

STARSTONE SPECIALTY INSURANCE COMPANY

REAL ESTATE SERVICES PROFESSIONAL LIABILITY INSURANCE

THIS POLICY PROVIDES COVERAGE ON A CLAIMS-MADE AND REPORTED BASIS SUBJECT TO ITS TERMS. THE COVERAGE PROVIDED BY THIS POLICY IS LIMITED TO ONLY THOSE CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED IN WRITING TO THE INSURER DURING THE POLICY PERIOD OR AN EXTENDED REPORTING PERIOD, IF APPLICABLE. THE LIMIT OF INSURANCE WILL BE REDUCED BY PAYMENT OF CLAIM EXPENSES AND DAMAGES. PLEASE READ THE ENTIRE POLICY CAREFULLY.

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

I. INSURING AGREEMENTS

Subject to the terms, conditions and exclusions of this Policy:

A. REAL ESTATE PROFESSIONAL LIABILITY COVERAGE

The **Insurer** shall pay on behalf of the **Insured**, **Loss** arising from any **Claim** first made against the **Insured** during the **Policy Period**, and reported to the **Insurer** in writing as soon as practicable during the **Policy Period** or within 60 days thereafter.

B. DISCLOSURE COVERAGE

The **Insurer** shall pay on behalf of the **Insured**, **Loss** arising from any **Disclosure Claim** first made against the **Insured** during the **Policy Period**, and reported to the **Insurer** in writing as soon as practicable during the **Policy Period** or within 60 days thereafter.

C. FAIR HOUSING COVERAGE

The **Insurer** shall pay on behalf of the **Insured**, **Loss** arising from any **Fair Housing Claim** first made against the **Insured** during the **Policy Period**, and reported to the **Insurer** in writing as soon as practicable during the **Policy Period** or within 60 days thereafter.

D. LOCK BOX COVERAGE

The **Insurer** shall pay on behalf of the **Insured**, **Loss** arising from any **Lock Box Claim** first made against the **Insured** during the **Policy Period**, and reported to the **Insurer** in writing as soon as practicable during the **Policy Period** or within 60 days thereafter.

E. OPEN HOUSE COVERAGE

The **Insurer** shall pay on behalf of the **Insured**, **Loss** arising from any **Open House Claim** first made against the **Insured** during the **Policy Period**, and reported to the **Insurer** in writing as soon as practicable during the **Policy Period** or within 60 days thereafter.

F. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS

1. The **Insurer** shall have the right and duty to defend any **Claim** seeking **Damages** which is first made against the **Insured** during the **Policy Period**, and reported to the **Insurer** in writing as soon as practicable during the **Policy Period** or within 60 days thereafter, even if the allegations are groundless, false or fraudulent. The **Insurer** shall have no obligation to pay **Claim Expenses** for any **Claim** seeking damages which are not covered by this Policy. The **Insurer** shall have the sole right to select counsel to defend the **Insured**.

In the event an **Insured** is entitled to independent defense counsel, the **Insurer** shall only be liable for the reasonable and necessary defense costs of such counsel at rates customarily paid by the **Insurer** for the defense of similar claims in the geographic area where the **Claim** is being defended. Any such defense costs shall be considered **Claim Expenses**. Additionally, such independent defense counsel shall maintain errors and omissions coverage, shall have practiced for at least 10 years in the defense of similar claims and regularly practice in the venue in which the **Claim** is brought. The **Insured** and independent defense counsel shall fully cooperate with the **Insurer** with respect to the defense, investigation, and settlement of any **Claim**.

2. The **Insurer's** right and duty to defend any **Claim** shall end when the applicable Limit of Liability stated in Item 4 of the Declarations has been exhausted by payment of **Damages** and/or **Claim Expenses**, or has been tendered to, or on behalf of, the **Insured** or to a court of competent jurisdiction. In such case, the **Insurer** shall have the right to withdraw from the defense, payment, or settlement of any **Claim** by tendering control of such **Claim** to the **Insured**. The **Insured** agrees to accept such tender.
3. The **Insurer** shall not settle any **Claim** without the consent of the **Insured** which consent shall not be unreasonably withheld. If, however, the **Insured** refuses to consent to a settlement recommended by the **Insurer**, the **Insurer's** liability for such **Claim** shall not exceed:
 - a. the amount for which the **Claim** could have been settled, including **Claim Expenses** incurred up to the date of such refusal; and
 - b. fifty percent (50%) of the **Loss** incurred for such **Claim** in excess of the amount specified in 3.a.Provided however, in no event shall the **Insurer's** liability exceed the remaining applicable limits of liability.

II. EXTENSIONS

- A. If, during the **Policy Period**, a **Licensing Proceeding** is made against an **Insured** by reason of a **Wrongful Act** fully occurring on or after the **Retroactive Date** and such **Licensing Proceeding** is reported to the **Insurer** as soon as practicable during the **Policy Period** or within 60 days thereafter, the **Insurer** shall indemnify the **Insured** for reasonable fees, costs and expenses, paid to third parties other than an **Insured**, in responding to such **Licensing Proceeding**. The maximum amount payable by the **Insurer** pursuant to this paragraph A. shall not exceed a maximum aggregate limit of \$10,000 per **Policy Period**. The **Insurer** shall have neither the right nor the duty to defend a **Licensing Proceeding** and the **Insurer** shall not be obligated to pay any award, penalty, sanction, cost or order of restitution resulting from any **Licensing Proceeding**.
- B. In the event the **Insureds** fully comply with the reporting requirements of Section VI. B. and to the extent coverage is not otherwise available under this Policy, the **Insurer** shall pay on behalf of the **Insured**, reasonable fees, costs and expenses, incurred with the **Insurer's** prior written consent, resulting from a **Subpoena** first received by the **Insured** during the **Policy Period** and reported to the **Insurer** as soon as practicable during the **Policy Period** or within 60 days thereafter. The maximum amount payable by the **Insurer** pursuant to this paragraph B. shall not exceed a maximum aggregate limit of \$10,000 per **Policy Period**.
- C. The **Insurer** shall pay up to \$250 per day for reimbursement of reasonable loss of earnings, costs and expenses incurred in connection with an **Insured's** presence, at the **Insurer's** request, at a trial, hearing, deposition, mediation or arbitration. The maximum amount payable by the **Insurer** pursuant to this paragraph C. shall not exceed a maximum aggregate amount of \$10,000 per **Policy Period**.

Any payment by the **Insurer** pursuant to this Section II. Extensions shall be considered part of **Loss**, shall be part of, and not in addition to the Limits of Liability stated in Item 4 of the Declarations and the Retention shall not apply.

III. DEFINITIONS

Whenever printed in boldface type, and whether in singular or plural form in this Policy, the following terms shall have the meanings indicated below.

- A. **Application** means the application for insurance and any material submitted therewith or incorporated therein and any other documents submitted in connection with the underwriting of this Policy or any previous policies issued by the **Insurer** of which this Policy is a direct or indirect replacement or renewal.
- B. **Bodily Injury** means physical injury, sickness, disease, disability, mental anguish, mental injury, emotional distress or death sustained by any natural person, including loss of consortium, support, companionship or services of any kind.
- C. **Claim** means:
 1. a written demand for monetary damages or services, including the service of suit or institution of arbitration proceedings, by reason of a **Wrongful Act**; or
 2. a written request that an **Insured** sign an agreement to toll the statute of limitations, by reason of a **Wrongful Act**.

Claim shall not include a **Licensing Proceeding**, **Subpoena** or any criminal proceeding, prosecution or investigation. A **Claim** shall be deemed to have been first made at the time written notice of the **Claim** is first received by any **Insured**. All **Claims** arising out of the same **Wrongful Act** or **Related Wrongful Acts** shall be deemed to be a single **Claim** first made on the date on which the earliest such **Claim** was first made.

D. **Claim Expenses** means:

1. fees charged by any lawyer designated by the **Insurer** to defend the **Insured**; and
2. if authorized by the **Insurer**, all other reasonable fees, costs and expenses resulting from the investigation, adjustment, defense or appeal of any **Claim**, including the cost of appeal bonds; however the **Insurer** shall have no obligation to apply for or furnish appeal bonds on behalf of any **Insured**.

Claim Expenses shall not include salaries and expenses of regular employees or officers of the **Insurer** or any fees, costs, wages, benefits or expenses of any **Insured**. **Claim Expenses** shall be part of, and not in addition to, the Limits of Liability stated in Item 4 of the Declarations.

E. **Construction Manager** means a person or entity providing services in connection with construction or real estate development, including but not limited to submitting a bid or providing services in connection with developing, constructing, reconstructing, renovating, rehabilitating, planning, landscaping, designing, repairing, altering, remodeling, demolishing, adding to or subtracting from, or improving any building or structure, including any related improvements to real estate.

F. **Damages** means the monetary portion of any judgment or award, including pre-judgment and post-judgment interest, or any settlement, provided always that **Damages** shall not include:

1. taxes, civil fines, criminal fines, sanctions, fees, restitution or penalties imposed by law, statute, regulation or court rule, or any amount awarded in a **Licensing Proceeding**;
2. punitive or exemplary damages, or the multiplied portion of multiplied damages; except punitive or exemplary damages insurable under the law of any jurisdiction which has a substantial relationship to the **Insured** or the **Claim** seeking such damage, and which is most favorable to the insurability of such damage;
3. any amounts deemed uninsurable under the law pursuant to which this Policy may be construed;
4. the cost to comply with any form of injunctive or other non-monetary or declaratory relief; or
5. any amounts payable by any **Insured** for, or for the return of, fees, commissions, profits or charges for services or consideration.

G. **Disclosure Claim** means any **Claim** arising out of an **Insured's** actual or alleged failure to disclose the existence or presence of a **Pollutant** in **Residential Property**.

H. **Fair Housing Claim** means any **Claim** arising out of an **Insured's** actual or alleged violation of Title VIII of the Civil Rights Act of 1968 as amended or the Fair Housing Amendments Act of 1988 or any rules or regulations promulgated thereunder or any similar local, state, federal or foreign law or regulation.

I. **Family Member** means the spouse, ex-spouse, domestic partner, parent, sibling or child of an **Insured Person**, including the spouse, ex-spouse, domestic partner or offspring thereof.

J. **Franchisor** means an entity that has granted the **Named Insured** the right to run a location of its business while retaining ownership of the trademarks and products, and/or as defined in the franchise agreement with the **Named Insured**.

K. **Insured** means:

1. the **Named Insured** and any **Subsidiary**;
2. any **Insured Person**;
3. any **Franchisor** which, at the time of the **Wrongful Act**, was a franchisor of the **Named Insured**, provided that the **Wrongful Act** arises solely out of **Professional Services** by an **Insured Person**. The **Insurer** shall not be obligated to pay any **Loss** in connection with any **Claim** against a **Franchisor** for any **Wrongful Act** by such **Franchisor**.

L. **Insured Person** means:

1. any natural person who is or was a partner, principal, officer, director, member or employee of the **Named Insured** or a **Subsidiary** but solely while acting within the scope of their duties on behalf of the **Named Insured** or a **Subsidiary**;
2. any natural person who is or was an independent contractor, but solely with respect to **Professional Services** performed on behalf of the **Named Insured** or a **Subsidiary** and pursuant to a written contract with the **Named Insured** or a **Subsidiary**; or
3. the heirs, executors, administrators, and legal representatives of any **Insured** in the event of death, incapacity or bankruptcy, and the lawful spouse or a person qualifying under applicable law as a domestic partner of such **Insured**, but solely with respect to **Professional Services** rendered by the **Insured** prior to such **Insured's** death, incapacity or bankruptcy and only to the extent that such **Insured** would otherwise be covered by this Policy.

- M. **Insurer** means the insurance company shown in the Declarations.
- N. **Licensing Proceeding** means any proceeding by a real estate licensing board or similar official or agency against an **Insured** to investigate actual or alleged professional misconduct in rendering or failing to render **Professional Services**.
- O. **Lock Box Claim** means any **Claim** arising out of an **Insured's** maintenance, operation or use of a keyless entry system or similar device used to gain access when showing properties not owned by the **Insured** or a **Family Member**.
- P. **Loss** means **Damages** and **Claim Expenses**.
- Q. **Named Insured** means the person or entity shown in Item 1 of the Declarations.
- R. **Open House Claim** means any **Claim** arising out of the showing of **Residential Property** during an advertised designated time period where multiple potential buyers have the opportunity to view the specific property that is listed for sale by the **Insured** while such property is in the care, custody and control of the **Insured**.
- S. **Personal Injury** means false arrest, detention or imprisonment, wrongful entry or eviction or other invasion of private occupancy, abuse of process, malicious prosecution, libel, slander or breach of privacy.
- T. **Policy Period** means the period of time from the effective date of this Policy as set forth in Item 2 of the Declarations to the earlier of the expiration date shown in Item 2 of the Declarations or the effective date of cancellation of this Policy.
- U. **Pollutant** means any substance, located anywhere in the world, exhibiting any hazardous characteristic as defined by, or identified on a list of hazardous substances issued by the U.S. Environmental Protection Agency or a state, county, municipality or locality counterpart thereof. **Pollutant** also means any other air emission, odor, waste water, oil, oil product, infectious waste, medical waste, asbestos, asbestos product, silica, noise, fungus, bacteria, mold, mildew, mycotoxin, spore, scent or byproduct produced or released by fungi, and any electric or magnetic or electromagnetic field. **Pollutant** also includes, but is not limited to, any solid, liquid, gaseous, thermal, biological, nuclear irritant, radiological, contaminant, smoke, soot, fume, acid, alkali, chemical and waste material.
- V. **Prior and Pending Date** means the date specified in Item 6.b. of the Declarations.
- W. **Professional Services** means the following services rendered by an **Insured** for others provided that all necessary licenses and certifications are held by the **Insured** at the time of the **Wrongful Act** giving rise to the **Claim**:
1. services rendered by an **Insured** in their capacity as:
 - a. a real estate agent, real estate broker, real estate leasing agent, real estate consultant, real estate counselor, real estate appraiser, real estate auctioneer, notary public or **Property Manager**; or
 - b. an expert witness or court appointed receiver provided such services are limited to the areas specified in paragraph 1.a.;
 2. tenant representation services and real estate referral services;
 3. services by an **Insured** as a member of a formal real estate accreditation, standards review board or similar real estate board or committee.
- In all events, coverage as is afforded with respect to **Professional Services** shall only apply for services performed by an **Insured** solely while acting within the scope of their duties on behalf of the **Named Insured** or a **Subsidiary**.
- X. **Property Damage** means physical injury to tangible property including all resulting loss of use of that property, or loss of use or theft of tangible property that is not physically injured.
- Y. **Property Manager** means a person or entity providing the following services in connection with the management of real property:
1. development and implementation of management plans and budget, personnel administration and recordkeeping, leasing space, collecting rents or association dues, selecting tenants, processing evictions; and
 2. construction management, but solely with respect to arranging for repair, renovation or maintenance of buildings or grounds and such repair, renovation and/or maintenance is not performed by an **Insured**.

- Z. **Related Party** means any entity, other than the **Named Insured** or a **Subsidiary**:
1. in which any **Insured** is an employee, officer, director, managing member, trustee or partner;
 2. in which one or more **Insureds** and/or **Family Members**, individually or collectively, owns or controls more than 50% of the issued and outstanding shares, units or other portions of the capital thereof; or
 3. which owns or controls any **Insured**.
- AA. **Related Wrongful Acts** means **Wrongful Acts** that have in common any fact, circumstance, situation, event, transaction, cause, or series of causally or logically connected facts, circumstances, situations, events, transactions or causes.
- BB. **Residential Property** means a one to four family dwelling in which neither an **Insured** nor a **Family Member** maintains or maintained an ownership interest.
- CC. **Retroactive Date** means the date specified in Item 6 a. of the Declarations.
- DD. **Subpoena** means a subpoena or written request compelling witness testimony or document production from an **Insured** by reason of **Professional Services**.
- EE. **Subsidiary** means an entity identified in the **Application** of which the **Named Insured** owns on or before the **Policy Period** more than 50% of the issued and outstanding voting securities, either directly or indirectly through one or more of its subsidiaries.
- FF. **Wrongful Act** means any actual or alleged act, error, omission, or **Personal Injury** arising out of **Professional Services**.

IV. EXCLUSIONS

This Policy does not apply to any **Claim** made against the **Insured**:

- A. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving:
1. any fact, circumstance, situation, transaction, event or **Wrongful Act** that was the subject of any written notice given under any policy of insurance prior to the effective date specified in Item 2 of the Declarations; or any other **Wrongful Act** whenever occurring, that, together with a **Wrongful Act** described previously in this paragraph would constitute **Related Wrongful Acts**;
 2. any **Wrongful Act** occurring prior to the **Policy Period** if any **Insured**, on or before the effective date of the first Real Estate Services Professional Liability Policy issued by the **Insurer** to the **Named Insured** which has been continuously renewed and maintained in effect to the effective date of this Policy knew or could have reasonably foreseen that such **Wrongful Act** might reasonably be expected to be the basis of a **Claim**;
 3. any prior or pending written demand, suit, complaint, proceeding, investigation, order, judgment, or notice of violation, against any **Insured** and received by any **Insured** prior to the applicable **Prior and Pending Date**; or
 4. any actual or alleged **Wrongful Act**, by a **Subsidiary** or any **Insured Person** of such **Subsidiary**, occurring prior to the date such entity became a **Subsidiary** or subsequent to the date such entity ceased to be a **Subsidiary**; or while such entity was a **Subsidiary** and that, together with a **Wrongful Act** occurring prior to the date such entity became a **Subsidiary**, would constitute **Related Wrongful Acts**;
- B. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any dishonest, fraudulent, intentional or malicious act, error, omission or offense committed by or ratified by any **Insured**; provided, however, the **Insurer** shall provide a defense for such **Claim** unless or until the dishonest, fraudulent, intentional or malicious act, error, omission or offense has been determined by any verdict, court ruling, administrative or regulatory ruling, or legal admission, whether or not appealed;

If coverage under this Policy would be excluded because of Exclusion B, the coverage otherwise afforded by this Policy shall continue to apply to any **Insured** who neither committed, personally acquiesced in, or remained passive after knowledge of such dishonest, fraudulent, intentional or malicious act, error, omission or offense.

- C. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged conversion, misappropriation or improper commingling of funds or real property, the inability to pay, collect or safeguard money, or the return, restitution, or disgorgement of fees, commissions, costs or expenses;

- D. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged:
 - 1. **Bodily Injury**; except with respect to a **Lock Box Claim**;
 - 2. **Property Damage**; except with respect to a **Lock Box Claim** or **Open House Claim**;
- E. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act** prior to the **Retroactive Date** or any subsequent **Related Wrongful Act**;
- F. brought by, on behalf of or for the benefit of, or in the name or right of:
 - 1. any **Insured** or any natural person who is or was a partner, principal, officer, director, member or employee of the **Named Insured** or a **Subsidiary**, or by any receiver, liquidator, conservator, bankruptcy trustee, rehabilitator or other successor to any **Insured**; or
 - 2. any **Related Party** or against any **Related Party**; provided however, this subsection 2 shall not apply to any **Claim** brought by a **Related Party** as a client of the **Named Insured** or a **Subsidiary** if such **Related Party** bringing such **Claim** is acting totally independent of and without the solicitation or participation of any **Insured**;
- G. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any liability assumed by any **Insured** under any contract or agreement including any hold harmless or indemnity agreement, except where the **Insured** has agreed to defend or indemnify another for liability for the **Insured's** own conduct or liability that would have attached to the **Insured** in the absence of such contract or agreement;
- H. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged misuse, piracy, theft or conversion of confidential or proprietary information, copyright, patent, trademark, trade dress, business ideas, business methods or trade secrets;
- I. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged architectural service or engineering service;
- J. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any **Insured's** actual or alleged interests, operations, or activities as an insurance agent, insurance broker, lawyer, asset manager, investment advisor, investment manager, business broker, mortgage broker, mortgage banker, title agent, title abstractor, escrow agent, home inspector, **Construction Manager** or property developer;
- K. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged:
 - 1. mortgage banking services including, but not limited to the underwriting of loans, retention of loans, warehousing of loans, servicing of loans, solicitation of investors, purchasing of loans or arrangement for the repurchasing of loans;
 - 2. failure to comply with the standards, codes, regulations or guidelines of any federal or state regulatory agency mortgage program;
 - 3. guarantee of fund availability or specified interest rate or locked in interest rate unless the guaranteed locked in rate was as provided by the institution that is providing the funds;
 - 4. bankruptcy or insolvency of any lender;
 - 5. funding of a transaction involving, in whole or in part, the funds of any **Insured**; or
 - 6. defect in lien, title or deed;
- L. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any failure to effect or maintain any insurance, financing or bond or the failure to advise of the need for an adequate amount or type of insurance, financing or bond;
- M. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged formation, syndication, operation or administration of any property syndication, real estate investment trust or any other form of corporation, general partnership, limited partnership or joint venture formed for the purpose of investing in, buying, selling, or maintaining real property;
- N. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving **Professional Services** provided to a trust or estate if any **Insured** is, was or becomes a beneficiary or distributee of such trust or estate;
- O. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged promise, warranty, or guarantee made by any **Insured** as to the future value or future income of any property or the valuation or performance of a business in conjunction with any property that is sold;

- P. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the sale, purchase, or merger, or attempted sale, purchase, or merger, of a business; provided, however, that this exclusion shall not apply to the sale of real property;
- Q. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged certification or acknowledgement by any **Insured**, in his or her capacity as a notary public, of a signature on a document which the **Insured** did not witness being placed on the document;
- R. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged price fixing, restraint of trade, anti-trust, monopolization or unfair competition or any actual or alleged violation of the:
1. Federal Trade Commission Act, Sherman Act, Clayton Act or any rules or regulations promulgated thereunder or any similar provision of any federal, state, local or foreign regulation, statute, rule or law; or
 2. Telephone Consumer Protection Act 47 U.S.C. Section 227, CAN-SPAM Act of 2003, or any Federal Communications Commission regulation or any similar provision of any federal, state, local or foreign regulation, statute, rule or law prohibiting facsimile, electronic mail or any other means of communication;
- S. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged violation of:
1. The Employee Retirement Income Security Act of 1974;
 2. The Securities Act of 1933, The Securities Exchange Act of 1934 or any state Blue Sky or Securities laws, or any other law, rule, or regulation governing the registration, offering, issuance, purchase, or sale of securities;
 3. The Fair Debt Collection Practices Act, Fair Credit Reporting Act; or
 4. The Racketeer Influenced and Corrupt Organizations Act 18 U.S.C. § 1961 et seq.;
- or any amendments, regulations or orders issued pursuant thereto, or any similar provision of any federal, state, local or foreign regulation, statute, rule or law;
- T. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any:
1. employment-related practices including but not limited to any workplace discrimination or harassment, abusive or hostile work environment, wrongful discharge or termination, wrongful demotion or discipline, retaliation, employment-related misrepresentation, negligent hiring, supervision, evaluation, retention, performance evaluation, wrongful reference or any violation of the:
 - a. National Labor Relations Act, Worker Adjustment and Retraining Notification Act, Consolidated Omnibus Budget Reconciliation Act, Occupational Safety and Health Act, or Family Medical Leave Act, including amendments thereto or any similar provision of any federal, state, local or foreign regulation, statute, rule or law; or
 - b. Fair Labor Standards Act, including amendments thereto or any similar provision of any federal, state, local or foreign regulation, statute, rule or law governing the classification of employees to determine their eligibility for compensation or the payment of wages, overtime, on-call time, rest periods, expense reimbursement, or minimum wages;
 2. sexual harassment, including any unwelcome sexual advance, request for a sexual favor, or other conduct of a sexual nature against another; or
 3. discrimination against another based upon such other's race, color, religion, creed, age, sex, disability, marital status, national origin, pregnancy, HIV status, sexual orientation or preference, Vietnam Era Veteran status, or other status that is protected pursuant to any federal, state, local or foreign regulation, statute, rule or law; provided however, this subsection 3 shall not apply to a **Fair Housing Claim**;
- U. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged access to, theft of, or use of an **Insured's** computer hardware, software, web site, electronic systems, network or programs by an unauthorized person or entity, or access by an authorized person in an unauthorized manner, or the transmission or receipt of unauthorized, corrupting, or harmful computer code, including but not limited to adware, cookies, viruses, spyware, Trojan horses, logic bombs or worms;
- V. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual, alleged or threatened discharge, inhalation of, ingestion of, exposure to, release, escape, seepage, migration or disposal of any **Pollutant** or any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutant**, or any voluntary decision to do so; provided however, this exclusion shall not apply to a **Disclosure Claim**.

V. LIMITS OF LIABILITY AND RETENTION

- A. The maximum liability of the **Insurer** for all **Loss** resulting from each **Claim** covered under this Policy shall not exceed the each **Claim** Limit of Liability stated in Item 4.a. of the Declarations.
- B. The maximum liability of the **Insurer** for the combined total of all **Loss** arising from any and all **Claims** covered under this Policy shall not exceed the aggregate Limit of Liability stated in Item 4.b. of the Declarations.
- C. Notwithstanding section V. A and V. B, the maximum liability of the **Insurer** for all **Loss** with respect to:
 - 1. **Disclosure Claims** shall be \$50,000 each **Claim** and in the aggregate for all **Disclosure Claims**;
 - 2. **Fair Housing Claims** shall be \$100,000 each **Claim** and in the aggregate for all **Fair Housing Claims**;
 - 3. **Lock Box Claims** shall be \$25,000 each **Claim** and in the aggregate for all **Lock Box Claims**;
 - 4. **Open House Claims** shall be \$250,000 each **Claim** and in the aggregate for all **Open House Claims**;which amounts shall be part of and not in addition to the Limits of Liability stated in Item 4 of the Declarations.
- D. If two or more policies of insurance issued by the **Insurer** or any of its affiliated companies apply to the same claim, the **Insurer** shall not be liable for any amount greater than the limit of liability of the policy which has the highest applicable limit of liability. If the limit of liability on each policy is the same, only one limit will apply.
- E. The **Insurer** shall only be liable for those amounts payable as **Damages** and/or **Claim Expenses** which are in excess of the Retention stated in Item 5 of the Declarations. The Retention shall apply separately to each **Claim** and shall be paid by the **Named Insured**. The **Named Insured** shall promptly make direct payments within the Retention to the appropriate parties as designated by the **Insurer**. The **Insurer** shall have no obligation to make payments within the Retention. If the **Named Insured** fails to pay the Retention, then all **Insureds** shall be jointly and severally obligated to pay the Retention. If the **Insurer** brings suit to collect such amounts, then the **Insureds** responsible to pay such amounts shall pay the legal fees, costs, and expenses incurred by the **Insurer** to collect such amounts.

VI. CONDITIONS

A. INSURED'S DUTIES IN THE EVENT OF A CLAIM

As a condition precedent to coverage under this Policy, an **Insured's** duties in the event of a **Claim** are as follows:

- 1. The **Insured** agrees not to offer to settle, or to settle any **Claim**, incur any **Claim Expenses** or otherwise assume any expense or obligation, admit any liability or stipulate to any judgment with regard to any **Claim** without the **Insurer's** prior written consent, which will not be unreasonably withheld. The **Insurer** shall not be liable for any offer to settle, settlement, **Claim Expenses**, assumed expense or obligation, admission, judgment or stipulated judgment to which it has not given its prior consent.
- 2. Each **Insured** shall cooperate with the **Insurer** in the defense, investigation and settlement of any **Claim**. Upon the **Insurer's** request, the **Insured** shall submit to examination or questioning, attend hearings, depositions, and trials and assist in effecting settlement, securing and giving evidence and obtaining the attendance of witnesses in the conduct of suits, mediations or similar proceedings. Each **Insured** shall assist the **Insurer** in effecting any rights of indemnity, contribution or apportionment available to any **Insured** or the **Insurer**.

B. REPORTING AND NOTICE REQUIREMENTS

As a condition precedent to coverage under this Policy, an **Insured's** duties in the event of a **Claim** are as follows:

- 1. If a **Claim** is made against an **Insured**, the **Insured** must give written notice to the **Insurer** as soon as practicable but in no event later than 60 days after the end of the **Policy Period**. The **Insured** shall immediately forward to the **Insurer** every demand, notice, summons, or other process received by any **Insured**.
- 2. If, during the **Policy Period**, an **Insured** becomes aware of any fact, circumstance, or situation which may reasonably be expected to give rise to a **Claim** against any **Insured** and gives written notice to the **Insurer** as soon as practicable during the **Policy Period**, then any **Claim** subsequently made against the **Insured** arising out of such fact, circumstance or situation shall be deemed to have been made when written notice was first received by the **Insurer**. Written notice under this paragraph shall include the specific **Wrongful Act**, including the date(s) thereof, person(s) involved, injury or damage that may reasonably result, and the date and circumstance by which the **Insured** became aware of the **Wrongful Act**.

C. CANCELLATION

1. This Policy may be canceled by the **Named Insured** by providing advance written notice to the **Insurer** stating when thereafter such cancellation shall be effective. If this Policy is canceled by the **Named Insured**, return premium shall be computed at 90% of the pro rata unearned policy premium, subject however to a retention by the **Insurer** of not less than 25% of the premium shown on the Declarations.
2. This Policy may be canceled by the **Insurer** for non-payment of any premium when due. The **Insurer** shall provide written notice to the **Named Insured** at least 10 days prior to the effective date of cancellation. The 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**. If this Policy is canceled by the **Insurer** for non-payment of any premium when due, earned premium shall be computed pro rata, subject however to a retention by the **Insurer** of not less than 25% of the premium shown on the Declarations.

D. NON-RENEWAL

The **Insurer** shall not be required to renew this Policy; however, the **Insurer** shall send notice of the **Insurer's** intent not to renew this Policy, to the **Named Insured**, at least 30 days prior to expiration of the **Policy Period**.

E. EXTENDED REPORTING PERIOD COVERAGE

In the event of cancellation or non-renewal of this Policy, by either the **Named Insured** or the **Insurer**, for reasons other than nonpayment of premium, the **Named Insured** shall have the right to an Extended Reporting Period as follows:

1. AUTOMATIC EXTENDED REPORTING PERIOD COVERAGE

Without any additional premium being required, coverage as provided under this Policy shall automatically continue for a period of 60 days following the effective date of cancellation or non-renewal, but only with respect to **Claims** for **Wrongful Acts** fully occurring prior to the effective date of such cancellation or non-renewal and otherwise covered by this Policy and only if there is no other policy that would otherwise provide insurance for such **Wrongful Act**. This 60 day period shall be referred to as the Automatic Extended Reporting Period.

2. SUPPLEMENTAL EXTENDED REPORTING PERIOD COVERAGE

The **Named Insured** shall have the right to purchase an optional Supplemental Extended Reporting Period for reporting **Claims** made against any **Insured** under this Policy.

- a. The additional premium for the Supplemental Extended Reporting Period shall be as follows:

Supplemental Extended Reported Period	Additional Premium
One year (12 months)	100% of the last annual premium of this Policy
Two years (24 months)	150% of the last annual premium of this Policy
Three years (36 months)	200% of the last annual premium of this Policy
Five years (60 months)	250% of the last annual premium of this Policy

- b. If the **Named Insured** purchases the Supplemental Extended Reporting Period, the coverage shall apply only to **Claims** for **Wrongful Acts** fully occurring prior to the date of cancellation or non-renewal and otherwise covered by this Policy and which are first made against the **Insured** and reported to the **Insurer** during the Supplemental Extended Reporting Period.
- c. This right to purchase the Supplemental Extended Reporting Period is subject to the following conditions:
 1. the Policy was cancelled or non-renewed for reasons other than non-payment of premium;
 2. any Retention or other amounts owed the **Insurer** have been paid;
 3. the **Insureds** have complied with all terms and conditions of the Policy;
 4. the **Named Insured** must send written notice to the **Insurer** of the intention to purchase the Supplemental Extended Reporting Period accompanied by the additional premium. Written notice and premium payment must be received by the **Insurer** within 30 days of cancellation or nonrenewal, or the right to purchase the Supplemental Extended Reporting Period shall terminate. The Supplemental Extended Reporting Period will not go into effect unless the additional premium is received by the **Insurer** promptly when due;
 5. the Supplemental Extended Reporting Period does not increase or reinstate the limits of liability of the Policy or extend the **Policy Period**.

- d. Any **Claim** made during the Supplemental Extended Reporting Period shall be deemed to have been made during the **Policy Period**. The entire premium for the Supplemental Extended Reporting Period shall be deemed to be fully earned at the inception of the Supplemental Extended Reporting Period.

Neither the Automatic Extended Reporting Period Coverage nor the Supplemental Extended Reporting Period Coverage shall be available if the **Named Insured** or any principal of the **Named Insured** has a license to perform **Professional Services** revoked, suspended by or surrendered at the request of any regulating authority for reasons other than the **Insured** is disabled.

F. OTHER INSURANCE

This Policy shall be excess over any other valid insurance whether such other insurance is stated to be primary, contributory, excess, contingent, self-insurance or otherwise, unless such other insurance is written only as specific excess insurance over the limits of liability provided in this Policy.

With specific respect to an independent contractor afforded coverage under this Policy, this Policy shall be specifically excess of any indemnification or insurance otherwise available to such independent contractor from any source.

G. SUBROGATION

In the event of payment by the **Insurer** under this Policy, the **Insurer** shall be subrogated to all **Insureds'** rights of recovery against any person or organization. All **Insureds** shall cooperate with the **Insurer** and do whatever is necessary to secure such rights and shall do nothing to prejudice such rights. Any amounts recovered pursuant to the exercise of such rights of subrogation shall be applied as follows: (1) to the repayment of expenses incurred toward subrogation; (2) to **Loss** paid by the **Insured** in excess of the Limits of Liability hereunder; (3) to **Loss** paid by the **Insurer**; (4) to **Loss** paid by the **Insured** in excess of the Retention; and (5) to repayment of the Retention.

H. ASSIGNMENT

Assignment of interest under this Policy shall not bind the **Insurer** unless its consent is endorsed hereon.

I. AUTHORIZATION

It is agreed the **Named Insured** shall act on behalf of all **Insureds** with respect to giving or receiving notice of cancellation or non-renewal, payment of premiums, receiving of any return premiums, consenting to the settlement of any **Claim**, exercising or declining the right to purchase Supplemental Extended Reporting Period Coverage and agreeing to any changes in this Policy.

J. ACTION AGAINST THE INSURER

1. No action shall lie against the **Insurer** unless, as a condition precedent thereto, the **Insureds** have fully complied with all terms of this Policy and until the amount of the **Insureds'** obligations to pay have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Named Insured**, all claimants and the **Insurer**.
2. Nothing contained in this Policy shall give any person or organization any right to join the **Insurer** as a party in any action against any **Insured** to determine any **Insured's** liability.

K. BANKRUPTCY

Bankruptcy or insolvency of any **Insured** or of any **Insured's** estate shall not relieve the **Insurer** of any of its obligations hereunder.

L. CHANGES IN STATUS OF ENTITY

1. If, during the **Policy Period** any of the following transactions occur:
 - a. The acquisition of the **Named Insured** or a majority of its assets, by another person or entity, or the merger or consolidation of the **Named Insured** into or with another entity, such that the **Named Insured** is not the surviving entity; or
 - b. The appointment of a receiver, conservator, trustee, liquidator or rehabilitator, or any similar official, for or with respect to the **Named Insured**;then coverage under this Policy shall cease with respect to **Professional Services** rendered after such transaction. After any such transaction, this Policy may not be canceled and the entire premium for this Policy will be deemed fully earned.
2. If during the **Policy Period** the **Named Insured** acquires the majority of the assets of another entity or acquires any organization by merger into or consolidation with the **Named Insured**, no coverage shall be afforded under this Policy for any **Claim** involving the assets acquired or the organization which is consolidated or merged with or acquired, unless:

- a. the **Named Insured** provides written notice of such transaction within 30 days after the effective date of the transaction and the **Named Insured** provides all information the **Insurer** deems necessary and accepts any terms, conditions, exclusions and any additional premium charged; and
- b. the **Insurer**, at its sole discretion, specifically agrees, in writing, to provide such coverage.

If the **Insurer** agrees to provide such coverage, it shall apply only to **Professional Services** rendered after the effective date of such transaction and shall apply as excess of any other valid and collectible insurance.

M. ECONOMIC OR TRADE SANCTION

If coverage for a **Claim** under this Policy is in violation of any economic or trade sanction, including, but not limited to, any sanction administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), then coverage for such **Claim** shall be deemed null and void.

N. APPLICATION REPRESENTATIONS

The **Insureds** and the **Insurer** agree that the **Application** is the basis for this Policy and is incorporated in and constitutes a part of this Policy. The **Application** shall be maintained on file with the **Insurer** and shall be deemed to be attached hereto as if physically attached. All **Insureds** represent that the statements and representations contained in the **Application** are true and shall be deemed material to the acceptance of the risk and this Policy is issued in reliance upon the truth and accuracy of such statements and representations. All **Insureds** agree that if the **Application** contains statements or representations that are untrue, this Policy shall be void and of no effect whatsoever.

O. ENTIRE AGREEMENT

By acceptance of this Policy, the **Insureds** and the **Insurer** agree that this Policy (including the **Application**) and any written endorsements attached hereto constitute the entire agreement between the parties.

P. TERRITORY

This Policy applies to **Wrongful Acts** that occur anywhere in the world provided the **Claim** is made and suit or arbitration proceedings are brought against the **Insured** in the United States of America, its territories or possessions or Canada.

Q. SERVICE OF SUIT CLAUSE

The **Insurer** appoints the highest state official in charge of insurance affairs (Commissioner of Insurance, Director of Insurance, Insurance Commissioner, Executive Secretary, Superintendent of Insurance, or such other official title as designated by the state) of the **Insured's** domiciliary state and his/her successor or successors in office as his/her and their duly authorized deputies, as the **Insurer's** true and lawful attorney in and for the aforesaid state, upon whom all lawful process may be served in any action, suit or proceeding instituted in the **Insured's** domiciliary state by or on behalf of any **Insured** or beneficiary against the **Insurer** arising out of this Policy, provided a copy of any process, suit, complaint or summons is sent by certified or registered mail to:

Concepcion Liliana Valenzuela
Secretary & Associate General Counsel
StarStone Insurance
Harborside Financial Center
Plaza Five, Suite 2600
Jersey City, New Jersey 07311
Facsimile: (201) 743-7702
Tel: (201) 743-7749
Email: Conchita.valenzuela@starstone.com

IN WITNESS WHEREOF, the **Insurer** has caused this Policy to be signed by its President and Secretary, and, if required by state law, this Policy will not be valid unless countersigned by a duly authorized representative of the **Insurer**.



President



Secretary