

**ISBA MUTUAL INSURANCE COMPANY
CHICAGO, ILLINOIS**

**LAWYERS PROFESSIONAL LIABILITY INSURANCE
CLAIMS MADE AND REPORTED POLICY**

(An Illinois Mutual Insurance Company)

Please carefully read the Policy, including the Declarations and all Endorsements, to determine coverage, duties and rights. The words and phrases appearing in **BOLD PRINT** are defined in this Policy. In consideration of the payment of the premium and undertaking to pay the **DEDUCTIBLE**, and in reliance on the statements in the application attached hereto and made a part hereof and all information in whatever form provided to us by you, and subject to the Limit of Liability of this Policy, you agree with us as follows:

This is a claims made and reported policy which applies to **CLAIMS** first made and reported to the **COMPANY** during the **POLICY TERM** or any **EXTENDED REPORTING PERIOD**. The payment of **CLAIM EXPENSES** reduces and may exhaust the Limit of Liability.

I. COVERAGE AGREEMENTS

- A.** The **COMPANY** agrees to pay on the **INSURED'S** behalf all **DAMAGES** and **CLAIM EXPENSES** in excess of the **DEDUCTIBLE** up to the Limit of Liability which the **INSURED** becomes legally obligated to pay as a result of a **CLAIM** first made against an **INSURED** and reported to the **COMPANY** in writing during the **POLICY TERM** or **EXTENDED REPORTING PERIOD**, if applicable, provided that:
1. The **CLAIM** arises out of a **WRONGFUL ACT** which occurred on or after the **PRIOR ACTS DATE**; and
 2. As of the effective date of this Policy, the **INSURED** had no knowledge of the **CLAIM**; and
 3. Notice of the **WRONGFUL ACT** was not given nor required to be given to any prior insurer.
- B.** With respect to the insurance afforded by this Policy, the **COMPANY** has the right and duty to defend any suit or arbitration proceeding against the **INSURED** that seeks **DAMAGES** arising out of a **WRONGFUL ACT** even if any of the allegations of the suit or arbitration proceeding are groundless, false or fraudulent. The **COMPANY** has the right to appoint counsel and investigate any **CLAIM** as we deem necessary. However, the **COMPANY** will not settle a **CLAIM** without the **INSURED'S** consent. If the **INSURED** refuses consent and elects to contest the **CLAIM** or continue legal proceedings, then the **COMPANY'S** liability for the **CLAIM** will not exceed the amount for which the **CLAIM** could have been settled, plus **CLAIM EXPENSES** incurred up to the date of the **INSURED'S** refusal.
1. The **COMPANY** is not obligated to pay any **DAMAGES** or **CLAIM EXPENSES** or defend any suit or arbitration proceeding after the Limit of Liability has been exhausted by payment of **DAMAGES** or **CLAIM EXPENSES**.
 2. The **COMPANY** has the right, but no duty, to appeal any judgment.
 3. The **COMPANY** has the exclusive and continuing right to select counsel to defend the **INSURED**, and the **INSURED** shall not unreasonably withhold consent to the **COMPANY'S** selection of counsel.
 4. In the event that a conflict of interest requires the **COMPANY** to provide the **INSURED** with independent counsel, the **COMPANY** retains the right to approve such counsel, and the **COMPANY** will not pay as **CLAIM EXPENSES** the independent counsel's fees at hourly rates which exceed the rates that we pay to panel defense counsel to defend cases venued in the same geographic area. Independent counsel cannot be an **INSURED** under this Policy, a lawyer in the same firm as an **INSURED** or affiliated with an **INSURED**.

- C. The **COMPANY** will pay up to \$5,000 per **POLICY TERM** for a lawyer designated by us to investigate and defend **DISCIPLINARY PROCEEDINGS** reported during the **POLICY TERM** brought against the **INSURED** by reason of any act, error, omission or **PERSONAL INJURY** occurring on or after the **PRIOR ACTS DATE** and arising out of **PROFESSIONAL SERVICES** provided that:
1. Notice of the **DISCIPLINARY PROCEEDINGS** must be reported in writing to the **COMPANY** and received during the **POLICY TERM** and prior to any response by the **INSURED** to the **DISCIPLINARY PROCEEDINGS**; and
 2. The **DEDUCTIBLE** will not apply to **CLAIM EXPENSES** the **COMPANY** incurs with respect to **DISCIPLINARY PROCEEDINGS**. **CLAIM EXPENSES** paid under this provision will reduce the Limit of Liability and will not be in addition thereto.
 3. By requesting that the **COMPANY** investigate and defend **DISCIPLINARY PROCEEDINGS**, the **INSURED** is not reporting a **CLAIM**, unless the **INSURED** reports to the **COMPANY** in accordance with Condition N. of this Policy.

II. SUPPLEMENTARY PAYMENTS

The **COMPANY** will pay up to \$250 for loss of earnings for each day or part of a day that the **INSURED** attends a trial of a covered **CLAIM** against the **INSURED** at the **COMPANY'S** request, but in no event shall our payments exceed \$5,000 for all **CLAIMS** reported during the **POLICY TERM**. Compensation paid under this provision will not be considered payment of a **CLAIM** or **CLAIM EXPENSES** and is in addition to the Limit of Liability. The **DEDUCTIBLE** does not apply to this compensation.

III. DEFINITIONS

Whenever used in this Policy, the following words have these meanings:

- A. **APPLICATION** means all signed applications, including attachments and other materials submitted therewith or referenced or incorporated therein, submitted by or on behalf of the **NAMED INSURED** to the **COMPANY** for this Policy. All such applications, attachments and materials are deemed attached to, incorporated into and made a part of this Policy.
- B. **CLAIM** means:
1. a demand received by the **INSURED** for money or services, or the service of a suit or the initiation of an arbitration proceeding against the **INSURED** that seeks **DAMAGES** arising out of a **WRONGFUL ACT**;
 2. an incident or circumstance of which the **INSURED** has knowledge that may result in a demand against the **INSURED** that seeks **DAMAGES** arising out of a **WRONGFUL ACT**.
- C. **CLAIM EXPENSES** means all reasonable fees, costs and expenses incurred by the **COMPANY** or at our direction in the investigation, adjustment, defense or appeal of any **CLAIM** or **DISCIPLINARY PROCEEDING** to which this Policy applies, provided:
1. **CLAIM EXPENSES** do not include the cost of investigation and adjustment of a **CLAIM** or **DISCIPLINARY PROCEEDING** by the **COMPANY'S** salaried employees;
 2. **CLAIM EXPENSES** do not include the **INSURED'S** salary or other compensation for the **INSURED'S** services provided or cooperation or assistance in the investigation or defense of a **CLAIM** or **DISCIPLINARY PROCEEDING**; and
 3. **CLAIM EXPENSES** also include:

- a. Premiums on appeal bonds required in any suit defended by the **COMPANY** and premiums on bonds to release attachments in any suit for an amount not in excess of the Limit of Liability. The **COMPANY** shall not be obligated to apply for or to furnish any such bonds.
 - b. Interest on any judgment in any suit defended by the **COMPANY** which accrues after entry of judgment and before the **COMPANY** has deposited in court or paid or tendered that part of such judgment which does not exceed the Limit of Liability.
- D. **DAMAGES** means all sums which an **INSURED** is legally obligated to pay for any **CLAIM** to which this Policy applies, including judgments, settlements, final arbitration awards, and any taxes, fines or penalties incurred by a third party. The **INSURED** agrees with the **COMPANY** that **DAMAGES** do not include:
 1. punitive or exemplary damages;
 2. any amounts which are a multiple of compensatory damages, including but not limited to awards of double or treble damages or damages deemed uninsurable by law;
 3. any civil or criminal fines, penalties or sanctions whether pursuant to statute or imposed by law;
 4. legal fees, costs or expenses paid or incurred by the claimant, or retained or possessed by the **INSURED** whether claimed by way of restitution of specific funds, forfeiture, financial loss or otherwise, and injuries which are, in whole or part, a consequence of those fees;
 5. legal costs, expenses or fees paid or incurred by the **INSURED**, whether claimed by way of restitution of specific funds, financial loss or otherwise.
- E. **DEDUCTIBLE** means the amount set forth in Item 7 of the Declarations, and is the amount the **INSURED** must pay for **DAMAGES** and **CLAIM EXPENSES**.
- F. **DISCIPLINARY PROCEEDINGS** means proceedings brought against an **INSURED** by a regulatory or disciplinary agency or official to investigate charges alleging professional misconduct in the performance of **PROFESSIONAL SERVICES**.
- G. **EXTENDED REPORTING PERIOD** means the period of time after the end of the **POLICY TERM** during which **CLAIMS** involving **WRONGFUL ACTS** committed prior to the end of the **POLICY TERM** may be reported, in accordance with all other Policy terms.
- H. **INSURED** means:
 1. the **NAMED INSURED** lawyer or law firm and any **PREDECESSOR FIRM**;
 2. the lawyers named in the **APPLICATION** that forms a part of this Policy, but only for **CLAIMS** arising out of **WRONGFUL ACTS** committed within the scope of their employment for the **NAMED INSURED** or a **PREDECESSOR FIRM**;
 3. any lawyer, limited liability corporation, limited liability partnership, partnership, professional association or professional corporation:
 - a. who becomes an employee, partner or shareholder of the **NAMED INSURED** law firm during the **POLICY TERM**, who is disclosed in writing to the **COMPANY**, within 30 days of hire, but only for **CLAIMS** arising out of **WRONGFUL ACTS** committed within the scope of his/her employment for the **NAMED INSURED**;
 - b. who was formerly an employee, partner or shareholder of the **NAMED INSURED** law firm or its **PREDECESSOR FIRM**, but only for **CLAIMS** arising out of **WRONGFUL ACTS** committed within the scope of his/her employment for the **NAMED INSURED** or its **PREDECESSOR FIRM**;

- c. who is retained Of Counsel listed in the **APPLICATION** that forms a part of this Policy, or who becomes Of Counsel and is disclosed to the **COMPANY** in writing within 30 days of becoming Of Counsel, but only for **CLAIMS** arising out of **WRONGFUL ACTS** committed within the scope of his/her association with and under the name of the **NAMED INSURED** or its **PREDECESSOR FIRM**, or
 - d. who is an independent contractor, contract employee, or temporary lawyer staff of the **NAMED INSURED**, who is disclosed in writing to the **COMPANY** within 30 days of hire, but only for **CLAIMS** arising out of **WRONGFUL ACTS** committed within the scope of his/her contract with and under the name of the **NAMED INSURED**;
4. any non-lawyer employee or former non-lawyer employee but only for work done within the scope of employment for the **NAMED INSURED** or its **PREDECESSOR FIRM**;
 5. the administrator, assign, estate, executor, or legal representative of an **INSURED** in the event of his, her or its bankruptcy or insolvency, or the **INSURED'S** death or incapacity, but only to the extent that they would otherwise be provided coverage under this Policy.
- I. **NAMED INSURED** means the person or law firm identified in Item 2 of the Declarations.
- J. **PERSONAL INJURY** means:
1. false arrest, detention or imprisonment;
 2. malicious prosecution or abuse of process;
 3. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 4. wrongful entry or eviction or other invasion of the right of private occupancy.
- K. **POLICY TERM** means the period from the effective date of this Policy to the expiration date or, if earlier, the date upon which the cancellation of this Policy takes effect, but does not include any **EXTENDED REPORTING PERIOD**.
- L. **PREDECESSOR FIRM** means:
- any law firm or professional legal corporation of which the majority of lawyers are affiliated with the **NAMED INSURED** and are identified on the **APPLICATION**; or any firm which qualified as a **PREDECESSOR FIRM** under a policy previously issued by the **COMPANY**.
- M. **PRIOR ACTS DATE** means the date specified in Item 3 of the Declarations. This Policy does not apply to any **WRONGFUL ACT**, or conduct in connection with a **DISCIPLINARY PROCEEDING**, which occurred prior to that date. If the term "Full Prior Acts" is set forth in Item 3 of the Declarations, then there is no limitation on the date of the occurrence of the **WRONGFUL ACT** or the conduct which forms the basis for the **DISCIPLINARY PROCEEDING**.
- The **PRIOR ACTS DATE** for a **PREDECESSOR FIRM** is the earliest **PRIOR ACTS DATE** for any member of the **PREDECESSOR FIRM** who is employed by the **NAMED INSURED**.
- N. **PROFESSIONAL SERVICES** means services rendered by the **INSURED** as a lawyer, including services, whether or not for a fee, as an administrator, arbitrator, conservator, executor, guardian, mediator, notary public, personal representative, real estate title insurance agent, receiver, trustee or in any other similar fiduciary activity.

- O. RELATED CLAIM** means all **CLAIMS** arising out of a single act, error or omission or arising out of related acts, errors or omissions in the rendering of **PROFESSIONAL SERVICES**. Related acts, errors or omissions in the rendering of **PROFESSIONAL SERVICES** are acts, errors or omissions which are temporally, logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision.
- P. WE, US, OUR** and the **COMPANY** mean the Illinois State Bar Association Mutual Insurance Company.
- Q. WRONGFUL ACT** means:
1. any actual or alleged negligent act, error, or omission in the rendering of or failure to render **PROFESSIONAL SERVICES**, including **PERSONAL INJURY** committed by an **INSURED** in the course of rendering **PROFESSIONAL SERVICES**; or
 2. any actual or alleged negligent act, error or omission in an **INSURED'S** capacity as a director or officer of any bar related professional legal association or the governing board thereof.

IV. LIMIT OF LIABILITY AND DEDUCTIBLE

- A.** The Per Claim Limit of Liability stated in Item 6 of the Declarations is the maximum the **COMPANY** will pay for all **DAMAGES** and **CLAIM EXPENSES** arising out of each **CLAIM** first made against the **INSURED** and reported to the **COMPANY** in writing during the **POLICY TERM** or any applicable **EXTENDED REPORTING PERIOD**.
- B.** The Aggregate Limit of Liability stated in Item 6 of the Declarations is subject to the above provision respecting each **CLAIM** and is the **COMPANY'S** maximum limit of liability for each **POLICY TERM**. In no event will the Limit of Liability be increased by an **EXTENDED REPORTING PERIOD**.
- C.** The Limit of Liability does not increase regardless of the number of **INSUREDS** under this Policy or the number of claimants asserting a **CLAIM** against an **INSURED**.
- D.** **CLAIM EXPENSES** will be subtracted from the Limit of Liability first as they are incurred for each **CLAIM**. The remaining amount will be the amount available to pay **DAMAGES**. **CLAIM EXPENSES** are not in addition to the Limit of Liability. If the Limit of Liability is exhausted prior to the conclusion of a **CLAIM**, the **COMPANY** has the right to withdraw from further defense of any **CLAIM**. The **COMPANY'S** payment of the Limit of Liability ends the **COMPANY'S** duty to defend or settle.
- E.** Subject to the Limit of Liability, the **COMPANY** is only liable to pay **DAMAGES** and **CLAIM EXPENSES** in excess of the **DEDUCTIBLE**. The **DEDUCTIBLE** for all **DAMAGES** and **CLAIM EXPENSES** in any **POLICY TERM** applies separately to each **CLAIM**. The **NAMED INSURED** is responsible for the payment of the **DEDUCTIBLE**, and each **INSURED** is individually liable for the payment of the **DEDUCTIBLE**. In the event that the **COMPANY** expends funds for **DAMAGES** or **CLAIM EXPENSES** on an **INSURED'S** behalf, the **INSURED** will reimburse the **COMPANY** for such expenditures up to the amount of the **DEDUCTIBLE**. Reimbursement of the **DEDUCTIBLE** will be due within thirty (30) days of the **COMPANY'S** demand or thirty (30) days from the date the **COMPANY** or counsel appointed by the **COMPANY** bill the **INSURED**. If the **INSURED** does not reimburse the **COMPANY** or counsel appointed by the **COMPANY** within sixty (60) days, the **COMPANY** will be entitled to recover from the **INSURED** reasonable attorneys fees and costs incurred by the **COMPANY** in collecting the **DEDUCTIBLE**.
- F.** Two or more **CLAIMS** arising out of a single act, error, or omission or a series of related acts, errors, or omissions will be treated as a **RELATED** single **CLAIM**. All such **CLAIMS** whenever reported will be considered first made during the **POLICY TERM** in which the earliest **CLAIM** arising out of such acts, errors, or omissions was first reported and all such **CLAIMS** will be subject to the Limit of Liability. Only one **DEDUCTIBLE** will apply to each **CLAIM**.

V. CONDITIONS

- A. Action Against US.** No action will lie against us unless the **INSURED** has fully complied with all the terms and conditions of this Policy prior to bringing the action. Nothing contained in this Policy will give any person or organization any right to join the **COMPANY** as a party in any action against an **INSURED** to determine an **INSURED'S** liability.
- B. Assignment.** No assignment or transfer of interest under this Policy shall be effective unless the **COMPANY** consents by endorsement.
- C. Assistance and Cooperation.**
1. The **INSURED** will cooperate with us and, upon our request, will: submit to examination, or interrogation under oath by our representative, if required; attend depositions, hearings, and trials; assist in effecting settlement, giving and securing evidence, obtaining the attendance of witnesses and in conducting suits; and meet with us for the purpose of investigation and/or defense, all without charge to the **COMPANY**, except as set forth in Section II of this Policy.
 2. The **INSURED** will further cooperate with us and do whatever is necessary to secure any rights of indemnity, apportionment or contribution that the **INSURED** may have.
 3. The **INSURED** will promptly notify and tender the defense of any **CLAIM** to any other insurer which also potentially covers the **CLAIM** and do whatever is necessary to secure any rights of indemnity, apportionment, or contribution against such other insurer.
- D. Premium.** The **NAMED INSURED** is responsible for the payment of all premiums, and will be the payee for any return premium we pay.
- E. Bankruptcy or Insolvency.** The bankruptcy or insolvency of an **INSURED** will not relieve the **COMPANY** of its obligations under this Policy. This insurance will not apply to liability directly or indirectly due to an **INSURED'S** bankruptcy, insolvency, receivership or subsequent liquidation.
- F. Cancellation.**
1. This Policy may be canceled by the **NAMED INSURED** by surrendering the Policy to us or by mailing written notice to us stating when the cancellation will become effective.
 2. The **COMPANY** may cancel this Policy by giving written notice to the **NAMED INSURED** at least:
 - a. ten (10) days prior to the effective date of cancellation, if cancellation is for non-payment of premium. However the **NAMED INSURED** may continue the coverage by payment in full at any time prior to the effective date of cancellation;
 - b. thirty (30) days prior to the effective date of cancellation, if cancellation is for any other reason, provided that the Policy has been in effect for less than sixty (60) days; or
 - c. sixty (60) days prior to the effective date of cancellation, if cancellation is for any other reason as set forth below in Paragraph 7.
 3. The **COMPANY** will mail notice of cancellation to the **NAMED INSURED** at the last mailing address known by **us**. Notice of cancellation will only be sent to the **NAMED INSURED** and will serve as notice to all **INSUREDS**.
 4. Notice of cancellation will state the effective date of cancellation. The Policy will end on that date. The grounds for such cancellation shall also be stated.
 5. Proof of mailing will be sufficient proof of notice.

6. If this Policy is canceled, the **COMPANY** will send the **NAMED INSURED** any premium refund due. If the **COMPANY** cancels, the refund will be pro rata. If the **NAMED INSURED** cancels, the refund will be 90% of the pro rata amount. The **COMPANY** will refund premium as soon as practicable after the date of cancellation. However, the premium refund is not a condition of the cancellation.
7. If this Policy has been in effect for more than sixty (60) days, the **COMPANY** shall not terminate this Policy except for one or more of the following conditions:
 - a. non-payment of premium;
 - b. material misrepresentation;
 - c. a material increase in the risks insured against;
 - d. violation of any terms or conditions of the Policy by an **INSURED**;
 - e. substantial loss of reinsurance by the **COMPANY** affecting this particular type of insurance, certified to the insurance regulatory authority; or
 - f. a determination by the insurance regulatory authority that continuation of the Policy will place the **COMPANY** in violation of the insurance laws of Illinois.
- G. **Changes.** The terms of this Policy will not be changed or waived except by endorsement issued by the **COMPANY** and made a part of this Policy, or as set forth in Condition K. ("Liberalization") of this Policy.
- H. **False or Fraudulent Claims.** If an **INSURED** commits fraud in submitting any **CLAIM**, the **COMPANY** will not consider such **CLAIM** under the Coverage Agreements of this Policy.
- I. **Innocent Insured.** Whenever coverage under this Policy would be excluded or lost because of the **INSURED'S** failure to provide timely notice, the **COMPANY** agrees that such insurance, as would otherwise be afforded under this Policy, shall be applicable with respect to any **INSURED** who did not personally fail to give timely notice after having knowledge of the conduct that forms the basis of the **CLAIM**. All **INSUREDS** covered by this provision must immediately comply with all Policy provisions regarding reporting a **CLAIM** upon learning of the unreported **CLAIM**.
- J. **ISBA Membership.** Each lawyer, of counsel, independent contractor, contract employee, or temporary staff lawyer must be a member of the Illinois State Bar Association. Any lawyer who becomes an employee, partner, or shareholder of the **NAMED INSURED** during the **POLICY TERM** must be a member of the Illinois State Bar Association.
- K. **Liberalization.** If the **COMPANY** adopts any revision that would broaden coverage under this policy form without additional premium at any time during the **POLICY TERM**, the broadened coverage will immediately apply to this Policy except that it will not apply to **CLAIMS** or **DISCIPLINARY PROCEEDINGS** that were first made against an **INSURED** and reported to us prior to the effective date of such revision.
- L. **Mergers, Acquisitions, Spinoffs, Splits, Dissolution and Other Changes in Exposure.** The **NAMED INSURED** must notify the **COMPANY** in writing within thirty (30) days of all changes in the structure of the **NAMED INSURED**, or the next anniversary of this Policy, whichever is sooner. These changes include but are not limited to mergers with or acquisitions of other firms or sole practitioners, as well as reductions by spinoffs or splits. The **COMPANY** may accept or reject such additional exposure and charge an additional premium as the **COMPANY** deems appropriate.
- M. **Nonrenewal.** If the **COMPANY** does not renew this Policy, we will mail written notice to the **NAMED INSURED** at least sixty (60) days before the end of the **POLICY TERM**. The notice shall include the reason for such non-renewal. If we offer to renew this Policy at terms which involve an increase in rate of 30% or more or changes in deductible or coverage that materially alter the Policy, such terms will take effect on the

renewal date if we have notified the **NAMED INSURED** of the terms at least sixty (60) days before the end of the **POLICY TERM**.

- N. Notice of CLAIM.** As a condition of insurance coverage, the **INSURED** will, as soon as practicable, and within the **POLICY TERM** or **EXTENDED REPORTING PERIOD**, give the **COMPANY** written notice of any **CLAIM**.

The notice of **CLAIM** will include:

1. the date(s) of the act, error, or omission,
2. the damage or injury that has or may result,
3. the identity of anticipated or possible claimants, and
4. the circumstances by which an **INSURED** first became aware of such act, error, or omission.
5. a summary of the circumstances giving rise to the **CLAIM**.

In the event suit is brought against an **INSURED**, the **INSURED** will immediately forward to us every demand, notice, or summons you or your representative receives.

The **INSURED** agrees with us that any notice required by the Policy to be effective must be received by the **COMPANY**.

- O. Notice of Suspension or Disbarment.** **YOU** will immediately notify **US** in writing if **YOU** become aware that any one of **YOU** is disbarred or suspended from the practice of law in any jurisdiction.
- P. Notices.** Except as otherwise specifically stated in this Policy, all notices or other communications required or contemplated by this Policy will be addressed:

1. if to the **COMPANY**:

Illinois State Bar Association
Mutual Insurance Company
223 West Ohio Street
Chicago, IL 60610

2. if to the **INSURED**, at the address stated in Item 2 of the Declarations or at the last address reported to us in writing by the **INSURED**.

3. if the **INSURED** should have any complaints arise regarding this insurance to:

Illinois Department of Financial and Professional Regulation,
Division of Insurance
Consumer Division
320 West Washington Street
Springfield, IL 62767

- Q. Other Insurance.** If an **INSURED** has other insurance which applies to a **CLAIM** covered by this Policy, then this Policy will be excess to any other valid and collectible insurance, whether such insurance is primary, pro rata, contributory, excess, contingent, or otherwise, unless such insurance was purchased by an **INSURED** to apply as excess insurance to this Policy's Limit of Liability.

If a **CLAIM** involved two or more policies, each of which provides that it applies as excess, then each such policy will contribute on a pro rata basis, which means that the **COMPANY** will pay no more than the Limit of Liability under this Policy bears to the total of all insurance covering the **CLAIM** less the **DEDUCTIBLE**.

When this Policy applies as excess, the **COMPANY** will not defend any suit any other insurance has a duty to defend. If no other insurance defends, the **COMPANY** has the right but not a duty to do so. If the **COMPANY** defends it will be entitled to the **INSURED'S** rights against all other insurers.

- R. **Principal Office.** The principal office of the **NAMED INSURED** must be located in Illinois.
- S. **Reimbursement to the COMPANY.** If the **COMPANY** pays any **DAMAGES** or **CLAIM EXPENSES** in excess of the Limit of Liability or within the amount of the **DEDUCTIBLE**, the **NAMED INSURED** will reimburse us for such amounts.
- T. **Severability Clause.** The **APPLICATION**, and any addendum or supplements, and the Declarations, are the basis of this Policy. They are to be considered as incorporated in and constituting part of this Policy. The particulars and statements contained in the **APPLICATION** will be construed as a separate agreement with and binding on each **INSURED**. Nothing in this provision will be construed to increase the **COMPANY'S** Limit of Liability.
- U. **Subrogation.** When any payment is made under this Policy, the **COMPANY** shall be subrogated to the **INSURED'S** right of recovery in connection with that payment. The **INSURED** shall do whatever is necessary to secure the right of recovery and shall do nothing to waive or prejudice such right.

Any amount recovered shall be apportioned in the following order: Any recovery shall be used (1) for the repayment of expenses incurred by the **COMPANY** in effecting such recovery; (2) for **DAMAGES** and/or **CLAIM EXPENSES** paid by the **COMPANY**; (3) for any **DAMAGES** and **CLAIM EXPENSES** paid by the **INSURED** in excess of the **DEDUCTIBLE**; (4) for any **DAMAGES** and **CLAIM EXPENSES** paid by an excess carrier on the **INSURED'S** behalf; and (5) for repayment of the **DEDUCTIBLE**.

- V. **Territory.** This Policy applies to a **WRONGFUL ACT** occurring anywhere in the world, provided, however, that the **CLAIM** is made and suit or arbitration proceeding is brought against the **INSURED** in the United States of America, its territories or possessions, or Canada.
- W. **Two or More Policies.** If two or more policies issued by the **COMPANY** provide the **INSURED** with coverage for the same **CLAIM**, the maximum amount the **COMPANY** will pay per **CLAIM** and in the aggregate on behalf of the **INSURED** under all such policies shall not exceed the highest applicable Limit of Liability which is available under any one such policy. The **DEDUCTIBLE** under each such policy shall apply.
- X. **Venue.** With respect to all disputes regarding this Policy, the **COMPANY** and the **INSURED** consent to the personal jurisdiction and venue of the state court located in either Cook County or Sangamon County, and agree that legal proceedings pertaining to any such dispute will be brought only in such state court.
- Y. **Voluntary Payments.** The **INSURED**, except at its own cost, will not admit any liability, assume any obligation, incur any expense, make any payment, or settle any **CLAIM**, without the **COMPANY'S** prior written consent.

VI. EXCLUSIONS

This Policy does not apply to any **CLAIM**:

- A. arising out of any criminal, dishonest, fraudulent or intentional act or omission committed by any **INSURED**.
- B. involving or alleging bodily injury, sickness or death, damage to or loss of tangible property, except that this exclusion does not apply to emotional distress, humiliation or mental illness if caused by **PERSONAL INJURY**.
- C. arising out of the **INSURED'S** capacity as:

1. an officer, director, partner, shareholder or employee of any entity other than the **NAMED INSURED**, its **PREDECESSOR FIRM** or any bar related professional association;
2. a fiduciary under the Employment Retirement Income Security Act of 1974, its amendments, or similar provisions of any state statutory law or common law, 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. a public official or an employee of any governmental entity. This exclusion does not apply to a **CLAIM** that arises out of an **INSURED'S** performance of **PROFESSIONAL SERVICES** in a lawyer-client relationship; or
4. a beneficiary or distribute of any trust or estate.

D. arising out of legal services or advice rendered by the **INSURED** in connection with any business enterprise not shown in Item 2 of the Declarations:

1. which is, was, or will be owned by the **INSURED** or any member of the **INSURED'S** immediate family;
2. which is, was, or will be in any way controlled, managed or operated by the **INSURED** or any member of **YOU** the **INSURED'S** immediate family including the ownership, maintenance or use of any property in connection therewith; or
3. in which the **INSURED** was, is, or will be a partner or employee.

This exclusion does not apply if at the time such legal service or advice was rendered, the **INSURED**, separately or in combination, or any immediate family member had a total pecuniary or beneficial interest of 20% or less in such business enterprise. As used herein, immediate family means spouse, siblings, parents, grandparents and children.

- E.** arising out of discrimination by the **INSURED** on the basis of age, creed, disability, disease, marital status, physical appearance, physical or mental handicap, national origin, race, religion, sex or sexual preference or any other discrimination prohibited by any federal, local or state law, statute, ordinance, constitution or executive order.
- F.** made by an **INSURED** against any **INSURED**. This exclusion does not apply to a **CLAIM** that arises out of an **INSURED'S PROFESSIONAL SERVICES** in a lawyer-client relationship.
- G.** arising from notarized certification or acknowledgment of a signature without the physical appearance before such notary public of the person who is or claims to be the person signing such instrument.
- H.** arising out of any circumstances due to nuclear radiation, reaction or contamination, regardless of cause, and any **CLAIM** for which the **INSURED** is liable for the discharge, dispersal, release or escape of acids, alkalis, fumes, liquids or gases, smoke, soot, vapors, waste materials or any other irritants, contaminants, toxic or explosive materials, or pollutants into or upon land, the atmosphere or any watercourse or body of water.
- I.** seeking any amounts that the **INSURED** must pay under any unemployment or workers' compensation, disability benefits, or other similar law.
- J.** required to be listed in response to a question in the **APPLICATION**, or any **CLAIM** arising out of a circumstance required to be listed in response to a question in the **APPLICATION**, or any **CLAIM** the **INSURED** gave written notice before the effective date of this Policy to another insurer under any other policy.
- K.** arising out of the performance or non-performance of any investment that was recommended, directed, or made by the **INSURED**.
- L.** arising out of the **INSURED'S** active participation in any attempted or actual sexual intimacy, sexual molestation, sexual harassment, sexual exploitation, sexual assault or other attempted or actual sexual conduct.

- M. arising out of any violation of the Racketeer Influenced Corrupt Organization Act or any rules or regulations promulgated thereunder.
- N. arising solely out of a **WRONGFUL ACT** of an individual with whom you share common office space or common office facilities and who is not an **INSURED** under this Policy.

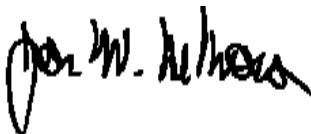
VII. EXTENDED REPORTING PERIOD

At the expiration, non-renewal or cancellation of this Policy, for an additional premium charge calculated at the percentage designated in paragraph F. below, only the **NAMED INSURED** will have the right to purchase an **EXTENDED REPORTING PERIOD** of up to 72 months, provided that:

- A. the **NAMED INSURED** is in compliance with the terms and conditions of this Policy;
- B. the **EXTENDED REPORTING PERIOD** shall commence upon the end of the **POLICY TERM**;
- C. the **EXTENDED REPORTING PERIOD** applies only to **WRONGFUL ACTS** committed prior to the end of the **POLICY TERM**, and which are otherwise covered by this Policy;
- D. notice of intent to exercise this option and the premium for the **EXTENDED REPORTING PERIOD** is received by the **COMPANY** from the **NAMED INSURED** within thirty (30) days of the expiration date or, if earlier, the effective date of the cancellation or non-renewal.
- E. the **EXTENDED REPORTING PERIOD** will not in any way increase the Limit of Liability, reinstate any exhausted Limit of Liability, be in addition to the Limit of Liability, or otherwise change the policy provisions;
- F. the premium for the **EXTENDED REPORTING PERIOD** will be:
 - 1. 100% of the full annual premium stated in Item 5 of the Declarations for a 12-month **EXTENDED REPORTING PERIOD**;
 - 2. 175% of the full annual premium stated in Item 5 of the Declarations for a 36-month **EXTENDED REPORTING PERIOD**; or
 - 3. 200% of the full annual premium stated in Item 5 of the Declarations for a 72-month **EXTENDED REPORTING PERIOD**.
- G. the entire premium for the **EXTENDED REPORTING PERIOD** is fully earned; and
- H. the **EXTENDED REPORTING PERIOD** cannot be canceled except for non-payment of **PREMIUM**.

IN WITNESS WHEREOF, this Policy has been made, entered into and duly executed by an authorized officer of the Illinois State Bar Association Mutual Insurance Company as of December 1, 2007.

ILLINOIS STATE BAR ASSOCIATION MUTUAL INSURANCE COMPANY



Jon W. DeMoss, President