

EXCESS POLICY

IMPORTANT NOTE: PLEASE READ THIS POLICY CAREFULLY. THIS POLICY IS WRITTEN ON A CLAIMS MADE BASIS WHEN EXCESS OF A LIABILITY COVERAGE AND COVERS ONLY CLAIMS FIRST MADE DURING THE POLICY PERIOD OR, IF EXERCISED, ANY EXTENDED DISCOVERY PERIOD. THIS POLICY IS WRITTEN ON A LOSS FIRST DISCOVERED BASIS WHEN EXCESS OF A BOND OR CRIME POLICY AND COVERS ONLY LOSS FIRST DISCOVERED DURING THE POLICY PERIOD OR, IF EXERCISED, ANY EXTENDED DISCOVERY PERIOD. THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED AS DEFENSE COSTS. THIS POLICY IS NOT COMPLETE UNLESS A DECLARATIONS PAGE IS ATTACHED.

INSURING AGREEMENT

In consideration of the payment of the premium, and in reliance upon the completeness and accuracy of the statements and disclosures made to the Insurer and any issuer of Underlying Insurance by application, including all attachments, the Insurer agrees that this policy incorporates by reference, and affords coverage in accordance with and subject to, the insuring clauses, warranties, definitions, terms, conditions, exclusions and other provisions contained in the Followed Policy and to the extent coverage is further limited or restricted thereby, in any other Underlying Insurance, except as regards the premium, the limit of liability, the policy period, and except as otherwise provided herein. In no event shall this policy grant broader coverage than would be provided by the most restrictive Underlying Insurance.

To the extent the insuring clauses, warranties, definitions, terms, conditions, exclusions or other provisions of the Followed Policy or other Underlying Insurance are changed to limit or restrict coverage, this policy shall become subject to such changes upon the effective date of the change in the Followed Policy or such other Underlying Insurance. To the extent the insuring clauses, warranties, definitions, terms, conditions, exclusions or other provisions of the Followed Policy are changed to expand or broaden coverage, this policy shall become subject to such changes only if: (i) the Insurer has received written notice from the Insured(s) of such changes; (ii) the Insurer has given the Insured(s) its written consent to such changes; and (iii) the Insured(s) has paid any required additional premium.

TERMS, CONDITIONS AND LIMITATIONS

Section 1. DEFINITIONS

Wherever used in this policy:

- A. Excess Policy Limit of Liability means the Limit of Liability of this policy as stated in Item 3 of the Declarations.
- B. Followed Policy means the policy or bond listed in Item 4 of the Declarations, but only for the coverage sections listed.
- C. Insured Event means:
 - 1. with respect to any Underlying Insurance that is a bond or crime coverage, a loss first discovered during the Policy Period stated in Item 2 of the Declarations by an Insured(s); and
 - 2. with respect to any other Underlying Insurance that is a liability coverage, a claim first made during the Policy Period stated in Item 2 of the Declarations against an Insured(s).
- D. Insured(s) means the individuals and organizations for whom coverage is afforded hereunder.
- E. Insurer means the undersigned entity issuing this policy.
- F. Primary Policy means all of the policies or bonds identified in Item 5 (A) of the Declarations for the applicable coverage section.
- G. Underlying Insurance means all of the policies or bonds scheduled in Item 5 of the Declarations.
- H. Underlying Limits of Liability means the combined limits of liability of the Underlying Insurance as stated in Item 5(C) of the Declarations for the applicable coverage section, plus any applicable retention or deductible under the applicable Primary Policy, less any reduction or exhaustion of such limits of liability as provided in Section 3(B) below.

Do not attach this form to a policy. It is for informational use only.

- I. Sublimit means any limit of liability of any Underlying Insurance which:
1. applies only to a particular type of claim, loss or coverage under such Underlying Insurance; and
 2. is part of, and not in addition to, the applicable aggregate or other limits of liability of such Underlying Insurance.

Section 2. UNDERLYING INSURANCE

- A. It is a condition precedent to the rights of the Insured(s) under this policy that the Insured(s) notify the Insurer, as soon as practicable in writing, of a failure to maintain in full force and effect, except as provided for under Section 3(B), and without alteration of any insuring clause, warranty, definition, term, condition, exclusion or other provision, limit of liability or retention amount, any Underlying Insurance.
- B. Failure to maintain any of the Underlying Insurance, except as provided for under Section 3(B), shall not invalidate this policy, but the Insurer shall only be liable for covered loss under this policy to the same extent it would have been liable had the Underlying Insurance been maintained.

Section 3. ATTACHMENT AND LIMIT OF LIABILITY

- A. The Insurer shall only be liable to make payment under this policy after the total amount of all Underlying Limits of Liability has been paid in legal currency by the issuers of all Underlying Insurance as covered loss thereunder.
- B. In the event of the reduction or exhaustion of the total amount of all Underlying Limits of Liability solely by reason of the payment by the issuers of the Underlying Insurance of covered loss, this policy shall:
1. in the event of such reduction, pay covered loss excess of the reduced amount of such Underlying Limits of Liability, such amount not to exceed the Excess Policy Limit of Liability; or
 2. in the event of such exhaustion, continue in force as primary insurance, provided always that this policy shall only pay covered loss excess over any retention or deductible amount otherwise applicable under the Primary Policy, such amount not to exceed the remaining Excess Policy Limit of Liability.
- C. Any claim, loss or coverage that is subject to any Sublimit shall not be considered covered loss under this policy, but shall, for purposes of this policy, reduce or exhaust the Underlying Limit of liability to the extent such payment reduces or exhausts the aggregate limit(s) of liability of such Underlying Insurance.
- D. Regardless of the number of:
1. Insured Events;
 2. Insured(s); or
 3. claimants who make a claim against any Insured(s);
- the amount set forth in Item 3 of the Declarations will be the maximum limit of liability of the Insurer, and will be the maximum amount payable by the Insurer under this policy for all covered loss (including defense costs and expenses).
- E. Notwithstanding any of the terms of this policy which might be construed otherwise, the policy shall drop down only in the event of reduction or exhaustion of the Underlying Insurance as described above, and shall not drop down for any other reason including uncollectability or nonpayment, in whole or in part, of any Underlying Insurance.
- F. The risk of uncollectability of any Underlying Insurance, in whole or in part, whether because of financial impairment or insolvency of any issuer of Underlying Insurance or for any other reason, is expressly retained by the Insured(s) and is not in any way, or under any circumstances, insured or assumed by the Insurer.

Section 4. DISCOVERY PERIOD

The Insured(s) shall be entitled to a discovery period (which may also be called an extended reporting period, or such similar term, in the Followed Policy) pursuant to the terms and conditions in the Followed Policy. Following the cancellation or nonrenewal of this policy, the Insured(s) shall pay to the Insurer the additional premium set forth in Item 7(a), of the Declarations for the period set forth in Item 7(b) in accordance with the Followed Policy. Such discovery period is not available unless the Insured has elected the discovery period in all Underlying Insurance. The additional premium for the discovery period shall be deemed fully earned at the inception of such discovery period. The discovery period is not cancelable except for nonpayment of the additional premium. The limit of liability for such discovery period, if exercised, shall be part of, and not in addition to, the Excess Policy Limit of Liability for the Policy Period stated in Item 2 of the Declarations. The purchase of such discovery period shall not increase or reinstate the Excess Policy Limit of Liability.

Section 5. APPLICATION OF RECOVERIES

All recoveries or payments recovered or received subsequent to a loss settlement under this policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured(s) and the Insurer, provided always that the foregoing shall not affect the time when loss under the policy shall be payable.

Section 6. NOTICE

- A. The Insured(s) shall, as a condition precedent to their rights under this policy, give the Insurer notice in writing of any claim or loss in the same time and manner required by the terms and conditions of the Followed Policy. Notice given under the Followed Policy or Underlying Insurance shall not constitute notice under this policy.
- B. Notice to the Insurer of any claim, loss or circumstance shall be given to St. Paul Travelers, Inc., 385 Washington Street, St. Paul, MN 55102-1396, Attention: Professional E&O Claim Unit. All other notices to the Insurer under this policy shall be given to the same addressee but to the attention of the Financial and Professional Services Unit.

Section 7. TERMINATION OF POLICY

This policy shall terminate upon the earliest of the following times:

- (A) the effective date of termination specified in a prior written notice from the Insurer to the Insured in accordance with conditions and limitations of the applicable Followed Policy;
- (B) the effective date of termination specified in a prior written notice from the Insured to the Insurer; or
- (C) the expiration of the Policy Period stated in Item 2 of the Declarations.

Section 8. NON-ACCUMULATION OF LIABILITY

The Limit of Liability stated in Item 3 of the Declarations shall not be cumulative regardless of the number of periods this policy has been in force, the number of renewals of this policy by the Insurer, any extensions of the Policy Period of this Policy as stated in Item 2 of the Declarations by the Insurer, any election of a discovery period, the number of and amount of premiums paid by the Insured(s), the number of Insured Events, or the number of periods of this policy in which the acts giving rise to an Insured Event were committed or occurred.

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