

# Illinois State Bar Association Mutual Insurance Company

(An Illinois Mutual Insurance Company)

## Lawyers' Professional Liability Claims Made and Reported Policy

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. The headings are solely for convenience, and form no part of the terms of coverage. In consideration of the payment of the premium and undertaking to pay the **Deductible**, and in reliance on the statements in the **Application** and all information in whatever form provided to **Us** by the **Insureds**, and subject to the Limit of Liability of this Policy, all **Insureds** agree with **Us** as follows:

This is a claims made and reported policy which applies to **Claims** that are first made against an **Insured** and reported to the **Company** in writing during the **Policy Period** 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 **Claim Expenses** in accordance with the terms of this Policy and all **Damages** 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 Period** or any **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** but before the end of the **Policy Period**;
  2. as of the effective date of this Policy, the **Insured** had no knowledge of the **Claim**;
  3. notice of the **Claim** was not given nor required to be given to any prior insurer; and
  4. no **Insured** had a basis to believe any **Wrongful Act** might reasonably be expected to be the basis of a **Claim**.
- 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. The **Company** will not settle a **Claim** without the **Insured's** consent. It is agreed:
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** and/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. Independent counsel cannot be an **Insured** under this Policy, a Lawyer in the same firm as an **Insured**, or affiliated with an **Insured**.
- C. If the **Insured** receives a subpoena for testimony or documents during the **Policy Period** arising out of or in connection with **Professional Services** rendered by the **Insured**, and the **Insured** wants the **Company's** assistance in responding to the subpoena, and if the **Insured** provides the **Company** with a copy of the subpoena, then the **Company** will retain a Lawyer to provide advice regarding the production of documents, and prepare and represent the **Insured** at the **Insured's** deposition, if:
1. any **Insured** has neither been engaged nor provided testimony or advice in connection with the lawsuit;
  2. the subpoena arises out of a lawsuit to which any **Insured** is not a party; and
  3. the request for the **Company's** assistance is received in writing during the **Policy Period**.
- Any notice that an **Insured** gives to the **Company** of such subpoena shall be deemed notification of a **Claim** pursuant to **V. CONDITIONS, Q. Notice of Claim**.
- D. The **Company** will pay the first \$5,000 of **Claim Expenses** that **We** incur as a result of a **Claim** that the **Insured** reports in accordance with **V. CONDITIONS, Q. Notice of Claim**.

## II. SUPPLEMENTARY PAYMENTS

These payments are in addition to the Limit of Liability and are not subject to the **Deductible**.

- A. The **Company** will pay up to \$500 for loss of earnings for each day or part of a day that the **Insured** attends a trial or binding arbitration of a covered **Claim** against the **Insured** at the **Company's** request, but in no event shall **II. SUPPLEMENTARY PAYMENTS, A** exceed \$25,000 for all **Claims** reported during the **Policy Period**.
- B. The **Company** will pay legal fees, costs, and expenses up to \$25,000 per **Insured** Lawyer per **Policy Period** and \$100,000 as the total available for all **Insureds** per **Policy Period** for a Lawyer designated by **Us** to investigate and defend **Disciplinary Proceedings**. A **Disciplinary Proceeding** must be reported during the **Policy Period** and brought against the **Insured** by reason of any **Wrongful Act** occurring on or after the **Prior Acts Date** and arising out of **Professional Services** provided that:
1. notice of the **Disciplinary Proceeding** must be first received by the **Insured** and reported in writing to the **Company** during the **Policy Period** and prior to any response by the **Insured** to the **Disciplinary Proceeding**;
  2. by requesting that the **Company** investigate and defend the **Disciplinary Proceeding**, the **Insured** is not reporting a **Claim**, unless the **Insured** reports such as a **Claim** to the **Company** in accordance with **V. CONDITIONS, Q. Notice of Claim**;
  3. legal fees, costs or expenses to investigate and defend the **Disciplinary Proceeding** above \$5,000 are on a reimbursement basis and reimbursement to the **Named Insured** is conditioned upon a determination of Not to Proceed against the **Insured** against whom the **Disciplinary Proceeding** has been brought. Not to Proceed means a final determination by the regulatory or disciplinary agency or official to cease their investigation and no action has or will be taken against the **Insured** including but not limited to suspension, probation, censure, license revocation, reprimand, disbarment, or settlement; and

4. **Our** determination as to the reasonableness of legal fees, costs or expenses to investigate and defend a **Disciplinary Proceeding** will be conclusive.
- C. Interest on any judgment in any suit defended by the **Company** which accrues prior to or 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 remaining Limit of Liability.

### III. DEFINITIONS

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

#### A. Application

The application and all prior applications submitted to the **Company**, any and all materials and information submitted to the **Company** in connection with such applications, and all material that is created by the **Insured** and submitted to the **Company** in connection with this Policy, all of which are deemed to be on file with the **Company**.

#### B. Claim

1. A demand received by an **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. Any **Wrongful Act** of which an **Insured** is aware and which the **Insured** knows, or ought reasonably to have known, might give rise to a demand for money or services, or the service of suit or arbitration proceeding against an **Insured**.

#### C. Claim Expenses

All reasonable legal fees, costs and expenses incurred by the **Company** or at **Our** direction in the investigation, adjustment, defense or appeal of any **Claim** to which this Policy applies, provided:

1. **Claim Expenses** 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 remaining Limit of Liability. The **Company** shall not be obligated to apply for or to furnish any such bonds.
  - b. reasonable and necessary fees and expenses charged by any Lawyer selected by the **Insured** as independent counsel, if a conflict of interest exists and applicable law permits the **Insured** to select such independent counsel and requires **Us** to pay for such independent counsel. The **Company** will not pay independent counsel's fees that exceed the hourly rates we pay to panel defense counsel to defend cases venued in the same geographic area.
2. **Claim Expenses** do not include:
  - a. the cost of investigation and adjustment of a **Claim** by the **Company's** salaried employees; and,
  - b. 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**.

#### D. Company, Our, Us and We

The Illinois State Bar Association Mutual Insurance Company.

#### **E. Damages**

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 or 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;
2. any civil or criminal fines, penalties or sanctions whether pursuant to statute or imposed by law;
3. 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;
4. legal fees, costs, or expenses paid or incurred by the **Insured** whether claimed by way of restitution of specific funds, financial loss or otherwise;
5. any amount awarded in any **Disciplinary Proceeding**; or
6. the return or reduction of legal fees, costs, expenses or other consideration charged by an **Insured**, or the cost of correcting, re-performing or completing **Professional Services**.

#### **F. Deductible**

The amount set forth in Item 8 of the Declarations and is the amount the **Insured** must pay for **Damages** and/or **Claim Expenses**.

#### **G. Disciplinary Proceeding**

A proceeding brought against an **Insured** by a regulatory or disciplinary agency or official to investigate charges alleging professional misconduct in the performance of **Professional Services**.

#### **H. Extended Reporting Period**

The period of time after the end of the **Policy Period** during which **Claims** involving **Wrongful Acts** committed prior to the end of the **Policy Period** may be reported, in accordance with all other Policy provisions.

#### **I. Insured**

Each of the following is an **Insured** under this Policy to the extent described below:

1. Either:
  - a. the person designated as the **Named Insured** in Item 2 of the Declarations but only with respect to the conduct of a law practice of which the person is a solo practitioner; or
  - b. the partnership, professional corporation, professional association, limited liability partnership or limited liability corporation designated as the **Named Insured** in Item 2 of the Declarations.
2. Any:
  - a. Lawyer of the **Named Insured** who is named in the **Application** as an Owner, Officer, Shareholder, Partner, Associate or Employed Lawyer;

- b. Lawyer, limited liability corporation, limited liability partnership, partnership, professional association or professional corporation retained under formal contract with the **Named Insured** acting as “Of Counsel” or Independent Contractor to the **Named Insured** who is named in the **Application**;
- c. limited liability corporation, limited liability partnership, partnership, professional association or professional corporation retained under formal contract with the **Named Insured** who is named in the **Application** or disclosed to the **Company**;
- d. Lawyer retained by the **Named Insured** under formal contract to work on a per diem basis for more than 60 days during the **Policy Period** who is named in the **Application**;

but solely for **Professional Services** performed on behalf of the **Named Insured**.

- 3. Any Lawyer, limited liability corporation, limited liability partnership, partnership, professional association or professional corporation who during the **Policy Period** becomes qualified as an **Insured** under Paragraph 2 above and is reported to the **Company** in accordance with **V. CONDITIONS, N. Newly Added Lawyers**, but solely for **Professional Services** performed on behalf of the **Named Insured**.
- 4. Any Lawyer, limited liability corporation, limited liability partnership, partnership, professional association or professional corporation who previously qualified as an **Insured** under Paragraph 2 above but solely for **Professional Services** performed on behalf of the **Named Insured** or **Predecessor Firm**.
- 5. Any former, current or future non-Lawyer employee, but only for work done within the scope of employment for the **Named Insured** or **Predecessor Firm**.
- 6. The administrator, assignee, 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.

**J. Named Insured**

The person or Law Firm identified in Item 2 of the Declarations.

**K. Personal Injury**

- 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.

**L. Policy Period**

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**.

**M. Predecessor Firm**

Any Law Firm which, prior to the effective date of this Policy:

- 1. is dissolved and from which the **Named Insured** has retained at least 50% of the Lawyers who were owners, officers, partners, associates, employees or shareholders; or

2. any firm which qualified as a **Predecessor Firm** under a policy previously issued by the **Company** immediately preceding this Policy.

**N. Prior Acts Date**

The first date on or after which a **Wrongful Act** giving rise to a **Claim** may be covered during this Policy Period. This date is specified in Item 4 of the Declarations or an endorsement(s) attached to this Policy.

**O. Private Practice of Law**

**Professional Services** rendered by an **Insured** as a solo practitioner or as Lawyer of the **Named Insured**.

**P. Professional Services**

Services rendered by the **Insured** as a Lawyer with a license in good standing, 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.

**Q. Related Claim**

All **Claims** arising out of a **Wrongful Act** or a series of related **Wrongful Acts** which are temporally, logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision regardless of the number of **Insureds**, **Claims** made or persons or entities making **Claims**.

**R. Totally and Permanently Disabled**

An **Insured** who is:

1. wholly prevented from working as a Lawyer and rendering **Professional Services**;
2. a physician has concluded that the disability is expected to be continuous and permanent; and
3. such **Insured's** status with the Attorney Registration & Disciplinary Commission and all Lawyer licensing bodies is "inactive".

**S. Vicarious Liability**

Liability on the part of an **Insured** as a result of **Professional Services** rendered by a person or entity for whose conduct such **Insured** is legally responsible.

**T. Wrongful Act**

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 7 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 Period** or any **Extended Reporting Period**, if applicable.

- B. The Aggregate Limit of Liability stated in Item 7 of the Declarations is the maximum the **Company** will pay for all **Damages** and **Claim Expenses** arising out of all **Claims** first made against the **Insured** and reported to the **Company** in writing during the **Policy Period** or any **Extended Reporting Period**, if applicable. In no event will the Limit of Liability be increased by an **Extended Reporting Period**.
- C. The Limits of Liability do not increase regardless of the number of **Insureds** under this Policy, the number of claimants asserting a **Claim** against an **Insured**, or the number of **Claims** made.
- D. **Claim Expenses** will be subtracted from the applicable 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 applicable Limit of Liability ends the **Company's** duty to defend or settle.
- E. Subject to the Limit of Liability:

The **Company** is liable to pay **Damages** in excess of the **Deductible**. The **Company** is liable to pay **Claim Expenses** up to \$5,000 and in excess of the **Deductible**. The **Deductible** for all **Damages** and **Claim Expenses** in any **Policy Period** 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** first demand or thirty (30) days from the date the **Company** or counsel appointed by the **Company** first bills the **Insured**, whichever is earlier. 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 legal fees, costs, and expenses incurred by the **Company** in collecting the **Deductible**.
- F. The applicable policy for any **Related Claim** is the policy in effect when **We** first received written notice of a **Claim**. Only the Limit of Liability and **Deductible** for that policy period will apply to any **Related Claim**.

## V. CONDITIONS

### A. Action Against the **Company**

No action will lie against the **Company** unless the **Insured** has fully complied with all of 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. Application

By acceptance of this Policy, all **Insureds** affirm as of the effective date of the **Policy Period** or the date of execution of the quotation, whichever is later, that:

1. the statements in the **Application** for this or any preceding Policy are true and accurate and are specifically incorporated herein, and are all **Insureds'** agreements, personal representations and warranties. **We** may rely on earlier **Applications** as if made a part of the latest **Application**, if applicable;
2. all such communicated information shall be deemed material to **Our** issuance of this Policy;
3. this Policy is issued in reliance upon the truth and accuracy of such representations;

4. this Policy embodies all agreements existing between all **Insureds** and **Us** relating to this insurance.

**C. Assignment**

No assignment or transfer of interest under this Policy shall be effective unless the **Company** consents by endorsement.

**D. 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, trials and binding arbitration; assist in effecting settlement, giving and securing evidence, obtaining the attendance of witnesses and in the conduct of suits; and meet with **Us** for the purpose of investigation and/or defense; all without charge to the **Company**, except as set forth in **II. SUPPLEMENTARY PAYMENTS, A.**

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.

**E. Premium**

The **Named Insured** is responsible for the payment of all premiums, and will be the payee for any return premium **We** pay.

**F. Bankruptcy or Insolvency**

The bankruptcy or insolvency of an **Insured** will not relieve the **Company** of its obligations under this Policy. This Policy will not apply to liability directly or indirectly due to an **Insured's** bankruptcy, insolvency, receivership or subsequent liquidation.

**G. Cancellation**

1. This Policy may be cancelled 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 reason other than non-payment of premium, 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 reason set forth in Paragraph 7 below.

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 Period** will end at 12:01 a.m. CST 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 cancelled, the **Company** will send the **Named Insured** any premium refund due. If the **Company** cancels, the refund will be pro rata. 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 this 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 this Policy will place the **Company** in violation of the insurance laws of Illinois.

#### H. 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 **V. CONDITION, L. Liberalization**.

#### I. False or Fraudulent **Claims**

If an **Insured** commits fraud in submitting any **Claim**, the **Company** will not consider such **Claim** under **I. COVERAGE AGREEMENTS**.

#### J. Innocent **Insured**

Whenever coverage under this Policy would be excluded or lost because of the **Insured's** failure to provide timely notice of **Claim**, 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**.

#### K. Illinois State Bar Association Membership

Each Lawyer of the **Named Insured** who is or becomes qualified as an **Insured** during the **Policy Period** must be an active member of the Illinois State Bar Association.

#### L. Liberalization

If the **Company** adopts any revision that would broaden coverage under ISBAMIC LPL Policy at any time during the **Policy Period**, without additional premium, 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.

**M. Sale, Merger, Dissolution or Cessation of the **Named Insured**'s Business**

If, during the **Policy Period**, any of the following transactions occur:

1. the **Named Insured** is dissolved, sold, acquired by, merged into or consolidated with another entity such that the **Named Insured** is not the surviving entity; or
2. a person, entity or affiliated group of persons or entities obtains (i) ownership or possession of fifty percent (50%) or more of the issued and outstanding capital stock, equity, member units, or any other applicable form of ownership of the **Named Insured**, or (ii) fifty percent (50%) or more of Lawyers who were a partner, officer, director, shareholder or employed Lawyer of the **Named Insured**; or
3. the **Named Insured** ceases to do business for any reason;

then coverage under this Policy shall continue in full force until the end of the **Policy Period**, but only as respects to **Wrongful Acts** which occurred prior to the effective date of the transaction and which are reported to **Us** in accordance with **V. CONDITIONS, Q. Notice of Claim**.

It is further understood and agreed that no coverage will be available for any **Disciplinary Proceeding** that is commenced against any **Insured** after the effective date of the transaction.

**N. Newly Added Lawyers**

The **Named Insured** must notify the **Company** within thirty (30) days of engaging a new Lawyer during the **Policy Period**. The **Named Insured** must complete and submit an Add a Lawyer Supplemental **Application** that is acceptable to the **Company** for coverage to apply to the newly added Lawyer. The **Named Insured** accepts any special terms, conditions, exclusions or requirements for additional premium, all of which are subject to the **Company**'s sole discretion to provide such coverage.

**O. Acquisition of Another Entity**

If the **Named Insured** merges or consolidates with another entity such that the **Named Insured** is the surviving entity, or if the **Named Insured** acquires another entity or substantially all of the assets of another entity, no coverage is afforded under this Policy for any **Claim** for the entity which is consolidated or merged with or acquired unless the following conditions are met:

1. the **Named Insured** provides written notice of such merger, consolidation or acquisition to the **Company** within thirty (30) days of such transaction, the effective date of the cancellation of this Policy or the Policy expiration date, whichever is earliest;
2. the **Named Insured** provides the **Company** with such additional information as the **Company** deems necessary; and
3. the **Named Insured** accepts any special terms, conditions, exclusions or requirements for additional premium, all of which are subject to the **Company**'s sole discretion to provide such coverage.

Unless otherwise agreed to in writing by the **Company**, under no circumstances will coverage be afforded to the entity, or any person or entity associated with the entity, which is consolidated or merged with or acquired by the **Named Insured** for any **Claims** or **Disciplinary Proceedings** brought against any person or entity with respect to **Wrongful Acts** which occurred prior to the date of such transaction.

**P. 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 Period**. 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 thirty percent (30%) or more, changes in **Deductible** or changes in coverage that materially alter the Policy, such terms will take effect on the renewal date if **We** have issued notice to the **Named Insured** of the terms at least sixty (60) days before the end of the **Policy Period**.

**Q. Notice of Claim**

As a condition of insurance coverage, the **Insured** will, as soon as practicable, and within the **Policy Period** or any applicable **Extended Reporting Period**, give the **Company** written notice of any **Claim**.

The notice of **Claim** will include:

1. the date(s) of the **Wrongful Act**;
2. the damage or injury that has or may result;
3. the identity of the actual or anticipated claimant(s);
4. how and when an **Insured** first became aware of such **Wrongful Act**;
5. a summary of the circumstances giving rise to the **Claim**; and
6. any demand, notice, tolling agreement or summons any **Insured** or any **Insured's** representative receives including complaints and petitions.

A **Claim** is deemed reported on the date when the **Company** receives written notice of the **Claim**. The **Insured** agrees with **Us** that any notice required by the Policy to be effective must be received by the **Company**.

**R. Notice of Suspension or Disbarment**

The **Insured** will immediately notify **Us** in writing if any **Insured** becomes aware that any **Insured** is disbarred or suspended from the practice of law in any jurisdiction.

**S. 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  
20 South Clark Street, Suite 800  
Chicago, IL 60603-1826
2. If to the **Insured**, at the address stated in Item 3 of the Declarations or at the last address reported to **Us** in writing by the **Insured** as the address of the **Named Insured**.
3. If the **Insured** should have any complaints arise regarding this insurance to:  
Illinois Department of Insurance  
Consumer Division  
320 W. Washington St.  
Springfield, IL 62767

**T. Other Insurance**

If an **Insured** has other insurance which applies to a **Claim** covered by this Policy, then the **Company** shall not be liable under this Policy for a greater proportion of such **Damages** and **Claim Expenses** than the applicable Limit of Liability stated in Item 7 of the Declarations bears to the total applicable limit of liability of all valid and collectible insurance, unless such insurance was purchased by an **Insured** to apply as excess insurance to this Policy's Limit of Liability.

If a **Claim** involves 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**.

The **Company** will not defend any suit that any other insurer has a duty to defend. If no other insurer defends, the **Company** has the right but not a duty to do so. If the **Company** defends, **We** will be entitled to the **Insured's** rights against all other insurers.

**U. Two or more Policies issued by the Company**

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 such policy and the **Deductible** applicable to that policy shall apply.

**V. Principal Office**

The principal office of the **Named Insured** must be located in Illinois.

**W. 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.

**X. Severability Clause**

The **Application**, Declarations, and endorsements 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.

**Y. 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 for (1) the repayment of expenses incurred by the **Company** in effecting such recovery; (2) **Damages** and/or **Claim Expenses** paid by the **Company**; (3) any **Damages** and **Claim Expenses** paid by the **Insured** in excess of the **Deductible**; (4) any **Damages** and **Claim Expenses** paid by an excess carrier on the **Insured's** behalf; and (5) repayment of the **Deductible**.

**Z. Policy Territory and Venue**

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.

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.

**AA. Voluntary Payments**

The **Insured**, except at their 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** based upon, arising out of, directly or indirectly resulting from, or in any way connected with any of the following:

**A. Intentional Conduct**

Any criminal, dishonest, fraudulent or intentional act, error or omission committed by or at the direction of any **Insured** provided, however:

1. this Exclusion does not apply to **Personal Injury**;
2. the **Company** shall provide a defense for such **Claim** unless or until the criminal, dishonest, fraudulent or intentional act, error or omission has been determined by any trial verdict, court ruling, regulatory ruling or legal admission, whether appealed or not, or there has been an admission by an **Insured** establishing such criminal, dishonest, fraudulent or intentional act, error or omission;
3. such defense will not waive any of the **Company's** other rights under this Policy; and
4. criminal proceedings are not covered under this Policy regardless of the allegations made against any **Insured**.

This exclusion shall not apply to any Lawyer who qualifies as an **Insured** who did not personally participate in, acquiesce in or ratify the criminal, dishonest, fraudulent or intentional act, error or omission.

**B. Bodily Injury/Property Damage**

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. Capacities and Directorships**

Liability of any **Insured** arising out of his or her services, activities or 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 distributee of any trust or estate.

**D. Owned Entity**

**Professional Services** rendered by the **Insured** in connection with any business enterprise not shown as a **Named Insured** 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 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 twenty percent (20%) or less in such business enterprise. As used herein, immediate family means spouse, party to a civil union, siblings, parents, children, and grandparents.

**E. Discrimination**

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. Insured vs. Insured**

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. Notarization of Signature**

The 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. Nuclear Radiation**

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, except if caused by heat, smoke or fumes from a hostile fire.

**I. Benefits**

Seeking any amounts that the **Insured** must pay under any unemployment or workers' compensation, disability benefits, or other similar law.

**J. Proper Notice**

Required to be listed in response to a question in the **Application**, or any **Claim** arising out of a **Claim** required to be listed in response to a question in the **Application**, or any **Claim** of which the **Insured** gave written notice before the effective date of this Policy.

**K. Financial or Investment Advice**

The performance or non-performance of any investment that was recommended, directed, or made by the **Insured**.

**L. Harassment**

The **Insured's** active participation in any attempted or actual sexual intimacy, molestation, harassment, exploitation, assault or other attempted or actual sexual conduct.

**M. RICO**

Any violation of the Racketeer Influenced Corrupt Organization Act or any rules or regulations promulgated thereunder.

**N. Shared Office Space**

Due to a **Wrongful Act** of an individual with whom any **Insured** shares common office space or common office facilities and who is not an **Insured** under this Policy.

**O. Fraudulent Instruction**

Fraudulent instructions to induce a client or third party, purporting to be from an **Insured**, directing the recipient to transfer, pay or deliver funds or other property by wire transfer or other means to another party for purposes of theft.

**P. Unlicensed Professional Services**

**Professional Services** rendered by an **Insured** while that **Insured's** professional license is suspended, surrendered, revoked or otherwise terminated.

**VII. EXTENDED REPORTING PERIODS**

**A. Optional Extended Reporting Period**

At the expiration, non-renewal or cancellation of this Policy, including cancellation due to non-payment of premium, for an additional premium charge calculated at the percentage designated in Paragraph 5 below, only the **Named Insured** will have the right to purchase an **Optional Extended Reporting Period**, provided that:

1. the **Optional Extended Reporting Period** shall commence upon the end of the **Policy Period**;
2. the **Optional Extended Reporting Period** applies only if the **Claim** arises out of a **Wrongful Act** which occurred on or after the **Prior Acts Date** and prior to the end of the **Policy Period**. The **Claim** must be reported to the **Company** in writing in accordance with **V. CONDITIONS, Q. Notice of Claim**. All terms and conditions of the Policy apply to the **Optional Extended Reporting Period**.
3. written notice of intent to exercise this option and the premium due for the **Optional Extended Reporting Period** is received by the **Company** from the **Named Insured** no later than sixty (60) days after the end of the **Policy Period**;
4. the **Optional 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;
5. the premium for the **Optional Extended Reporting Period** will be:
  - a. 100% of the full annual premium stated in Item 6 of the Declarations for a 12-month **Extended Reporting Period**;
  - b. 175% of the full annual premium stated in Item 6 of the Declarations for a 36-month **Extended Reporting Period**;

- c. 200% of the full annual premium stated in Item 6 of the Declarations for a 72-month **Extended Reporting Period**; or
  - d. 250% of the full annual premium stated in Item 6 of the Declarations for an Unlimited **Extended Reporting Period**.
- 6. the entire premium for the Optional **Extended Reporting Period** is fully earned;
  - 7. the Optional **Extended Reporting Period** cannot be cancelled;
  - 8. the Optional **Extended Reporting Period** is not a new policy; and
  - 9. the Optional **Extended Reporting Period** will be endorsed hereto.

**B. U.S. Active Duty Military Service Extended Reporting Period**

If during the **Policy Period**, any Lawyer who qualifies as an **Insured** pursuant to **III. DEFINITIONS, I. Insured, 1. a** or **2. a** and who has been identified as such on the **Application** immediately preceding the issuance of this Policy, or added by endorsement during the **Policy Period** as such, activates U.S. Active Duty Military Service, such **Insured** will be entitled to a 24-month U.S. Active Duty Military Service **Extended Reporting Period** at no additional premium.

The U.S. Active Duty Military Service **Extended Reporting Period** will provide coverage for a **Claim** first made against such **Insured** during the twenty-four (24) months immediately following the end of the **Policy Period**, for an amount up to, but not to exceed, the lesser of the following:

- 1. \$1,000,000 per **Claim**, \$1,000,000 Policy aggregate;
- 2. the Limit of Liability in effect on the date of activation of U.S. Active Duty Military Service as stated in Item 7 of the Declarations; or
- 3. an endorsement in effect on the date of activation of U.S. Active Duty Military Service amending the Limit of Liability.

Limits will be provided separately to each such **Insured** who elects a U.S. Active Duty Military Service **Extended Reporting Period**. No **Deductible** shall apply to **Claims** made against the **Insured** and reported to the **Company** during the U.S. Active Duty Military Service **Extended Reporting Period**.

The U.S. Active Duty Military Service **Extended Reporting Period** applies only if the **Claim** arises out of a **Wrongful Act** committed by such **Insured** on or after such **Insured's** Individual **Prior Acts Date** and prior to the date when such **Insured** activates U.S. Active Duty Military Service and which is otherwise covered by this Policy, and not for **Vicarious Liability**. The **Claim** must be reported to the **Company** in writing during the U.S. Active Duty Military Service **Extended Reporting Period** and in accordance with **V. CONDITIONS, Q. Notice of Claim**. All terms and conditions of the Policy apply to the U.S. Active Duty Military Service **Extended Reporting Period**.

The U.S. Active Duty Military Service **Extended Reporting Period** is effective on the date of such **Insured's** activation of U.S. Active Duty Military Service and is conditioned upon the **Company's** receipt of:

- 1. Satisfactory written proof of activation of U.S. Active Duty Military Service; and
- 2. Written notice from such **Insured** of intent to exercise the U.S. Active Duty Military Service **Extended Reporting Period** no later than sixty (60) days after the end of the **Policy Period**.

If the **Named Insured** consists of only one Lawyer who is an **Insured** pursuant to **III. DEFINITIONS, I. Insured, 1. a**, then cancellation of this Policy must coincide with activation of U.S. Active Duty Military Service.

Nothing contained in **VII. EXTENDED REPORTING PERIODS, B. U.S. Active Duty Military Service Extended Reporting Period** will increase, reinstate or be in addition to the Limit of Liability as stated in Item 7 of the Declarations or any endorsement amending the Limit of Liability of this Policy.

The U.S. Active Duty Military Service **Extended Reporting Period** is not available if an Optional **Extended Reporting Period** is exercised and purchased.

The U.S. Active Duty Military Service **Extended Reporting Period** is not a new policy. The U.S. Active Duty Military Service **Extended Reporting Period** will be endorsed hereto.

**C. Unlimited Death or Disability Extended Reporting Period**

If during the **Policy Period**, any Lawyer who qualifies as an **Insured** pursuant to **III. DEFINITIONS, I. Insured, 1. a or 2. a** and who has been identified as such on the **Application** immediately preceding the issuance of this Policy, or added by endorsement during the **Policy Period** as such, dies or becomes **Totally and Permanently Disabled**, such **Insured** will be entitled to an Unlimited Death or Disability **Extended Reporting Period** for an unlimited period of time at no additional premium.

The Unlimited Death or Disability **Extended Reporting Period** will provide coverage for a **Claim** first made against such **Insured** for an amount up to, but not to exceed, the lesser of the following:

1. \$1,000,000 per **Claim**, \$1,000,000 Policy aggregate;
2. the Limit of Liability in effect on the date of death or the date when such **Insured** becomes **Totally and Permanently Disabled** as stated in Item 7 of the Declarations; or
3. an endorsement in effect on the date of death or the date when such **Insured** becomes **Totally and Permanently Disabled** amending the Limit of Liability.

Limits will be provided separately to each such **Insured** who elects an Unlimited Death or Disability **Extended Reporting Period**. No **Deductible** shall apply to **Claims** made against the **Insured** and reported to the **Company** during the Unlimited Death or Disability **Extended Reporting Period**.

The Unlimited Death or Disability **Extended Reporting Period** applies only if the **Claim** arises out of a **Wrongful Act** committed by such **Insured** on or after such **Insured's** Individual **Prior Acts Date** and prior to the date of death or the date when such **Insured** becomes **Totally and Permanently Disabled** which is otherwise covered by this Policy, and not for **Vicarious Liability**. The **Claim** must be reported to the **Company** in writing during the Unlimited Death or Disability **Extended Reporting Period** in accordance with **V. CONDITIONS, Q. Notice of Claim**. All terms and conditions of the Policy apply to the Unlimited Death or Disability **Extended Reporting Period**.

The Unlimited Death or Disability **Extended Reporting Period** is effective on the date of such **Insured's** date of death or the date when such **Insured** became **Totally and Permanently Disabled** and is conditioned upon the **Company's** receipt of:

1. written proof **Insured** became **Totally and Permanently Disabled** which includes the date when the disability began, certified by such **Insured's** physician. The **Company** retains the right to require such **Insured** to submit to medical examinations by a physician designated by the **Company** and to rely on the designated physician's determination; or
2. a copy of such **Insured's** Certificate of Death from such **Insured's** estate, heirs, executors or administrators; and
3. written notice of intent to exercise the Unlimited Death or Disability **Extended Reporting Period** no later than sixty (60) days after the end of the **Policy Period**.

If the **Named Insured** consists of only one Lawyer who is an **Insured** pursuant to **III. DEFINITIONS, I. Insured, 1. a**, then cancellation of this Policy must coincide with the date of Death or the date when such **Insured** became **Totally and Permanently Disabled**.

Nothing contained in **VII. EXTENDED REPORTING PERIODS, C. Unlimited Death or Disability Extended Reporting Period** will increase, reinstate or be in addition to the Limit of Liability stated in Item 7 of the Declarations or any endorsement amending the Limit of Liability of this Policy.

The Unlimited Death or Disability **Extended Reporting Period** is not a new policy. The Unlimited Death or Disability **Extended Reporting Period** will be endorsed hereto.

**D. Unlimited Retirement Extended Reporting Period**

If during the **Policy Period**, any Lawyer who qualifies as an **Insured** pursuant to **III. DEFINITIONS, I. Insured, 1. a** or **2. a** and who has been identified as such on the **Application** immediately preceding the issuance of this Policy, or added by endorsement during the **Policy Period** as such, retires or otherwise voluntarily ceases, permanently and totally, the **Private Practice of Law**, will be entitled to an Unlimited Retirement **Extended Reporting Period** for an unlimited period of time if the following conditions are met:

1. such **Insured** has reached the age of 59½ years of age; and
2. has been insured with the **Company** for three (3) consecutive years commencing with ISBAMIC LPL Policy 01 2018.

The Unlimited Retirement **Extended Reporting Period** will provide coverage for a **Claim** first made against such **Insured** for an amount up to, but not to exceed, the lesser of the following:

1. \$1,000,000 per **Claim**, \$1,000,000 Policy aggregate;
2. the Limit of Liability in effect on the date such **Insured** retires or otherwise voluntarily ceases, permanently and totally, the **Private Practice of Law** as stated in Item 7 of the Declarations; or
3. an endorsement in effect on the date such **Insured** retires or otherwise voluntarily ceases, permanently and totally, the **Private Practice of Law** amending the Limit of Liability.

Limits will be provided separately to each such **Insured** who elects an Unlimited Retirement **Extended Reporting Period**. No **Deductible** shall apply to **Claims** made against the **Insured** and reported to the **Company** during the Unlimited Retirement **Extended Reporting Period**.

The Unlimited Retirement **Extended Reporting Period** applies only if the **Claim** arises out of a **Wrongful Act** committed by such **Insured** on or after such **Insured's** Individual **Prior Acts Date** and prior to the date such **Insured** retires or otherwise voluntarily ceases, permanently and totally, the **Private Practice of Law**, and not for **Vicarious Liability**. The **Claim** must be reported to the **Company** in writing during the Unlimited Retirement **Extended Reporting Period** in accordance with **V. CONDITIONS, Q. Notice of Claim**. All terms and conditions of the Policy apply to the Unlimited Retirement **Extended Reporting Period**.

The Unlimited Retirement **Extended Reporting Period** is effective on the date such **Insured** retired or otherwise voluntarily ceased, permanently and totally, the **Private Practice of Law** and is conditioned upon the **Company's** receipt of:

1. Written notice from such **Insured** of the date he or she retired or otherwise voluntarily ceased, permanently and totally, the **Private Practice of Law**; and

2. Written notice of intent to exercise the Unlimited Retirement **Extended Reporting Period** no later than sixty (60) days after the end of the **Policy Period**.

If the **Named Insured** consists of only one Lawyer who is an **Insured** pursuant to **III. DEFINITIONS, Insured, 1. a** of this Policy, then cancellation of this Policy must coincide with the date of retirement from, permanently and totally, or voluntarily ceases the **Private Practice of Law**.

Nothing contained in **VII. EXTENDED REPORTING PERIODS, D. Unlimited Retirement Extended Reporting Period** will increase, reinstate or is in addition to the Limit of Liability stated in Item 7 of the Declarations or any endorsement amending the Limit of Liability of this Policy.

The Unlimited Retirement **Extended Reporting Period** is not a new policy. The Unlimited Retirement **Extended Reporting Period** will be endorsed hereto.

**E. Automatic Extended Reporting Period**

At the expiration, nonrenewal, or cancellation of the Policy, except for cancellation due to non-payment of premium, **We** will provide to the **Named Insured**, at no charge, a non-cancelable limited Automatic **Extended Reporting Period** coinciding with the end of the **Policy Period**, provided that all **Insureds** are in compliance with the terms and conditions of this Policy at the expiration, nonrenewal or cancellation of this Policy and provided that the **Named Insured** does not obtain another policy of Lawyers' professional liability insurance within sixty (60) days of the end of this **Policy Period**.

This Automatic **Extended Reporting Period** will terminate sixty (60) days after the end of the **Policy Period**. This Automatic **Extended Reporting Period** only applies to **Claims** first made during the **Policy Period** and reported during the Automatic **Extended Reporting Period** in accordance with **V. CONDITIONS, Q**. Notice of **Claim** arising out of a **Wrongful Act** which occurred on or after the **Prior Acts Date** but before the end of the **Policy Period**. All terms and conditions of the Policy apply to the Automatic **Extended Reporting Period**.

IN WITNESS WHEREOF, this Policy has been duly executed by an authorized representative of the Illinois State Bar Association Mutual Insurance Company as of January 31, 2018 but this Policy shall not be binding on **Us** unless completed by the attachment of the Declarations.

ILLINOIS STATE BAR ASSOCIATION MUTUAL INSURANCE COMPANY



Authorized Representative