

Liability Insurance Policy



Claim Professionals Liability Insurance Company
(A Risk Retention Group)
A Vermont Corporation

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NOTICE

THIS POLICY IS ISSUED BY YOUR RISK RETENTION GROUP. YOUR RISK RETENTION GROUP MAY NOT BE SUBJECT TO ALL OF THE INSURANCE LAWS AND REGULATIONS OF YOUR STATE.

STATE INSURANCE INSOLVENCY GUARANTY FUNDS ARE NOT AVAILABLE FOR YOUR RISK RETENTION GROUP.

COVERAGE PROVIDED BY THIS POLICY IS LIMITED TO CLAIMS MADE AND REPORTED DURING THE POLICY PERIOD. COVERAGE PROVIDED BY THIS POLICY MAY DIFFER SIGNIFICANTLY FROM OTHER SIMILARLY NAMED COVERAGE THAT YOU MAY CURRENTLY HAVE OR HAVE HELD IN THE PAST. PLEASE READ AND REVIEW THE POLICY CAREFULLY. THE TERMS, CONDITIONS, COVERAGES, EXCLUSIONS AND CLAIM REPORTING REQUIREMENTS MAY LIMIT THE AVAILABILITY OF COVERAGE.

Claim Professionals Liability Insurance Company, A Risk Retention Group

This Policy is issued subject to the following terms, conditions, limitations and exclusions by Claim Professionals Liability Insurance Company, a Risk Retention Group (CPLIC).

INSURING AGREEMENT, TERMS AND CONDITIONS

Throughout this Policy, “we”, “us”, “our” and “Company” will be used to refer to Claim Professionals Liability Insurance Company. The words “you” and “your” refer to the Named Insured indicated on the Declarations Page. There is no difference in meaning in any of the words shown within quotation whether the first letter is capitalized or not capitalized.

Read the entire Policy carefully to determine “your” rights, duties and responsibilities. Provisions in the Policy restrict or exclude coverage. Many provisions of the Policy require “your” direct, complete and timely notification of events to “us” in order for coverage to potentially apply. Coverages provided by the Policy, exclusions, limitations on coverage and “your” duties and responsibilities may differ from that provided by insurance coverage “you” may have had in the past whether issued by CPLIC or some other insurer.

It is “your” responsibility to thoroughly review the Policy provisions and requirements and to fulfill its general terms and conditions.

General Terms and Conditions Statement

Except for these general terms and conditions, or unless stated to the contrary in any coverage section or endorsement form, the terms and conditions of each coverage section of this Policy apply solely to that coverage section and do not apply to other coverage sections of the Policy. If any of the terms and conditions in this section conflict with those in other coverage sections, the terms and conditions in the specific coverage section shall be used by “us” to determine coverage availability for the purposes of any Claim.

Errors & Omissions and General Liability Coverage

“We” relied upon representations and statements made by “you” in the Application for this Policy, a copy of which is attached to the Policy and made a part thereof. “You” warrant that each statement of fact made in the Application for this Policy is true and that “you” understand that “we” rely upon the truth of “your” statements in the Application in making the decision to insure “you”.

In consideration of “your” statements in the Application and payment of premium due subject to the:

1. terms,
2. conditions,
3. limitations,
4. Deductible or Self-Insured Retention,
5. exclusions and
6. other terms of the Policy,

“we” will pay on behalf of the Insured all sums for which the Insured shall become legally obligated to pay as covered Damages which are a direct result of a covered Act, Event, Omission, or Occurrence of the Insured which takes place in the Coverage Territory resulting in a Claim first made against the Insured and reported to “us” during the Policy Period.

When a covered Claim is reported to “us”, “you” agree that we may select and control the expenditure of Claim Expense and/or Defense Cost incurred by counsel retained by “us” to defend “you.” The Claim Expense and Defense Cost shall be deducted from the Limit of Liability shown on the Declarations after “you” have paid the full amount of the Deductible or Self-Insured Retention shown in the Declarations.

“We” will not pay for Claim Expense, Defense Cost or Damages for any Claim not covered by the Policy.

Claim Expense and Defense Cost

With respect to a Claim covered by this Policy, “we” shall have the right and duty to pay for and control the investigation, claims management and legal defense on behalf of the Insured, subject only to “our” discretion and direction. The Insured shall not create or assume any obligation nor incur any costs for investigation or legal defense without the prior express, written permission of the Company. “We” are not obligated to pay any amounts for Claim Expense or Defense Cost:

- 1) incurred prior to “our” having received written notice of a covered Act, Event, Omission, Occurrence or Claim;
- 2) incurred prior to the exhaustion of the Deductible or Self-Insured Retention, except where otherwise noted in the Policy; or
- 3) incurred after the Limit of Liability shown in the Declarations has been exhausted by payment of Damages, Claim Expense or Defense Cost.

“We” have the right to investigate and defend any Claim at “our” discretion. While consideration will be given to “your” preference of defense counsel, experts and other

necessary professionals potentially necessary to complete investigation and evaluation of a Claim, “you” agree that the final decision with regard to the investigation and defense of a Claim or Suit brought against “you” is the sole right of the Company.

Settlement

“We” may settle any Claim for any monetary amount that “we” consider reasonable or expedient. “Our” responsibility for payment will be limited to, and shall not exceed, the amount of Damages plus Claim Expense and Defense Cost less “your” payment of the Deductible or Self-Insured Retention. The maximum amount of our obligation is the Limit of Liability shown on the Declarations.

If “you” have elected a Deductible as shown in the Declarations, the Deductible amount is due and payable from “you” when requested by the Company. The Company has the sole right to determine when the Deductible amount shown on the Declarations is due, payable and satisfied with respect to payment of Damages, Claim Expense or Defense Cost. If payment is not received by the due date shown on the Deductible billing, we may assess “your” stock for the amount of Deductible. Non-payment of the Deductible may render “you” uninsurable with the Company.

If “you” have elected a Self-Insured Retention as shown in the Declarations, “you” have the right and obligation for payment of all Damages, Claim Expense and Defense Cost up to and not to exceed the Self-Insured Retention amount shown in the Declarations prior to “our” liability for any amount or obligation under this Policy to any Claim to which the Self-Insured Retention applies. “You” may not settle any claim or suit which exceeds the Self-Insured Retention without our written consent to do so. At the sole discretion of the Company, “we” may elect to waive the requirements of this paragraph in settlement of any Claim or in payment of Claim Expense or Defense Cost, but such waiver is only valid if provided in writing from “us” as it regards the specific Claim for which the Self-Insured Retention applies. In the event of a waiver, “you” remain liable for reimbursement of the Self-Insured Retention to the Company upon “our” request. If payment is not received by the due date shown on the Self-Insured Retention billing, we may assess “your” stock for the amount of Self-Insured Retention. Non-payment of the Self-Insured Retention may render “you” uninsurable with the Company.

“You” shall not settle, volunteer any payment, assume any obligation, admit liability or make any agreement with respect to resolution of any Claim without the prior written consent of the Company, which will not be unreasonably withheld. “We” will not be liable for any amount or obligation to pay Claim Expense or Defense Cost to which “we” have not given prior written consent.

“We” shall not be liable for payment of any Claim or obligation for Claim Expense, Defense Cost, or Damages after exhaustion of the Aggregate Limit of Liability shown in the Declarations in any one Policy term.

Cooperation

As a condition precedent to “our” obligation to pay for defense or indemnity provided by this Policy, “you” shall cooperate fully with “our” investigation. “You” shall also provide all information and particulars to “us” or “our” designated agent or

representative immediately and upon request to enable “us” to complete an investigation and evaluation of the allegations, defend against such allegations or to reach a settlement of any Claim.

It is “your” responsibility to do nothing that will potentially prejudice “our” rights or ability to defend a Claim or Suit brought against “you” or prejudice “our” rights to seek recovery from others. When we deem necessary, “you” will provide “us” unrestricted access to documentation and materials stored in any format, including but not limited to those written or printed and stored in hardcopy format or any and all electronic records. “You” will take any and all necessary steps to preserve records for inspection. “You” agree that “our” liability will cease if hardcopy or electronic records are destroyed, not backed up or otherwise not available for the investigation and defense of any Claim. Any expense incurred complying with this paragraph will be paid by “you”.

“You” and every individual or entity qualifying as an Insured under this Policy shall, outside the presence of any other Insured, as often as may be reasonably required, submit to examinations under oath by any person named by the Company, and subscribe the same.

As often as may be reasonably required, “you” shall produce for examinations all books of account, bills, invoices, and other vouchers, or certified copies thereof if the originals be lost, at any reasonable time and place as may be designated by the Company or its representative, and shall permit extracts and copies thereof to be made. Tax returns are privileged against disclosure in many jurisdictions under applicable law but may be necessary to process or determine the claim.

No Suit, action or arbitration on this Policy for the recovery of any Claim shall be sustainable in any court of law or equity unless all the requirements of this Policy shall have been complied with, and unless commenced within 12 months next after “you” first provide “us” notice of an Act, Event, Omission, Occurrence, Claim or Suit unless prohibited by law in the state where the loss occurs and then this condition is revised to limit Suit to the time authorized by law in the jurisdiction where the loss occurred.

Incident and Claim Reporting

It is a condition precedent of Coverage provided by this Policy, that “you” agree to give “us” immediate written notice upon “your” knowledge of any Act, Event, Omission or Occurrence that pertains to this Policy that could potentially result in a Claim or Suit even if no Claim has either been threatened or made during the Policy Period. “You” will immediately make available to “us” all documentation from all parties in “your” possession, including all hardcopy and electronic records relating to the potential Claim or Suit.

“Your” written notice to “us” of an Act, Event, Omission or Occurrence shall include:

- 1) Identity of the party or parties “you” have reason to believe may present a Claim;
- 2) Identity of “your” employees, management and any non-employee subcontracted individuals, their contact information and description of how and why they may be involved in a Claim;
- 3) Identity and contact information for any person(s) or organization(s) with

- knowledge of the Act, Event, Omission or Occurrence;
- 4) Identity and contact information of any person(s) or organization(s) with whom “you” have an agreement, contractual or otherwise, that may potentially be involved with a Claim or have knowledge of the Act, Event, Omission or Occurrence;
 - 5) Location, date, time and general description of the Act, Event, Omission or Occurrence, including known, threatened or possible Injuries or Damages;
 - 6) Date, time and method by which “you” became aware of the circumstances; and
 - 7) Description of how and why “you” believe that a Claim may be presented or Suit filed.

Written notice from “you” of an Act, Event, Omission or Occurrence to “us” in compliance with this section will be deemed a Claim first made during the Policy Period, subject to limitations as to the date of the Act, Event, Omission or Occurrence with respect to the Retroactive and Extended Reporting Period dates. “We” are not responsible to pay any monetary amount, including Damages, Claim Expense or Defense Cost incurred before “our” receipt of written notice of a Claim in compliance with this section.

Each Act, Event, Omission, or Occurrence must be reported. Failure to do so may result in a loss of benefits under the Policy.

Severability

In the event that one or more than one portion of this Policy is found to be unlawful, unconstitutional, otherwise against public policy or inapplicable, such sections of the Policy are to be considered separately from the remainder of the Policy terms, conditions, statements and language, and all other terms, conditions, statements and language of the Policy will remain in full force and effect.

Insured’s Representation of Facts

“We” have relied upon the representations and warranties made by “you” in the Application and all other communications to and with the Company in order to issue and renew this Policy and provide the Coverage indicated. “You” agree under this Policy that all such statements, communications, representations, warranties and writings are true and correct and are material to the Company’s decision to insure “you” upon which the Company may rely. In the event that any such statements, communications, representations, warranties or writings are untrue, whether intentionally, negligently or innocently false, this Policy will be immediately void and of no effect. The Policy will not provide any coverage with respect to any Insured if “you” or any Insured knew or reasonably should have known that such statements, communications, representations, warranties or writings were untrue or incomplete.

The Company has the right to declare the Policy void and rescind the Policy to its inception or to the most recent renewal effective date. Upon determination by “us” that the Policy is declared void from its inception or rescinded “we” will offer to return all premium paid for the voided term in a writing explaining the reasons for “our”

decision. If “you” accept the returned premium “you” are agreeing the Policy is void from its inception and never existed.

Premium Audit

“We” will compute all premiums for this Policy in accordance with “our” rules and rates. Premium shown in the declarations is a deposit premium only. At the close of each audit period, “we” will compute the audit premium for that period. If the amount of deposit premium and audit premium together is greater than the deposit premium, “we” will bill “you” for the additional premium. If the amount of deposit premium and audit premium together is less than the deposit premium, “we” will return the difference in premium to “you”. However, any return premium will be limited to no more than ten percent (10%) of the deposit premium. Audit premiums are due and payable on notice to “you”.

“You” must keep records of the information “we” need for premium computation, and send “us” copies at such time as “we” may request.

Non-Renewal and Cancellation

This Policy is only considered in force and effect conditioned after full payment of the premium due regardless of the stated inception date. This Policy only remains in force and effect if the Insured fully complies with all terms and conditions of the Policy.

The Company has the right to non-renew the Policy for any reason not prohibited by any applicable law or statute. In the event the Company chooses to non-renew the Policy, written notice of the non-renewal will be communicated to “you” not less than ninety (90) days prior to the expiration date of the Policy. In the event that notice is not communicated on or prior to the ninetieth (90th) day prior to the expiration date of the Policy, the Policy will be extended to be effective up to the ninetieth (90th) day following communication of the notice to “you”, if “you” pay the premium due for the extended period. In no event will Coverage be provided by this Policy for any period of time for which premium has not been paid.

The Company has the right to cancel the Policy for any reason not prohibited by any applicable law or statute, including non-payment of premium. In the event the Company chooses to cancel the Policy, written notice of the cancellation will be communicated to “you” not less than ninety (90) days prior to the expiration date of the Policy. In the event that notice is not communicated on or prior to the ninetieth (90th) day prior to the expiration date of the Policy, the Policy will be extended to be effective up to the ninetieth (90th) day following communication of the notice to “you”, if “you” pay the premium due for the extended period. In no event will Coverage be provided by this Policy for any period of time for which premium has not been paid.

In the event of Policy cancellation due to non-payment of premium, the Company, at its sole right and option, may cancel the Policy with no advance notice unless prohibited by applicable statute or law. The Company has the right, in the event of non-payment of premium due, to convert Company shares held by “you” to premium and apply the amount of premium due to the unpaid premium balance. If shares are converted in a non-payment of premium situation, “you” will no longer qualify for

insurance with the Company and will no longer qualify as a member of the Company.

“You” have the right to cancel the Policy for any reason unless prohibited by applicable statute or law. If cancellation is to be requested by “you”, the request must be submitted to the Company in writing, submitted by way of U.S. Mail or other hand carried delivery service where the date sent is fully demonstrated and documented. The effective date of cancellation cannot be for any date prior to the date sent, unless a written request for waiver of this requirement is received and approved in writing by the Company. Premium will be refunded, if any is due, pursuant to the Premium Refund provisions in the Policy.

Stock for Unpaid Premium

When there is unpaid premium which has been due and owing for more than ninety (90) days, the Company shall have the option of paying the premium out of the members’ stock account. Before doing so, the Company shall notify the member that this action is about to be taken, and give the member thirty (30) days to pay the premium due, or to make other arrangements for payment. If there is no money left in the stock account after the premium due has been satisfied, the member, if continuing as an insured, will be required to replenish the stock account by the time of renewal. If the stock account is not replenished, coverage will be terminated at the end of the Policy Period. Under no circumstances can “you” consider premium due has been paid simply because there is money in the member’s stock account.

Return Premium as Credit Memos

Subject to the written approval of both the Company and the Named Insured, any return premium may be applied as a credit against “your” renewal premium. This request may come from either party.

Premium Refund

Unless a written request for waiver of this paragraph is received and approved in writing by the Company, the earned premium and premium refund, if any, is to be calculated as follows:

Named Insured Request to Cancel

When cancellation is requested by “you,” the minimum earned premium is 25% of the total annual premium as shown on the Declarations. To determine any refund, the short rate cancellation table below will be utilized to determine the amount of earned premium:

Days In Force	% Earned	Days In Force	% Earned	Days In Force	% Earned	Days In Force	% Earned
0-54	25	121-124	44	192-196	63	279-282	82
55-58	26	125-127	45	197-200	64	283-287	83
59-62	27	128-131	46	201-205	65	288-291	84
63-65	28	132-135	47	206-209	66	292-296	85
66-69	29	136-138	48	210-214	67	297-301	86
70-73	30	139-142	49	215-218	68	302-305	87
74-76	31	143-146	50	219-223	69	306-310	88
77-80	32	147-149	51	224-228	70	311-314	89
81-83	33	150-153	52	229-232	71	315-319	90

84-87	34	154-156	53	233-237	72	320-323	91
88-91	35	157-160	54	238-241	73	324-328	92
92-94	36	161-164	55	242-246	74	329-332	93
95-98	37	165-167	56	247-250	75	333-337	94
99-102	38	168-171	57	251-255	76	338-342	95
103-105	39	172-175	58	256-260	77	343-346	96
106-109	40	176-178	59	261-264	78	347-351	97
110-113	41	179-182	60	265-269	79	352-355	98
114-116	42	183-187	61	270-273	80	356-360	99
117-120	43	188-191	62	274-278	81	361-365	100

Company Requested Cancellation

For a Policy cancelled by the Company it will calculate the return premium amount by:

1. Determining the number of days the Policy was in effect,
2. Dividing the effective days by 365,
3. Subtracting the result in #2 from 1.00, and
4. Multiplying the percentage from #3 times the full amount of annual premiums shown on the Declarations, the result is the pro-rata return premium amount.

In no event will more funds be refunded to “you” than have been received by the Company as paid premium.

Extended Reporting Period

If this Policy is not renewed by “us” or is cancelled either by “you” or by “us,” “you” shall have the right to purchase an extended reporting period (ERP) for the reporting of claims by paying, within thirty (30) days following the effective termination date, the premium associated with one of the options selected below, but only if:

- 1) The termination of the Policy is not based on “your” failure to pay premiums when due;
- 2) “You” have not failed, after demand, to reimburse the Company such amounts as the Company has paid of the Insured’s applicable Deductible or Self-Insured Retention or in excess of the limit of liability in settlement of claims or in satisfaction of judgments.

If “you” exercise the right to purchase an extended reporting period, “you” must do so by notifying “us” of “your” intention to choose from the following options 14 days prior to the effective termination date of the Policy. “You” may select an extended reporting period from one of the following five options:

- Option 1: ERP duration 2 years-Premium 150% of expiring premium
- Option 2: ERP duration 3 years-Premium 200% of expiring premium
- Option 3: ERP duration 4 years-Premium 250% of expiring premium
- Option 4: ERP duration 5 years-Premium 300% of expiring premium
- Option 5: ERP duration 6 years-Premium 350% of expiring premium

During any extended reporting period, this Policy shall apply only to a Claim first made against the Insured during the applicable extended reporting period, which is

otherwise covered by this Policy and occurs either:

- 1) after the Retroactive Date specified in the Declarations; or
- 2) during any prior consecutive Policy Period covered by any Policy issued by “us” which this Policy replaces.

Assignment or Change of Policy

The Policy cannot be changed, modified, amended or assigned by “you” or any Insured without “our” prior written approval, attached to and forming a part of the Policy.

Action Against Insurer and Arbitration

As a condition precedent to the issuance of this Policy and the applicability of Coverage provided for herein, “you” agree that there shall be no cause of action against the Company and “you” waive any and all right to sue and waive any and all right to assign actual or potential Coverage available under this Policy to any other person or organization.

By accepting this Policy, “you” agree to submit any claim of dispute, controversy or disagreement over the Coverage available under this Policy, any claim for actual or alleged breach of duty arising out of this Policy, or any other dispute or claim of any kind between the Company and any Insured to binding arbitration. In the event of such a dispute, both the Company and “you” agree that binding arbitration is the sole and exclusive remedy to resolve the dispute.

In the event that arbitration is called for by the Company or any Insured, the parties agree that the dispute shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment rendered by the arbitrators may be entered in any court having jurisdiction thereof. Each party shall bear their own cost and expense of Arbitration, including legal fees. Payments made by “you” for arbitration expenses are not credited towards nor decrease the amount of Deductible or Self-Insured Retention that “you” are responsible for in the context of any Claim.

The Company and the Insured understand and agree that they have a right or opportunity to litigate disputes in court, but agree that by agreeing to the Action Against Insurer and Arbitration clause of the Policy they waive any and all rights to a trial and any and all other judicial recourse at the local, state and federal levels. The Company and the Insured knowingly and voluntarily waive such rights to litigate disputes and to submit any and all disputes, claims and allegations to arbitration under this paragraph. The Insured waives any rights to bring or participate in any action Suit, or class action or other multiple party claim, action or litigation against the Company.

Other Insurance

Multiple Coverages On This Policy

In the event that any Claim may involve coverage provided by more than a single coverage section of this Policy, the terms, conditions, definitions and exclusions for each separate coverage section of this Policy shall be applied separately to each part of the Claim covered by such coverage section. The Company and the Insured shall

use their best efforts to resolve and reach agreement as to which coverage section is applicable to the Claim.

In the event that more than one coverage section is determined to apply to a Claim, only the largest single Limit of Liability shown on the Declarations for the applicable coverage sections will be applicable for any and all Claim payments. If the Declarations show differing Deductible or Self-Insured-Retention levels for different coverage sections found applicable to any Claim, the largest Deductible or Self-Insured-Retention will apply to the Claim and “you” will be required to pay the full amount of the applicable Deductible or Self-Insured-Retention prior to the Company becoming responsible for payment of any kind on any Claim.

Under no circumstances will funds be available for or paid on any Claim, including that paid for Damages plus Claim Expense and Defense Cost, in excess of the largest single Limit of Liability shown on the Declarations, nor will funds be available for or paid on any single Claim or series of Claims, including that paid for Damages plus Claim Expense and Defense Cost, in excess of the Aggregate Limit of Liability associated with any single Policy term.

Coverage Provided By Other Insurance

Unless stated specifically that any coverage provided by this Policy is excess over other valid and collectible insurance, this Policy is intended to apply as primary insurance for “you” for covered Claims. Nothing in this paragraph shall prevent “you” or the Company from seeking contribution or coverage from other potentially applicable insurance or any other indemnitor.

DEFINITIONS

Act, Event, Omission or Occurrence

“Act” and “Event” are used interchangeably in the Policy and mean any actual or alleged breach of duty, neglect, error, negligent misstatement or writing, misleading statement or writing, or omission committed solely in the conduct of the Insured’s Professional Services.

“Omission” means a negligent, unintentional action or failure to take action in the process of providing Professional Services to or on behalf of a person or organization not owned, controlled or managed by the Insured and as required by statute, law, propriety, or duty.

“Occurrence” means an accident including continuous or repeated exposure to substantially the same general harmful condition. A series of similar or related actions or failures to take action, “Acts” or “Events” resulting in breach of a duty or duties owed are considered in this Policy as one Occurrence.

Advertising Injury

“Advertising Injury” means injury arising directly as a result of one or a combination of the following events:

- 1) Oral, written or electronic publication of information or material(s) that

- violates a person's or organization's right of privacy;
- 2) Oral, written or electronic publication of information or material(s) that disparages a person's or organization's goods, products, services or reputation;
 - 3) Oral, written or electronic publication of information or material(s) that libels or slanders a person or organization;
 - 4) Unlicensed or unauthorized use or misappropriation of advertising ideas, presentation or business concepts; or
 - 5) Infringement of copyright, trademark or service mark, title or slogan owned or claimed owned by others.

Application

"Application" means all information communicated to the Company in any form, including written, verbal and electronic, by a person or organization for the purpose of obtaining membership in or insurance, new, renewal or reinstatement, from the Company. All such information is attached or deemed attached to and incorporated into this Policy, and all representations and warranties made by "you" or any person or organization on "your" behalf are deemed material representations for purposes of coverage availability.

Auto

"Auto" means a land motor vehicle or trailer designed and licensed for use or travel upon public roads including machinery and equipment permanently attached to the vehicle or trailer.

Bodily Injury

"Bodily Injury" means bodily injury, illness, sickness or disease, including death, sustained by a person. "Bodily Injury" does not include mental anguish, mental injury, mental distress or mental tension or any other condition that does not have a verifiable physical origin.

Claim

"Claim" means a request for payment of money for damages claimed to have been sustained by a person or organization made in any form, including but not limited to written, verbal or electronic. A "Claim" does not include regulatory, criminal or punitive action by any governmental or regulatory body or organization, regardless of the relief sought, monetary or other than monetary.

Claim Expense

"Claim Expense" means the cost of investigation, negotiation, arbitration, defense or administration of a Claim for Damages, made or threatened,

including but not limited to the cost of experts, adjusters, attorneys and others deemed necessary by the Company to properly determine the facts of a Claim and evaluate the course of action to be taken. "Claim Expense" may include, at the sole option of the Company, premiums for appeal bonds, costs charged by a court in a Claim defended by the Company, pre-judgment and post-judgment interest expenses in a Claim defended by the Company, Legal Expenses incurred on behalf, by request or after prior written approval is granted by the Company and reasonable direct expenses, other than loss of income or loss of economic opportunity, incurred by the Insured at the request of the Company, excluding salaries or any other forms of compensation paid to owners, partners, directors or officers or others employed at any time by the Insured.

Company

"Company" means Claim Professionals Liability Insurance Company, A Risk Retention Group, including its employees, agents and assignees.

Coverage Territory

"Coverage Territory" means the United States of America, including its territories and possessions. Coverage Territory does not include any foreign country.

Damage(s)

"Damage(s)" includes punitive damages where not prohibited by statute or law or otherwise excluded by this Policy.

Declarations

"Declarations" means the document which specifies the person or organization covered by the Policy, the term, beginning and ending dates of the Policy, the coverage provided by the Policy, the premium due for the coverage provided by the Policy and other information deemed necessary by the Company.

Deductible

"Deductible" means the amount of money up to and not to exceed the amount shown in the Declarations that must be paid by the Insured to the Company for Damages, Claim Expense and Defense Cost incurred by the Company in any one Claim to which this policy applies. Amounts paid by "you" towards the expense of arbitration to resolve any dispute between "you" and the Company are not considered part of the Deductible amount.

Defense Cost

"Defense Cost" means all costs of providing legal assistance to and defense of

the Insured or Company in the investigation, evaluation, defense, trial, appeal and settlement of a covered Claim.

Employee(s)

“Employee(s)” means a person employed by or providing service to the Named Insured, actively engaged in the Named Insured’s business of providing Professional Services as shown in the Declarations, who is subject to state and federal employment law, regardless of how remuneration, if any, is provided to the individual by the Named Insured.

Insured

“Insured” means

- 1) the person or organization specified in the Declarations as the Named Insured;
- 2) any present or former owner, partner, officer, director, employee, or Non-Employee Subcontractor of the Named Insured while acting solely on behalf of the Named Insured while providing the Professional Services as specified in the Declarations; or
- 3) the heirs, estate, executors, administrators or legal representatives of any Insured in the event of such Insured’s death, incapacity, insolvency or bankruptcy, however limited to the extent that such Insured would otherwise be provided coverage under this Policy.

Insurer

“Insurer” means a company, organization, risk retention group or similarly organized entity that provides liability Coverage to the Named Insured in exchange for payment of Premium.

Limit of Liability

“Limit of Liability” means the largest amount potentially to ever be paid by the Company to or on behalf of an Insured. For the purposes of this Policy, the “Limit of Liability” includes all Company payments made and obligations committed towards payment of Damages, Claim Expense and Defense Cost. Under no circumstances will the Company pay more for the combination of Claim Expense, Defense Cost and Damages than the Limit of Liability shown on the Declarations.

“Aggregate Limit of Liability” means the largest amount that will ever be paid by the Company to or on behalf of any Insured during a single Policy term for any Claim or series of Claims, including amounts paid for Claim Expense, Defense Cost and Damages.

Loading and Unloading

“Loading and Unloading” means the movement of persons or property to, from,

or with any Auto, aircraft, or watercraft or other motorized machine.

“Named Insured”

“Named Insured” means the organization specified in the Declarations as the Named Insured.

Non-Employee Subcontractor

“Non-Employee Subcontractor” means an individual person retained by written agreement by an Insured to provide Professional Services as defined in the Declarations on behalf of the Named Insured, who is not subject to state and federal employment law, regardless of how remuneration, if any, is provided to the individual by the Named Insured. A “Non-Employee Subcontractor” can never be a company, organization or anything other than an individual person.

Personal Injury

“Personal Injury” means injury, other than Bodily Injury or Property Damage, arising out of one or more of the following “Acts” or “Events”:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. Wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, by or on behalf of its owner, landlord or lessor;
4. Oral or written communication or publication of material that libels or slanders a person’s or organization’s goods, products, services or reputation; or
5. Oral or written communication or publication of material that violates a person’s right of privacy.

Policy

“Policy” means all documents and documentation, written, verbal and electronic, which make up the Application, the Declarations, the Policy, all Endorsement forms, premium and Deductible and Self-Insured Retention billing notices and all renewal and cancellation notices, if any issued, attached to and forming a part of the Policy.

Policy Period

“Policy Period” means that period of time beginning with the effective date at 12:01 a.m. Standard Time, and ending at 12:01 a.m. Standard Time, with the expiration date as shown in the Declarations, or cancellation date, if earlier than the expiration date shown, excluding any Extended Reporting Period and Retroactive Date.

Professional Services

“Professional Services” means the service or collection of services specified in the Declarations and provided by the Insured for or to others for a fee.

Property Damage

“Property Damage” means physical injury or damage to, or loss or destruction of tangible property, including the loss of use of the property and loss of use of tangible property that has not been physically damaged, lost or destroyed.

Retroactive Date

“Retroactive Date” means the date specified in the Declarations and is always the same as the Policy effective date unless a date prior to the effective date is submitted by the Insured in the Application, accepted by the Company and additional premium is paid by the Insured as requested by the Company. This Policy shall only apply to Claims alleging Damages resulting from a covered “Act,” “Event,” “Omission” or “Occurrence” on or after the Retroactive Date shown in the Declarations.

Self-Insured Retention

“Self-Insured Retention” means the amount of money that must be paid first by the Insured in satisfaction of Damages, Claim Expense or Defense Cost before any amounts will be paid by the Company for any Claim to which this policy applies. Amounts paid by “you” towards the expense of arbitration to resolve any dispute between “you” and the Company are not considered part of the Self-Insured Retention amount.

Suit

“Suit” means a civil proceeding in which damages because of Bodily Injury, Property Damage, Personal Injury, or Advertising Injury to which this insurance applies are alleged.

Unmanned Aerial Vehicle

“Unmanned Aerial Vehicle” means an aircraft that is operated without the possibility of direct human intervention from within or on the aircraft. This definition applies to both the Errors and Omission Professional Liability and General Liability coverage sections.

Written Notice

“Written Notice” means a written communication in whatever form, including but not limited to hardcopy, delivery by U.S. Postal Service, delivery by package delivery service, electronic transmissions, e-mail, ftp file transfer or other electronic communication.

EXCLUSIONS

The following exclusions apply to all coverage sections unless specifically indicated to the contrary in any coverage section.

“We” are not obligated to investigate, defend or pay any Claim Expense, Defense Cost, Damages, judgments or settlements for any Claim or component part of any Claim:

1. Alleging an intentional Act, Event, Omission or Occurrence of any Insured or at the direction of any Insured, regardless if the Act, Event, Omission or Occurrence was intended to cause injury or not;
2. Arising out of any Act, Event, Omission or Occurrence for which the Insured had knowledge or notice of prior to the Retroactive Date or effective date of the Policy, whichever is earlier;
3. Where notice of the Claim had been given to any prior insurer before the effective date of the Policy;
4. That was identified in any summary or statement of claims or potential claims submitted in connection with the Application;
5. Arising out of operations not specified in the Application or shown on the Declarations or Policy endorsement schedule;
6. Arising out of liability imputed to or assumed by any Insured under any contract or agreement, unless such liability would have applied to the Insured in the absence of such contract or agreement;
7. Arising out of or impacted by an intentional misrepresentation or concealment of material facts or circumstances by an Insured either before or after the inception date of this Policy;
8. Brought or presented by any Insured or by a person or entity,
 - a. That is owned, operated or controlled by any Insured, or
 - b. That owns, operates or controls any Insured, or
 - c. That is affiliated with any Insured by any common ownership, operation or control, or
 - d. Where an Insured is a director, officer, owner, partner or principal stockholder;
9. Brought or presented by an Employee or Non-Employee Subcontractor, including but not limited to their estate, heirs, personal or legal representatives;
10. Arising solely out of a fee dispute for fees or expenses charged for any Insured's Professional Services;
11. For any obligation of an Insured under any workers' compensation, disability benefits, unemployment compensation, employment discrimination or similar statute or law;
12. For any damage sustained by or injury to:
 - a. An Employee or Non-Employee Subcontractor working for “you”, or

- which “you” have supplied to another, arising out of and in the course of providing Professional Services or performing duties related to the conduct of the Insured’s business, including but not limited to any Claim based on, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any employment related practices, or
- b. The spouse, child, parent, significant life partner, brother, sister or any other relative or representative of the Employee or Non-Employee Subcontractor as a consequence of paragraph (a) above;
 - i. This exclusion applies whether the Insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay any person or organization because of the injury or damage;
13. Arising out of or in connection with any alleged discrimination of any kind, including but not limited to allegations of harassment, civil rights violations or any other discrimination based upon race, age, creed, sex, sexual preference, national origin, physical or mental disability or marital status;
 14. Arising out of ownership, maintenance, use or entrustment to others of any Unmanned Aerial Vehicle, aircraft, auto, watercraft or other motorized machine owned, operated by or for the benefit or rented to or loaned to any insured. Use includes any operation and Loading and Unloading;
 15. Alleging any damage to real or tangible property in the care, custody or control of any Insured, or for any damage to real or tangible property owned, rented to or occupied by any Insured;
 16. Alleging, based upon, arising out of or related to any actual or alleged misappropriation of ideas, information or materials, infringement of copyright, trademark, service mark, patent, title or slogan, improper gaining or misuse of confidential or proprietary information, materials or trade secrets, interference with actual or prospective business relationships, contracts or contractual relationships, or unfair competition, except with respect to Advertising Injury as defined and as may be provided for under Coverage Section General Liability;
 17. Alleging, based upon or arising out of any actual or alleged violation of:
 - a. The Employee Retirement Income Security Act of 1974; b) The Securities Act of 1933; c) The Health Insurance Portability and Privacy Act; d) The Securities Exchange Act of 1934; the Patient Protection and Affordable Care Act; or e) Any other state or federal employment, information privacy, blue sky or securities law;
 18. For return, withdrawal, restitution or reduction of professional fees, profits or other charges; fines, sanctions, taxes, penalties, awards or amounts deemed uninsurable pursuant to any applicable law; or costs or expenses incurred by the Insured to comply with a demand for equitable relief, even if such compliance is compelled as a result of a judgment, award or settlement;
 19. Arising from services of any nature, professional or otherwise, provided, alleged to have been provided or alleged to have been required but not provided, for any service not regularly and customarily associated with the Professional Services shown in the Declarations;

20. Arising from any Act, Event, Omission or Occurrence or series of Acts, Events, Omissions” or Occurrences involving services provided by any Insured, other than the Professional Services as shown associated with the Named Insured in the Declarations and defined herein, for any person, entity or organization;
21. For Damages based upon, arising out of or in any way involving any Act, Event, Omission or Occurrence or series of Acts, Events, Omissions or Occurrences where the insured did not provide immediate notice during the Policy’s effective dates to the Company if any Insured had reason to believe that a Claim might be made;
22. For action, inquiry or demands including regulatory, criminal or punitive action by any governmental or regulatory body or organization, regardless of the relief sought, monetary or other than monetary; nor
23. For any claim or claims involving theft, misappropriation or misuse of funds held in trust for any person or organization.

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COVERAGE SECTION: ERRORS AND OMISSIONS PROFESSIONAL LIABILITY

Professional Liability Coverage

We will select, control and pay Claim Expense, Defense Cost and Damages, except as excluded in this Policy, up to and not to exceed the Limit of Liability shown in the Declarations under this coverage section arising out of the Professional Services provided by the Named Insured as shown in the Declarations for any Claim made within the Policy Period.

Professional Liability Exclusions and Limitations

There is no coverage for Claim Expense, Defense Cost or Damage under this Coverage section:

- 1) For any Claim where “you” are covered under the General Liability Coverage section of this Policy or any Commercial General Liability, Business Owners Policy or third-party liability insurance policy;
- 2) For any Claim of Damage defined in this Policy as:
 - a) Bodily Injury,
 - b) Property Damage,
 - c) Advertising Injury, or
 - d) Personal Injury;

Except, with respect to Property Damage, real or personal property actually or alleged to have been spoiled or damaged caused as a direct result of the Insured’s Act, Event, Omission or Occurrence or series of Acts, Events, Omissions or Occurrences while such real or personal property was in or should have been in the care, custody and control of the Insured in the process of providing Professional Services; or

- 3) For any Claim involving the failure of the Insured’s services to meet or exceed advertised, communicated or promised quality or performance.

In no case will the Limit of Liability for this coverage section be combined with, added to or stacked upon the Limit of Liability for any other coverage section of this Policy. Coverages provided by the various coverage sections in this Policy are mutually exclusive of one another.

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COVERAGE SECTION: GENERAL LIABILITY

General Liability Coverage

We will select, control and pay for Claim Expense, Defense Cost and Damages up to and not to exceed the Limit of Liability shown in the Declarations under this coverage section for claims for Damages meeting the definition of Bodily Injury, Property Damage, Advertising Injury or Personal Injury, except as excluded, arising out of the Professional Services of the Insured as shown in the Declarations for Claims made within the Policy period.

General Liability Exclusions and Limitations

There is no coverage for "Claim Expense," Defense Cost or Damage under this Coverage section:

- 1) For any Claim covered under Professional Liability Coverage section of this Policy;
- 2) For any Claim involving other than the Professional Services as shown in the Declarations;
- 3) For any Claim involving pollution, asbestos or other hazardous materials or conditions;
- 4) For any Claim involving Damages resulting from the use, misuse, maintenance, ownership, care, custody or control of any motorized vehicle or machine; or
- 5) For any claim or claims involving the contractual liability of any Insured other than the liability that the Insured would have been liable for absent the contract.

In no case will the Limit of Liability for this Coverage section be combined with, added to or stacked upon the Limit of Liability for any other Coverage section of this Policy. Coverages provided by the various Coverage sections in this Policy are mutually exclusive of one another.

CLAIM PROFESSIONALS LIABILITY INSURANCE COMPANY

A Risk Retention Group



Kenton Kaplan
President



Frank Marx
Secretary/Treasurer