

**NOTICE OF SPECIAL MEETING
OF THE CITY COUNCIL OF THE
CITY OF INDUSTRY**

TO THE MEMBERS OF THE CITY OF INDUSTRY CITY COUNCIL, AND ALL OTHER INTERESTED PARTIES:

NOTICE is hereby given that the City of Industry City Council will hold a Special Meeting on Thursday, December 17, 2015 at 9:00 a.m., in the City of Industry Council Chamber, 15651 East Stafford Street, City of Industry, California 91744, to consider the following and to take actions in connection therewith:

1. Call to Order

2. Flag Salute

3. Roll Call

4. Public Comments

5. **ACTION ITEMS**

5.1 Consideration of an Agreement between the City of Industry and Egoscue Law Group for special legal counsel services.

RECOMMENDED ACTION: Approve the Agreement

6. **CLOSED SESSION**

6.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): One Potential Case

7. Adjournment. Next regular meeting: Thursday, January 14, 2016 at 9:00 a.m.



**Mark D. Radecki, Mayor
City of Industry**

Dated: December 16, 2015

CITY OF INDUSTRY

CITY COUNCIL
SPECIAL MEETING AGENDA

DECEMBER 17, 2015
9:00 AM



Mayor Mark Radecki
Mayor Pro Tem Cory Moss
Council Member Abraham Cruz
Council Member Roy Haber, III
Council Member Newell Ruggles

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the City Council:

- ▶ **Agenda Items:** *Members of the public may address the City Council on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the City Council is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the City Council.*
- ▶ **Public Comments (Agenda Items Only):** *During public comments, if you wish to address the City Council during this Special Meeting, under Government Code Section 54954.3(a), you may only address the City Council concerning any item that has been described in the notice for the Special Meeting.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*
-

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CITY COUNCIL

ITEM NO. 5.1



CITY OF INDUSTRY

Incorporated June 18, 1957

MEMORANDUM

TO: Paul J. Philips, City Manager *Paul J. Philips*
FROM: James M. Casso, City Attorney
DATE: December 16, 2015
SUBJECT: Consideration of Professional Services Agreement with Egoscue Law Group

BACKGROUND: As Council is well aware, the Los Angeles Regional Water Quality Control Board (“RWQCB”) has issued a proposed fine against the City of Industry for certain alleged construction activities at the Follows Camp in 2012. As a part of the RWQCB enforcement action, an administrative hearing will be held on January 25, 2016, wherein a hearing board shall hear from the RWQCB and the City on the allegations. The Egoscue Law Group’s (“ELG”) main principal, Tracy Egoscue, is the former Executive Director of the RWQCB. Ms. Egoscue brings a wealth of experience and knowledge in dealing with enforcement actions before the RWQCB.

DISCUSSION: The City, through the City Attorney’s office, has begun preparing its defense against the RWQCB’s allegations. ELG will assist in leading the City’s vigorous defense at the January administrative hearing.

BUDGET IMPACT: ELG will charge the City between \$350.00 and \$550.00 per hour to work on this matter. Attached is the ELG’s engagement agreement.

RECOMMENDATION: Staff recommends that the City Council approve the agreement with the Egoscue Law Group.

Attachment



Egoscue Law Group

December 9, 2015

Via email

jcasso@cassosparks.com

The Honorable Mark D. Radecki and Members of the City Council
City of Industry
15625 E. Stafford Street
Industry, California 91774

Re: Engagement Agreement – City of Industry, Follows Camp

Dear Mayor Radecki & Members of the City Council:

This letter is to welcome the City of Industry, as a client of Egoscue Law Group and to confirm our discussions regarding your engagement of our Firm. We are pleased to represent you, and as required by the State Bar of California, we are providing you with this engagement letter, and the accompanying Memorandum Regarding Billing and Fee Arrangement (“**Memorandum**”). Together, they set forth the administrative steps our Firm follows in accepting this engagement and the general terms of our agreement to represent you.

We want to thank you for the opportunity to serve you in this matter. We believe that starting off with a good mutual understanding of the services to be performed and who will perform them, together with an understanding of the billing and fee arrangements, is the key to a mutually successful relationship. Please let us know immediately if you have any questions regarding any aspect of the matter that we are going to be handling for you, regarding this letter, or regarding the accompanying Memorandum.

1. Scope of Representation.

You have asked us to represent you, with respect to an enforcement matter involving the Regional Water Quality Control Board, Los Angeles Region and the City’s Follows Camp Property. This representation will entail our analysis of the situation, and consultation with you and/or your consultants. It will entail meetings and communications with regulatory agencies, and other tasks necessary to carry out proper representation. It is understood that our work in this matter is confidential.



Egoscue Law Group

We will be working as consulting experts at your specific instruction, as you shall determine. Accordingly, we are not undertaking any general counsel functions of review, oversight or advice concerning legal matters that may affect you and with which our specific assignments are not involved.

2. Responsible Lawyers.

I will be primarily responsible for this work, and may have assistance from my associate or paralegal as necessary and required. My special hourly rate for this engagement will be \$550.00. Ms. Torres' hourly rate is \$350.00. My paralegal, Peter Dopulos' hourly rate is \$150.00. When it is economically efficient to do so, I may employ one or more other lawyers or paralegals in our firm to assist us. However, regardless of who else might work under our supervision on this matter for you, you may contact me directly any time you wish to discuss your matter. Should you request that we take on additional work, or should it appear that further work is required to complete our initial representation, we will advise you before undertaking the work and obtain approval from you in writing.

3. Fee and Billing Arrangements.

Our standard fee and billing arrangements are set forth in the enclosed Memorandum. Your signature below approving this letter and the Memorandum indicates your acceptance of the terms of the Memorandum, as modified in this paragraph.

4. Dispute Resolution.

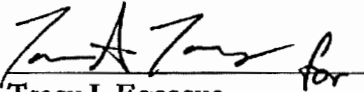
In the event of any dispute between you and our Firm (therein the "parties") relating in any way to this engagement letter or our legal representation of you, either party may proceed as the law may require to initiate one or more arbitrations as follows: all fee dispute issues will be resolved by arbitration with the Los Angeles County Bar Association, and all other matters and claims arising out of or relating to this engagement letter or our professional services rendered to or for you, including without limitation disputes as to malpractice claims, or claims for breach of confidential or fiduciary relationship, will be resolved by binding arbitration with the American Arbitration Association in Los Angeles, California. An award from any binding arbitration shall be enforceable in all courts of competent jurisdiction. The arbitrator(s) shall apply the law of the State of California and shall award costs and attorneys fees to the prevailing party in such arbitrations. The parties agree that to the extent permitted by law, the resolution provisions provided in this paragraph are the sole and exclusive remedy of the parties and they waive and forego any right to pursue action in any court or other legal forum to resolve such claims. The parties acknowledge and agree that they are waiving their respective right to a trial by jury.



Egoscue Law Group

Please contact me immediately if this letter does not accurately reflect your understanding of our agreement. Any corrections or changes must be in writing and signed by both of us. Otherwise, please sign and return the enclosed acknowledgment copy of this letter at your earliest convenience.

We are delighted to be working with you, and look forward to accomplishing your objectives.


Tracy J. Egoscue
Egoscue Law Group

Attachment

The City agrees to the terms and conditions for the legal services of as set forth herein. The individual executing this agreement hereby represents and warrants his authority to do so, and that such authority has been duly and validly conferred

CITY OF INDUSTRY

ATTEST:

By: _____
Mark Radecki, Mayor

By: _____
Diane Schlichting, Acting Deputy City Clerk

cc: James M. Casso (via email)
City Attorney
Casso & Sparks, LLP



Egoscue Law Group

EGOSCUE LAW GROUP

Memorandum Regarding Billing and Fee Arrangement

Mutual Understanding. We are pleased to have the opportunity to serve you. Our experience has shown that our relationship will be best served if we start with a clear mutual understanding about fees, costs and their payment. Unless our engagement letter transmitting this memorandum to you alters these arrangements, we will assume that the following terms are acceptable to you.

Conflicts of Interest. The Firm's intake procedures require that a fully executed copy of the engagement letter be submitted to the Management Committee of the Firm for approval, review of any conflicts of interest be undertaken based upon the information that you have provided us and that certain other routine clerical steps be completed. Subject to satisfying these procedures, we will open a file and commence work for you on this matter. Should it later develop that, based upon information that was not known at the time we started work, a conflict of interest exists or has developed, we will immediately contact you to determine what options we have within the ethical considerations of the Code of Professional Responsibility to resolve the matter or to help you obtain other counsel.

Fees for Services. Our normal billing practice is to base legal fees on the amount of time devoted to a matter at hourly rates for the attorneys and other personnel (such as paralegal assistants) involved in the project. All parties must agree to any other fee arrangements in writing. Our fees are adjusted from time to time to take account of various factors, including increased costs. You will be notified in writing of any adjustments of fees. The hourly rates for attorneys and paralegals in the Firm presently range from \$150 for certain paralegals to \$700 for the most experienced lawyers. It is not possible at the beginning of any project to determine exactly the nature, extent and costs of the legal services that may be required. Even carefully prepared estimates may turn out to be high or low. Naturally, we will endeavor to minimize attorneys' fees and costs in keeping with sound legal practices and we will keep you apprised with monthly billings. Our experience has been that our clients consider our fees to be reasonable in light of the responsibilities assumed, the effort expended, the results achieved and the expediency with which the project is completed.

Costs and Expenses. There are certain costs and expenses (in addition to the fees for our legal services) that you will be obligated to pay, if incurred, such as sheriffs', marshals' or process servers' fees, filing fees and other court costs, court reporter fees, jury fees, messenger charges, telecopier charges, computerized search fees, word processing charges, printing and photocopying costs, travel costs, transcript fees, parking charges, recording fees, telephone toll charges, fees for experts and other consultants retained on your behalf, and other similar costs and expenses. All costs and expenses will be billed at cost, without markup. We will consult with you prior to incurring costs that individually exceed \$500. In the case of a large amount, we may request that you send a check to us before the end of the billing period or that you pay these charges directly.



Egoscue Law Group

Statements. We generate invoices as of the last day of each month that are sent to our clients on or about the 5th day of each subsequent billing month. All amounts as billed are due and payable within 30 days. The statements we send you will state the current status of your account, both for services rendered and for costs incurred on your behalf. Each person signing the engagement letter that you return to us will be jointly and severally responsible for all obligations to us. At any time you request, we will provide a statement to you no later than ten (10) days following your request. You are entitled to make subsequent requests for statements at intervals of no less than thirty (30) days. You have the right to have the form of statement for services in any reasonable manner you choose, including a summary billing, a bill reflecting time entries, a bill reflecting date, task and attorney or an abbreviated bill. The form of our statement will include the date, task and time devoted to each task, unless you request otherwise in writing.

Discharge and Withdrawal. We will endeavor to represent you promptly and efficiently according to the highest legal and ethical standards. You have the right to terminate our services, however, at any time upon written notice to us. After receiving such notice, we will cease providing services. We will cooperate with you in the orderly transfer of all related files and records to you, and/or your new counsel. We also have the right to terminate our services to you, upon written notice, if you fail to pay for our services in a timely manner, if you fail to cooperate with a reasonable request or if we determine that continued representation of you would be unethical, impractical, improper or otherwise undesirable. We each agree to sign any documents reasonably necessary to complete any such termination.

File Retention Policy. In the course of your representation, we shall maintain a file. In such file we may place correspondence, pleadings, deposition transcripts, exhibits, physical evidence, expert's reports, and other items reasonably necessary to your representation ("Client File"). The Client File shall be and remain your property. We may also place in such file documents containing our attorney work product, mental impressions or notes ("Work Product"). You agree that the Work Product shall be and remain our property.

At the conclusion of our representation (which is defined as the time that our work on the matter specified in this letter has been completed), your Client File (but not including the Work Product) shall be made available to you, and you shall have the right to take possession of any and all original contracts, wills, stockholders certificates, and other such important documents that may be in the Client File and we shall have no further responsibility with regard to such documents. We are entitled to retain a copy of your file.

If you do not take possession of the Client File at the conclusion of the representation, we shall store such file for you for a period of seven (7) years. While we store your Client File for you, you will have the right to take possession of it at any time that you choose. On the lapse of the seven (7) year period, we may send you a notice to the last address that you have provided us advising of our intention to dispose of the Client File. You shall have sixty (60) days from the date of such notice to take possession of your Client File. If you do not take possession of the Client File within such 60-



Egoscue Law Group

day period, you agree that we may, in our discretion, dispose of the Client File without further notice to you.

Attorneys' Fees and Costs. If there is litigation or arbitration to enforce this agreement, the prevailing party will be entitled to receive its attorneys' fees and costs. California law will apply in connection with this agreement.

Disclaimer of Guarantee. We have made no representations, promises or guarantees to you about the outcome or success of your matter. Nothing in this agreement shall be construed as such a promise or guarantee and your obligation to pay the fees and costs incurred in connection with this matter is not dependent in any way on the success of the matters on which you consult with us.

Termination or Conclusion. Upon the termination or conclusion of our services, all unpaid charges for services rendered and costs incurred or advanced through the termination or conclusion date shall become immediately due and payable.

Litigation Matters. You acknowledge that your engagement of our Firm does not extend to the provision of tax advice, investment planning, or the tax ramifications of any payments made or received during the course of any litigation handled by our firm. Your engagement of our Firm extends to services in connection with litigation at the trial or arbitration level only. Any appellate work on such matter will be the subject of a separate retainer agreement executed by both parties after the merits of an appeal are evaluated.

Professional Liability Insurance. Our Firm maintains Professional Liability Insurance applicable to the legal services to be rendered to you.

Entire Agreement. This letter contains our entire agreement about our representation. Any modifications or additions to this letter agreement must be made in writing.



Regulatory Office
 505 Eagleview Blvd. Suite 100
 Dept: Regulatory
 Exton, PA 19341-0836
 800-688-1840

COMPANY PROVIDING COVERAGE:

Greenwich Insurance Company

LAWYERS PROFESSIONAL LIABILITY DECLARATIONS

**THIS IS BOTH A CLAIMS MADE AND REPORTED INSURANCE POLICY.
 PLEASE READ IT CAREFULLY.**

COMPANY: Greenwich Insurance Company

POLICY NUMBER: LPP003989902

PRODUCER: WB Ahern Enterprises Inc. DBA
 Ahern Insurance Brokerage
 9655 Granite Ridge Dr Ste 500
 San Diego, CA 92123

RENEWAL OF: LPP003989901

PRODUCER #: 00387

THIS IS A CLAIMS MADE AND REPORTED POLICY. THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THE CLAIM MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN 30 DAYS AFTER THE END OF THE POLICY PERIOD SHOWN IN THE DECLARATIONS UNLESS AN EXTENDED CLAIMS REPORTING PERIOD APPLIES. DEFENSE EXPENSES ARE WITHIN AND REDUCE THE LIMIT OF LIABILITY. PLEASE REVIEW THIS POLICY CAREFULLY.

Item 1. NAMED INSURED:
 EGOSCUE LAW GROUP

Item 2. ADDRESS:
 3777 LONG BEACH BOULEVARD
 SUITE 280
 LONG BEACH, CA 90807

Item 3. POLICY PERIOD: FROM February 1, 2015 **TO** February 1, 2016

12:01 AM Standard Time at the address of the **Named Insured** as stated herein.

Item 4. LIMITS OF LIABILITY (Inclusive of defense expenses):
 \$ 1,000,000 Each **Claim**
 \$ 1,000,000 Each **Policy Period** Aggregate

Item 5. DEDUCTIBLE (Inclusive of defense expenses):
 \$ 10,000 Each Claim
 \$ N/A Annual Aggregate

Item 6. PREMIUM: \$13,588.00

Item 7. RETROACTIVE DATE: February 1, 2012

Item 8. NOTICES TO BE SENT TO:

Report a Claim	All Other Notices
XL Insurance	XL Insurance
XL Select Professional Claims	XL Select Professional
14643 Dallas Parkway, Suite 770	14643 Dallas Parkway, Suite 770
Dallas, TX 75254	Dallas, TX 75254

Item 9. ENDORSEMENTS ATTACHED AT POLICY EFFECTIVE DATE:

Endorsement Number	Endorsement Form	Endorsement Title
	PN CW 02 05 05	Notice To Policyholders - Privacy Policy
	PN CW 05 0914	Notice To Policyholders - U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")
	PN CA 02 0511	Notice to Policyholders - Important Information to Policyholders - California
	PN CW 01 0613	Notice To Policyholders - Fraud Notice
	XLSP-LPLPPF (09/08)	Lawyers Professional Liability
	IL MP 9104 0314 GIC	In Witness - Greenwich Insurance Company
Endorsement No. 001	XLSP-LPL-CA-1 (09/08)	California Changes

POWE 02/20/2015
 LSO2 0005220903

XL Group
Insurance



In Partnership with: **HINSHAW**

& CULBERTSON LLP

XL Select Professional Insurance for Law Firms Risk Management Program

Law firms insured by XL Select Professional for their errors & omissions automatically receive membership into the LawyeringLaw program.

The program can be access via the web-site: <http://XLGroup.Lawyeringlaw.com>
To access the secured pages, use the login: "XL Group" and the password: "insure"

Benefits to include the following:

- **Online Continuing Legal Education (CLE) Seminars:** Each lawyer in the firm can earn CLE credits without having to leave the office via 50 CLE webcast programs provided through the website. Contact Ingrid Galindo at igalindo@hinshawlaw.com to obtain the CLE registration.
- **Risk Management Hotline Consultation Services:** The risk management hotline enables lawyers and law firms to consult with an experienced attorney from the law firm of Hinshaw & Culbertson LLP regarding risk management issues for up to four hours per year at no charge. Hinshaw risk management attorneys respond to requests for advice to help avoid or mitigate potential malpractice claims or liability and to help resolve professional responsibility issues. Issues range from "How do I tell the client?" to "Can we avoid or mitigate the loss?" A lawyer participating in a hotline consultation forms an attorney-client relationship with Hinshaw, so that their communications are protected by the attorney-client privilege. Just call **877-760-8560** and identify yourself as a lawyer or law firm insured by XL Select Professional.
- **The Lawyers' Risk Management Web Site:** <http://XLGroup.Lawyeringlaw.com> These web pages were prepared for XL Group by the law firm of Hinshaw & Culbertson LLP, recognized as a national leader in representing lawyers and law firms, including the provision of innovative risk management and loss prevention services including over **200 articles, Exemplar letters, Checklists, Self-Audit Evaluations, Malpractice Prevention Self-Audit Forms and Evaluations and more.**
- **Newsletters and Email Alerts:** Hinshaw & Culbertson LLP's *Lawyers' Lawyer* Newsletter is published approximately six times per year. It contains reports of recent developments in a format which identifies the risk management issue presented; describes the new case or opinion; and explains the risk management implications and lessons of the case or opinion. The newsletter can be sent electronically by email to each lawyer insured by XL Group.

Hinshaw also issues weekly email "Client Alerts" which notify lawyers of recent decisions involving issues pertaining to practice management, legal ethics and professional liability, to receive these publications by email, please contact:

Ingrid Galindo at Hinshaw at igalindo@hinshawlaw.com

NOTICE TO POLICYHOLDERS

PRIVACY POLICY

The XL America, Inc. insurance group (the "Companies"), believes personal information that we collect about our customers, potential customers, and proposed insureds (referred to collectively in this Privacy Policy as "customers") must be treated with the highest degree of confidentiality. For this reason and in compliance with the Title V of the Gramm-Leach-Bliley Act ("GLBA"), we have developed a Privacy Policy that applies to all of our companies. For purposes of our Privacy Policy, the term "personal information" includes all information we obtain about a customer and maintain in a personally identifiable way. In order to assure the confidentiality of the personal information we collect and in order to comply with applicable laws, all individuals with access to personal information about our customers are required to follow this policy.

Our Privacy Promise

Your privacy and the confidentiality of your business records are important to us. Information and the analysis of information is essential to the business of insurance and critical to our ability to provide to you excellent, cost-effective service and products. We understand that gaining and keeping your trust depends upon the security and integrity of our records concerning you. Accordingly, we promise that:

1. We will follow strict standards of security and confidentiality to protect any information you share with us or information that we receive about you;
2. We will verify and exchange information regarding your credit and financial status only for the purposes of underwriting, policy administration, or risk management and only with reputable references and clearinghouse services;
3. We will not collect and use information about you and your business other than the minimum amount of information necessary to advise you about and deliver to you excellent service and products and to administer our business;
4. We will train our employees to handle information about you or your business in a secure and confidential manner and only permit employees authorized to use such information to have access to such information;
5. We will not disclose information about you or your business to any organization outside the XL insurance group of Companies or to third party service providers unless we disclose to you our intent to do so or we are required to do so by law;
6. We will not disclose medical information about you, your employees, or any claimants under any policy of insurance, unless you provide us with written authorization to do so, or unless the disclosure is for any specific business exception provided in the law;
7. We will attempt, with your help, to keep our records regarding you and your business complete and accurate, and will advise you how and where to access your account information (unless prohibited by law), and will advise you how to correct errors or make changes to that information; and
8. We will audit and assess our operations, personnel and third party service providers to assure that your privacy is respected.

Collection and Sources of Information

We collect from a customer or potential customer only the personal information that is necessary for (a) determining eligibility for the product or service sought by the customer, (b) administering the product or service obtained, and (c) advising the customer about our products and services. The information we collect generally comes from the following sources:

- Submission – During the submission process, you provide us with information about you and your business, such as your name, address, phone number, e-mail address, and other types of personal identification information;
- Quotes – We collect information to enable us to determine your eligibility for the particular insurance product and to determine the cost of such insurance to you. The information we collect will vary with the type of insurance you seek;

- Transactions – We will maintain records of all transactions with us, our affiliates, and our third party service providers, including your insurance coverage selections, premiums, billing and payment information, claims history, and other information related to your account;
- Claims – If you obtain insurance from us, we will maintain records related to any claims that may be made under your policies. The investigation of a claim necessarily involves collection of a broad range of information about many issues, some of which does not directly involve you. We will share with you any facts that we collect about your claim unless we are prohibited by law from doing so. The process of claim investigation, evaluation, and settlement also involves, however, the collection of advice, opinions, and comments from many people, including attorneys and experts, to aid the claim specialist in determining how best to handle your claim. In order to protect the legal and transactional confidentiality and privileges associated with such opinions, comments and advice, we will not disclose this information to you; and
- Credit and Financial Reports – We may receive information about you and your business regarding your credit. We use this information to verify information you provide during the submission and quote processes and to help underwrite and provide to you the most accurate and cost-effective insurance quote we can provide.

Retention and Correction of Personal Information

We retain personal information only as long as required by our business practices and applicable law. If we become aware that an item of personal information may be materially inaccurate, we will make reasonable effort to re-verify its accuracy and correct any error as appropriate.

Storage of Personal Information

We have in place safeguards to protect data and paper files containing personal information.

Sharing/Disclosing of Personal Information

We maintain procedures to assure that we do not share personal information with an unaffiliated third party for marketing purposes unless such sharing is permitted by law. Personal information may be disclosed to an unaffiliated third party for necessary servicing of the product or service or for other normal business transactions as permitted by law.

We do not disclose personal information to an unaffiliated third party for servicing purposes or joint marketing purposes unless a contract containing a confidentiality/non-disclosure provision has been signed by us and the third party. Unless a consumer consents, we do not disclose “consumer credit report” type information obtained from an application or a credit report regarding a customer who applies for a financial product to any unaffiliated third party for the purpose of serving as a factor in establishing a consumer’s eligibility for credit, insurance or employment. “Consumer credit report type information” means such things as net worth, credit worthiness, lifestyle information (piloting, skydiving, etc.) solvency, etc. We also do not disclose to any unaffiliated third party a policy or account number for use in marketing. We may share with our affiliated companies information that relates to our experience and transactions with the customer.

Policy for Personal Information Relating to Nonpublic Personal Health Information

We do not disclose nonpublic personal health information about a customer unless an authorization is obtained from the customer whose nonpublic personal information is sought to be disclosed. However, an authorization shall not be prohibited, restricted or required for the disclosure of certain insurance functions, including, but not limited to, claims administration, claims adjustment and management, detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity, underwriting, policy placement or issuance, loss control and/or auditing.

Access to Your Information

Our employees, employees of our affiliated companies, and third party service providers will have access to information we collect about you and your business as is necessary to effect transactions with you. We may also disclose information about you to the following categories of person or entities:

- Your independent insurance agent or broker;
- An independent claim adjuster or investigator, or an attorney or expert involved in the claim;
- Persons or organizations that conduct scientific studies, including actuaries and accountants;
- An insurance support organization;
- Another insurer if to prevent fraud or to properly underwrite a risk;
- A state insurance department or other governmental agency, if required by federal, state or local laws; or
- Any persons entitled to receive information as ordered by a summons, court order, search warrant, or subpoena.

Violation of the Privacy Policy

Any person violating the Privacy Policy will be subject to discipline, up to and including termination.

For more information or to address questions regarding this privacy statement, please contact your broker.

NOTICE TO POLICYHOLDERS

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Policyholder Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC and possibly the U.S. Department of State. **Please read this Policyholder Notice carefully.**

OFAC administers and enforces sanctions policy based on Presidential declarations of "national emergency". OFAC has identified and listed numerous

- Foreign agents
- Front organizations
- Terrorists
- Terrorist organizations
- Narcotics traffickers

as *Specially Designated Nationals and Blocked Persons*. This list can be found on the U.S. Department of the Treasury's web site - <http://www.treas.gov/ofac>.

The Secretary of the Treasury also has identified a number of entities in the insurance, petroleum, and petrochemicals industries determined to be owned or controlled by the Iranian government. Business transactions with any of these entities are expressly prohibited. These entities have been added to OFAC's list of *Financial Institutions Determined To Be Owned or Controlled by the Government of Iran*. This list can be found on the U.S. Department of the Treasury's web site - <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/iran.aspx>, see List of CISADA and NDAA Prohibitions or Conditions

In accordance with OFAC regulations, or any applicable regulation promulgated by the U.S. Department of State, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance will be immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, neither payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

NOTICE TO POLICYHOLDERS

IMPORTANT INFORMATION TO POLICYHOLDERS - CALIFORNIA

In the event you need to contact someone about this Policy for any reason please contact your agent. If you have additional questions, you may contact the insurance company issuing this Policy at the following address and telephone number:

XL Insurance
Seaview House
70 Seaview Avenue
Stamford, CT 06902-6040
1-800-622-7311

If you have a problem with your insurance company, its agent or representative that has not been resolved to your satisfaction, please call or write to the Department of Insurance.

California Department of Insurance
Consumer Communications Bureau
300 South Spring Street, South Tower
Los Angeles, CA 90013

1-800-927-4357
213-897-8921 (if calling from within the Los Angeles area)
1-800-482-4833 (TDD Number)

Written correspondence is preferable so that a record of your inquiry can be maintained. When contacting your agent, company or the Bureau of Insurance, have your Policy Number available.

NOTICE TO POLICYHOLDERS

FRAUD NOTICE

Arkansas	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Colorado	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
District of Columbia	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
Florida	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
Kansas	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
Kentucky	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
Louisiana	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
New Mexico	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

NOTICE TO POLICYHOLDERS

<p>New York</p>	<p>General: All applications for commercial insurance, other than automobile insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p>All applications for automobile insurance and all claim forms: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p>Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
<p>Ohio</p>	<p>Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.</p>
<p>Oklahoma</p>	<p>WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.</p>
<p>Pennsylvania</p>	<p>All Commercial Insurance, Except As Provided for Automobile Insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p>Automobile Insurance: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>
<p>Puerto Rico</p>	<p>Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.</p>

NOTICE TO POLICYHOLDERS

Rhode Island	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Tennessee	<p>All Commercial Insurance, Except As Provided for Workers' Compensation It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.</p> <p>Workers' Compensation: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.</p>
Utah	Workers' Compensation: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
Virginia	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
Washington	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
West Virginia	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
All Other States	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).

LAWYERS PROFESSIONAL LIABILITY CLAIMS MADE AND REPORTED POLICY

THIS IS A CLAIMS MADE AND REPORTED POLICY. THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THE CLAIM MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN 30 DAYS AFTER THE END OF THE POLICY PERIOD SHOWN IN THE DECLARATIONS UNLESS AN EXTENDED CLAIM REPORTING PERIOD APPLIES. DEFENSE EXPENSES ARE WITHIN AND REDUCE THE LIMIT OF LIABILITY. PLEASE REVIEW THIS POLICY CAREFULLY.

A. DEFINITIONS

Whenever used in this policy, the term:

1. **Claim** means any demand received by **you** for money, services or any other thing of value arising out of **your** acts, errors or omissions (including alleged **personal injury**) in providing **professional services**.
2. **Damages** means a monetary judgment or monetary award which **you** are legally obligated to pay or a monetary settlement which **we** agree to on **your** behalf, but does not include punitive or exemplary damages, fines, penalties, court-imposed monetary sanctions or return of legal fees, costs or expenses.
3. **Defense expenses** means:
 - a. Fees charged and expenses incurred by attorneys designated by **us** to represent **you**;
 - b. All other fees, costs and expenses incurred at our request in connection with a **pre-claim incident, claim or disciplinary action**.

Defense expenses do not include salaries, compensation or overhead paid or incurred by **us** or **you**.

4. **Disciplinary action** means an action brought against **you** by a bar association, licensing board, disciplinary board, peer review committee or similar entity alleging professional misconduct or violation of the Code of Professional Responsibility.
5. **Named Insured** means the person or entity designated in the Declarations as the **Named Insured**.
6. **Our, us, we** means the insurance company whose name appears in the Declarations of this policy.
7. **Personal Injury** means malicious prosecution, abuse of process, defamation, false imprisonment or wrongful eviction.
8. **Policy period** means the period from the effective date and time of this policy to the policy expiration date and time as set forth in the Declarations, unless the policy is terminated earlier, in which event the **policy period** shall end on the date, and time, of such earlier termination.
9. **Pre-claim incident** means an act, error or omission in providing **professional services** which is reported to **us** before it is a **claim**.
10. **Professional services** means services **you** perform:
 - a. For a client in **your** capacity as a lawyer;

- b. As a mediator, arbitrator, notary public, title agent, lobbyist or a hearing officer;
 - c. As an administrator, conservator, executor, guardian, trustee, receiver or in any similar fiduciary capacity, provided that such services are performed in connection with and incidental to **your** practice of law;
 - d. As a member of a bar association or other legal or lawyer related ethics, peer review, accreditation, licensing or similar board, committee or organization;
 - e. As an author, but only for the publication or presentation of research papers or similar work and only if the fees generated annually from all such work are less than \$25,000.
11. **Retroactive date** means the date, as shown in the Declarations, on or after which any act, error or omission must have occurred in order for coverage under this policy to apply.
12. **You, your or Insured** means:
- a. The **Named Insured**;
 - b. Any past or present partner, principal, shareholder, member, officer, director, "of counsel," employed lawyer or independent contractor of the **Named Insured**, but only for **professional services** rendered in the course and scope of their duties on behalf of the **Named Insured**;
 - c. Any past or present non-lawyer employee of the **Named Insured**, but only for assistance rendered to an **Insured** in providing **professional services**;
 - d. The estate of a deceased **Insured**;
 - e. The guardian, trustee or other fiduciary of a bankrupt **Insured**;
 - f. The guardian, trustee or other fiduciary of an **Insured** who has been judicially declared incompetent.

B. WHAT IS COVERED

Subject to all terms and conditions of this policy, **we** will pay on **your** behalf all **damages** and **defense expenses** arising out of a **claim** or **pre-claim incident** that **you** first become aware of and report to **us** in writing during the **policy period**.

C. DEFENSE AND SETTLEMENT

We will provide for the defense of **claims** against **you** seeking **damages**. When **we** have paid **our** Limits of Liability, **our** obligation to defend **you** ends. While **we** may seek **your** input in selecting defense counsel, **we** retain the right to make that selection.

We will not settle any **claim** without **your** consent. If **you** refuse to consent within a reasonable time or if **you** elect to contest the claim or to continue legal proceedings, then **our** liability for the **claim** will not exceed the amount for which the **claim** could have been settled, plus **defense expenses** incurred up to the date of **your** refusal or election to contest or continue.

D. LIMITS OF LIABILITY

1. For each **claim**, the limit shown in the Declarations as Per Claim is the maximum amount **we** are obligated to pay for the combined total of all covered **damages** and **defense expenses** arising out of or in connection with the same or related acts, errors or omissions.

2. Subject to the Per Claim limitation above, the maximum amount **we** are obligated to pay for the combined total of all **damages** and **defense expenses** arising out of any and all **claims** during the **policy period** will be the amount shown in the Declarations as Aggregate.
3. **Defense expenses we** pay reduce the Limits of Liability.

E. DEDUCTIBLE

You are obligated to pay all **defense expenses** and **damages** up to the amount of the Deductible shown in the Declarations. The Deductible shall be payable as **defense expenses** are incurred or as **damages** are paid. Payment of the Deductible, or portions thereof, shall be made by the **Named Insured** within thirty (30) days of **our** demand for payment.

If **you** purchase an aggregate Deductible option and an amount for the Annual Aggregate Deductible is entered in Item 5. in the Declarations the most **you** will be required to pay as the Deductible in any one **policy period** regardless of the number of **claims** will be the amount shown in Item 5., Annual Aggregate Deductible.

F. SUPPLEMENTARY PAYMENTS

1. Defense Of Disciplinary Actions

We will provide for the defense of any **disciplinary action** brought against **you** during the **policy period**. **We** will pay **defense expenses** up to a maximum of \$30,000 per **policy period**, regardless of the number of **disciplinary actions** brought against **you**. The Deductible is not applicable to the **defense expenses** for **disciplinary actions**, and payments of **defense expenses** for **disciplinary actions** will not reduce the Limits of Liability.

2. Other Payments

We will reimburse **you** for actual loss of earnings and reasonable expenses incurred at **our** request for attendance at trial or court-ordered hearing, arbitration or mediation. **Our** obligation to reimburse **you** under this Supplementary Payments provision is limited to \$500 per day and \$5,000 per claim and \$25,000 per **policy period**. The Deductible is not applicable to these payments and payments made under this provision will not reduce the Limits of Liability.

G. EXCLUSIONS

This insurance does not apply to:

1. Any **claim** arising out of **your** activities as an investment advisor or accountant.
2. Any **claim** arising out of **your** activities as a fiduciary under the Employee Retirement Income Security Act of 1974 and its amendments. This exclusion does not apply if **you** are deemed to be a fiduciary solely by reason of legal advice rendered with respect to an employee benefit plan.
3. Any **claim** seeking **damages** for physical harm, sickness or death of any person.
4. Any **claim** seeking **damages** for the destruction, diminution in value or loss of use of tangible property.
5. Any **claim** made by or against any business enterprise not named in the Declarations:
 - a. Which **you** controlled or in which **you** maintained a pecuniary interest at the time of the act, error or omission that gives rise to the **claim**; or

- b. Which arises out of **your** acts, errors or omissions in **your** capacity as an officer, director, partner or employee of such enterprise.

You will be deemed to have a pecuniary interest in any enterprise in which **you** own or hold ten percent (10%) or more of the equity or in which **you** hold ten percent (10%) or more of all debt instruments issued by such enterprise.

- 6. Any **claim** by an **Insured** against another **Insured**.
- 7. Any **claim** arising out of acts, errors or omissions that occurred prior to the effective date of the first policy issued and continuously renewed by **us**, if on or prior to such date, any **insured** knew or had a reasonable basis to believe either that a professional duty had been breached or that a **claim** might be made.
- 8. Any **claim** arising out of a criminal, intentionally wrongful, fraudulent or malicious act or omission.

This exclusion will not apply to any **Insured** who:

- a. Did not participate or acquiesce in such act, error or omission; and
 - b. Had no knowledge of or reason to suspect such act, error or omission; and
 - c. Immediately notified **us** after obtaining knowledge of such act, error or omission.
- 9. Any **claim** alleging that **you** are liable for the cost of actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time. This includes any loss, cost or expense arising out of any requested, demanded, ordered or voluntary, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of pollutants. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acid, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
 - 10. Liability of others which **you** assume under any contract or agreement.
 - 11. Any **claim** arising out of the loss or destruction of or diminution in the value of any asset in **your** care, custody or control; or out of the misappropriation of or failure to give an account of any asset in **your** care, custody, or control, including the commingling of client funds.
 - 12. Any **claim** or **pre-claim incident** arising out of **your** acts, errors or omissions which occurred prior to the **Retroactive Date**.

H. ADDITIONAL TERMS AND CONDITIONS

1. Claim or Pre-Claim Incident Reporting Requirements

If **you** become aware of a **claim** or report a **pre-claim incident**, **you** must:

- a. Advise **us** immediately in writing, giving **us** all details including the specific act, error or omission; the injury or damage which has or may result from such act, error or omission; the circumstances by which **you** first became aware of the act, error or omission; and, the names, addresses and telephone numbers of all persons who may have knowledge or relevant information;
- b. Preserve all documents and other evidence relating to the **claim** or **pre-claim incident**;

- c. Send **us** documents relating to the **claim** or **pre-claim incident** when requested;
- d. Cooperate with **us** and defense counsel in the investigation, defense and settlement of a **claim** and enforcement of contribution or indemnification actions against others;
- e. Attend hearings, depositions, and trials if requested.

You must not admit liability, offer settlement or payment, incur expense, or assume any obligation arising out of or in any way connected with a **claim** without **our** written consent.

2. Claim Reporting Grace Period

This policy will provide coverage for **claims** and **disciplinary** actions that are brought against **you** during the **policy period** and that **you** report to **us** in writing within thirty (30) days following the expiration of this policy, provided **you** are in compliance with all the terms and conditions of this policy, including payment of all premiums and Deductibles when due.

The **claim** reporting grace period does not extend the **policy period**.

3. Multiple Claims

Two or more **claims** arising out of the same or related transaction or event, or arising out of the same or related act, error or omission, will be considered a single **claim** and subject to the Per Claim Limits of Liability stated in the Declarations of the policy in effect at the time the first related **claim** was made against **you**.

4. Other Insurance

This policy is excess over any other insurance applicable to a **claim**, whether such other insurance is stated to be primary, pro rata, contributory, excess, contingent or otherwise. This provision will not apply to other insurance written specifically as excess of this policy.

5. Representations Of Insured

The **Insured** understands and acknowledges that the decision to issue this policy was based upon the information provided in the application, including any supplements, attachments and replies to underwriter's inquiries. The **Insured** represents and warrants that all such information is true, accurate and complete.

6. Extended Claim Reporting Options

- a. Extended **Claim** Reporting Endorsement. If **you** or **we** cancel or do not renew this policy, the **Named Insured** may have the option to purchase an Extended **Claim** Reporting Endorsement that would extend the period of time during which **claims** may be reported. The Extended **Claim** Reporting Endorsement applies only to **claims** arising out of **professional services** rendered prior to the end of the **policy period** and otherwise covered by this policy.

The **Named Insured** may purchase an Extended **Claim** Reporting Endorsement only if:

- 1) Prior to cancellation, nonrenewal or expiration of this policy, the **Named Insured** was in compliance with all the terms and conditions of this policy, including payment of all premiums and deductibles when due; and

- 2) At the time this right could be exercised by an **Insured**, such **Insured's** right to practice law has not been revoked, suspended or surrendered at the request of any regulatory authority for reasons other than that the **Insured** is totally and permanently disabled; and
- 3) The **Named Insured** agrees that the additional premium paid for the Extended **Claim** Reporting Endorsement is non-refundable; and
- 4) The **Named Insured** made no material misrepresentation in the application, any supplements, attachments and replies to underwriter's inquiries; and
- 5) The **Named Insured** exercises this option and pays the additional premium within thirty (30) days following the cancellation, nonrenewal or expiration of this policy.

The additional premium for an Extended **Claim** Reporting Endorsement shall be:

- a) One hundred percent (100%) of the annual premium for a one-year extended reporting period;
 - b) One hundred eighty-five percent (185%) of the annual premium for a three-year extended reporting period;
 - c) Two hundred twenty-five percent (225%) of the annual premium for a five-year extended reporting period.
 - d) Two hundred fifty percent (250%) of the annual premium for a seven-year extended reporting period.
- b. Retirement Option. Upon retirement from the practice of law, any lawyer who qualifies as an **Insured** shall be entitled to an Extended **Claim** Reporting Endorsement with an unlimited reporting period and with no additional premium if the lawyer:
- 1) Is at least fifty-five (55) years old; and
 - 2) Was employed by the **Named Insured** during the **policy period** and had been insured by **us** for at least four (4) consecutive **policy periods**; and
 - 3) Notifies **us** of the retirement and requests this Extended **Claim** Reporting Endorsement within thirty (30) days of the cancellation, nonrenewal or expiration of this policy.
- c. Death or Permanent Disability Option. Any lawyer who qualifies as an **Insured** who dies or becomes permanently disabled shall be entitled to an Extended **Claim** Reporting Endorsement with an unlimited reporting period and with no additional premium, if:
- 1) The lawyer was employed by the **Named Insured** during the **policy period** and died or became disabled during the **policy period**; and
 - 2) Satisfactory written evidence of death or permanent disability is provided to **us**; and
 - 3) The lawyer or lawyer's representative notifies **us** of the death or disability and requests issuance of an Extended **Claim** Reporting Endorsement within thirty (30) days following the cancellation, nonrenewal or expiration of this policy.

7. Cancellation

The **Named Insured** or **we** can cancel this policy by notifying the other in writing. Any return premium will be calculated on a pro rata basis. If **we** cancel, a written notice of cancellation will be sent to the **Named Insured** at the address shown in the Declarations. The notice will state the date on which the cancellation will become effective. The effective date of cancellation will be not less than ten (10) days after notice is mailed to the **Named Insured**. The effective date of cancellation as stated therein will become the end of the **policy period**.

8. **Our** failure to enforce any terms, provisions, or conditions, or **our** failure to exercise any right or privilege, shall not operate or be construed as a waiver of any terms, provisions, conditions, rights or privileges.
9. The first **Named Insured** in Item 1. in the Declarations is **your** sole agent and will act on behalf of all of **you** in connection with anything that relates to this policy.

10. Assignment

Your interest under this policy may not be assigned without **our** express written consent.

11. Territory

This policy applies only to **claims** arising from **professional services** rendered worldwide, provided that the suit is brought or **claim** is made within the United States, its territories, its possessions, or in Canada.

This policy shall not apply to any **claim** which would be in violation of the laws of the United States, including, but not limited to, U. S. economic or trade sanctions or export control laws administered by the U. S. Treasury, State Department or Commerce Department.

IN WITNESS

GREENWICH INSURANCE COMPANY

REGULATORY OFFICE
505 EAGLEVIEW BOULEVARD, SUITE 100
DEPARTMENT: REGULATORY
EXTON, PA 19341-1120
PHONE: 800-688-1840

It is hereby agreed and understood that the following In Witness Clause supercedes any and all other In Witness clauses in this policy.

All other provisions remain unchanged.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.



Joseph Tocco
President



Toni Ann Perkins
Secretary

IL MP 9104 0314 GIC

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LSO2 02/20/2015

ENDORSEMENT #001

This endorsement, effective 12:01 a.m., February 1, 2015 forms a part of Policy No. LPP003989902 issued to EGOSCUE LAW GROUP by Greenwich Insurance Company.

CALIFORNIA CHANGES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

LAWYERS PROFESSIONAL LIABILITY POLICY

In consideration of the premium paid, it is agreed that the policy is amended as follows:

Section H. **ADDITIONAL TERMS AND CONDITIONS**, paragraph 7. is deleted in its entirety and replaced with the following:

7. Cancellation and Nonrenewal

- a. This policy may be cancelled by the **Named Insured** by giving **us** written notice stating when, thereafter, such cancellation will be effective. Any return premium will be calculated on a pro rata basis.
- b. **We** may cancel this policy by sending written notice to the **Named Insured** at the last address known to **us**. **We** will provide written notice at least thirty (30) days before cancellation is to be effective, except for nonpayment of premium or fraud in which case **we** will provide ten (10) days written notice prior to cancellation. The earned premium will be calculated on a pro rata basis.
- c. After this policy has been in effect for sixty (60) days, or if this policy is a renewal, **we** may not cancel this policy unless cancellation is based on one or more of the following conditions:
 - 1) Nonpayment of premium;
 - 2) A judgment by a court or an administrative tribunal that the **Named Insured** has violated any law of the State of California or of the United States having as one of its necessary elements an act which materially increases any of the risks insured against;
 - 3) Fraud or material misrepresentation by the **Named Insured** or its representative in obtaining the policy or in pursuing **claim** under the policy;
 - 4) Willful or grossly negligent act or omissions, or any violation of state laws or regulations establishing safety standards, by the **Named Insured** or its representative, substantially increasing any of the hazards insured against;
 - 5) Failure by the **Named Insured** to implement reasonable loss control requirements, which were agreed to by the **Named Insured** as a condition of policy issuance or which were conditions precedent to **our** use of a particular rate or rating plan, if the failure materially increases any of the risks insured against;
 - 6) A determination by the California Commissioner of Insurance that the loss of, or changes in, **our** reinsurance covering all or part of the risk would threaten **our** financial integrity or solvency. A certification made under penalty of perjury to the Commissioner by one of **our** officers of the loss of, or change in, reinsurance and that the loss or change will threaten **our** financial integrity or solvency if the cancellation of the policy is not permitted, will constitute such determination unless disapproved by the Commissioner within thirty (30) days of the filing. There will be no extensions to this thirty (30)-day period;

- 7) A determination by the Commissioner that a continuation of the policy coverage would place **us** in violation of the laws of the State of California or the state of **our** domicile or that the continuation of coverage would threaten **our** solvency;
 - 8) A change in the activities or property of the **Named Insured** which results in a materially added risk, a materially increased risk or a materially changed risk, unless the added, increased, or changed risk is included in the policy.
- d. Notice of cancellation will state the effective date and reason for cancellation. The **policy period** will end on that date. If notice is mailed, proof of mailing will be sufficient proof of notice.
 - e. If this policy has been in effect for more than sixty (60) days, or if the policy is a renewal, effective immediately upon renewal, **we** shall not increase the rate upon which the premium is based, reduce the limits of liability, or change the conditions of coverage during the **policy period** unless written notice is mailed or delivered to the **Named Insured's** last known address as shown on the policy. Such notice shall be mailed or delivered at least thirty (30) days prior to the effective date of the increase, reduction or change. The notice shall state the effective date of, and the reasons for, the increase, reduction or change.
 - f. **We** shall not effect a midterm increase, reduction or change pursuant to paragraph e. above unless increase, reduction or change is based upon one or more of the following reasons:
 - 1) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing standards governing the conduct by **you** which materially increase any of the risks or hazards insured against;
 - 2) Failure by the **Named Insured** to implement reasonable loss control requirements which were agreed to by the **Named Insured** as a condition of policy issuance or which were conditions precedent to **our** use of a particular rate or rating plan, if the failure materially increases any of the risks insured against;
 - 3) A determination by the California Commissioner of Insurance that loss of or changes in **our** reinsurance covering all or part of the risk covered by the policy would threaten **our** financial integrity or solvency unless the change in the terms or conditions or rate upon which the premium is based is permitted; or
 - 4) A change in the activities or property of the **Named Insured** which results in a materially added risk, a materially increased risk, or a materially changed risk, unless the added, increased, or changed risk is included in the policy.

Nothing contained herein shall prohibit **us** from increasing a premium during the **policy period** if the increase is calculated in accordance with **our** current rating manual, and is justified by a material change in the business activities or property of the **Named Insured** which materially increases any of the risks insured against.

- g. Paragraphs e. and f. above shall not apply to a transfer of the policy without a change in its terms or conditions, or the rates upon which the premium is based, between insurers which are members of the same insurance group.
- h. Nothing contained in this endorsement shall require **us** to provide a notice of cancellation or a statement of reason(s) for cancellation where cancellation for nonpayment of premium is effected by a premium finance agency or other entity pursuant to a power of attorney or other agreement executed by or on behalf of the **Named Insured**.
- i. The effective date of cancellation terminates the **policy period**. Payment or tender of any unearned premium by **us** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

- j. **We** shall provide written notice of nonrenewal of the policy by delivering or mailing such notice to the **Named Insured's** last known address as shown on the policy. Any notice of nonrenewal shall state the reason(s).
- k. At least sixty (60) days, but not more than one hundred twenty (120) days, prior to the end of the **policy period** **we** shall provide the **Named Insured** with notice of nonrenewal, if **we** intend not to renew the policy, or notice that **we** intend to condition renewal upon reduction of limits, elimination of coverages, increase in deductibles, or increase of more than twenty-five percent (25%) in the rate upon which the premium is based.
- l. If **we** fail to provide the **Named Insured** with the notice required in paragraph k. above at least sixty (60) days prior to the expiration of the **policy period**, the expiring policy shall be continued, with no change in its terms or conditions, for a period of sixty (60) days after **we** give such notice.
- m. A notice of nonrenewal shall not be required in any of the following situations:
 - 1) The transfer of, or renewal of the policy without a change in its terms or conditions or the rate on which the premium is based between insurers which are members of the same insurance group;
 - 2) The policy has been extended for ninety (90) days or less, if the notice required in paragraph k. has been given prior to the extension;
 - 3) The **Named Insured** listed in the Declarations has obtained replacement coverage or has agreed, in writing, within sixty (60) days of the termination of the policy, to obtain replacement coverage for the policy;
 - 4) The policy is for a period of no more than sixty (60) days and the **Named Insured** is notified at the time of issuance that the policy may not be renewed;
 - 5) The **Named Insured** listed in the Declarations requests a change in the terms or conditions or risks covered by the policy within sixty (60) days prior to the end of the **policy period**;
 - 6) **We** have made a written offer to the **Named Insured** within the time period specified in paragraph k. to renew the policy under changed terms or conditions or at a changed premium rate.

As used herein, "terms or conditions" includes, but is not limited to, a reduction in limits, elimination of coverage, or an increase in deductible.

- n. Earned premium for any period of coverage that extends beyond the expiration date of the **policy period** shall be calculated pro rata based upon the previous year's rates.
- o. Renewal of the policy shall not constitute a waiver or estoppel with respect to grounds for cancellation that existed before the effective date of such renewal.
- p. Proof of mailing of a notice of cancellation or of intention not to renew, at the address of the **Named Insured** last shown on the policy, shall be sufficient proof of notice.

All other provisions of this policy remain unchanged.