarations. Should a person become an Insured pursuant to Section 1.9 of this Policy entitled "Insured," during the Policy Period, the Company may assess a reasonable extra premium for the coverage afforded to such person. Any such additional premium is immediately due and owing upon assessment.

6.7 **Death or Incompetency of Insured.**

If an Insured dies or is adjudged incompetent or bankrupt, this policy shall inure to the benefit of the legal representative of such Insured.

6.8 **Notices.**

Except as specified in Article 5 of this policy entitled "Claims" all notices to the Company required hereunder shall be sent to Lawyers' Mutual Insurance Company, 3110 West Empire Avenue, Burbank, California 91504, Attention: Policy Notices.

6.9 **Mutual Policy Condition: Dividends.**

The Named Insured is a member of the Company and shall participate to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

6.10 **Mutual Policy Condition: Voting.**

The Named Insured is a member of the Company and is entitled to vote, either in person or by proxy, at any and all meetings of the Company, pursuant to the Bylaws and Articles of Incorporation thereof.

6.11 **Mutual Policy Condition: Nonassessable Policy.**

This policy is not assessable.

IN WITNESS WHEREOF, LAWYERS' MUTUAL INSURANCE COMPANY has caused this policy to be signed by its President and Secretary at Burbank, California, but the same shall not be binding except in conjunction with a completed Declarations insert issued to the Named Insured to form a part of this policy by a duly authorized representative of the Company.

THOMAS A. AULT  
President



JEROLD S. SHERMAN  
Secretary

## **WHAT TO DO IN CASE OF A CLAIM**

In the event you directly become involved in any situation which you believe may result in a Claim, you should immediately report the details to Lawyers' Mutual Insurance Company.

Telephone:       (818) 565-5512                               (800) 252-2045

Mailing Address:       Lawyers' Mutual Insurance Company  
                              3110 West Empire Avenue  
                              Burbank, California 91504  
                              Attn: Claims Administrator

All Claims must be reported in writing. TELEPHONE NOTICE IS NOT SUFFICIENT TO CONSTITUTE NOTICE UNDER THE POLICY.