



For All the Commitments You Make®

REAL ESTATE PRACTICE POLICY

Common Policy Conditions

NOTICE

Throughout these Common Policy Conditions, the words “you,” “your” and “yours” refer to the persons and entities designated as Named Insured in the Declarations. The words “we,” “us” and “our” refer to the Company providing this insurance.

All coverages of this policy are subject to the following conditions.

COMMON POLICY CONDITIONS

A. CANCELLATION

1. The first of you shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first of you written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:
 - (1) The building has been vacant or unoccupied 60 or more consecutive days. A building is vacant when it does not contain enough business personal property to conduct customary operations. Buildings under construction are not considered vacant. This does not apply to:
 - (a) seasonal unoccupancy; or
 - (b) buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
 - (2) After damage by a covered cause of loss, permanent repairs to the building:
 - (a) have not started, and
 - (b) have not been contracted for, within 60 days of initial payment of loss.
 - (3) The building has:
 - (a) an outstanding order to vacate;
 - (b) an outstanding demolition order; or
 - (c) been declared unsafe by a governmental authority.
 - (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
 - (5) Failure to:
 - (a) furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
 - (b) pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
3. We will mail or deliver our notice to your last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is canceled, we will send the first of you any premium refund due. If we cancel, the refund will be pro rata. If the first of you cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first of you shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. this policy;
2. the Covered Property;
3. your interest in the Covered Property; or
4. a claim under this policy.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine, audit and make copies of your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

E. INSPECTIONS AND SURVEYS

1. We have the right but are not obligated to:
 - a. make inspections and surveys at any time;
 - b. give you reports on the conditions we find; and
 - c. recommend changes.
2. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of you, your workers or the public. And we do not warrant that conditions:
 - a. are safe or healthful; or
 - b. comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

F. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

G. PREMIUMS

1. The first of you shown in the Declarations:
 - a. is responsible for the payment of all premiums; and
 - b. will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
3. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

H. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of your death.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

I. ENTIRE CONTRACT

By acceptance of this policy, the insured agrees that:

1. all of the information and statements provided to us by the Insured are true, accurate and complete and shall be deemed to constitute material representations made by all of the insureds;
2. this policy is issued in reliance upon the insured's representations;
3. this policy, endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the Insured to us (all of which are deemed to be incorporated herein) embody all of the agreements existing between the Insured and us and shall constitute the entire contract between the insured and us; and
4. the misrepresentation of any material matter by the insured or the insured's agent will render this policy null and void and relieve us from all liability herein.

J. NAMED INSURED SOLE AGENT

You shall be the sole agent of all insureds hereunder for the purpose of effecting or accepting any notices hereunder,

any amendments to or cancellation of this policy, for the completing of any applications and the making of any statements, representations and warranties, for the payment of any premium and the receipt of any return premium that may become due under this policy, and the exercising or declining to exercise any right under this policy.

K. BANKRUPTCY

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

L. NOTICES

Any notices required to be given by the Insured shall be submitted in writing to us or our authorized representative at the address specified in the Declarations. If mailed, the date of mailing of such notice shall be deemed to be the date such notice was given and proof of mailing shall be sufficient proof of notice.

M. SPECIAL EXCLUSIONS

The following exclusions apply to the Business Liability Coverage Form, Errors and Omissions Liability Coverage Form, and any other Liability Coverage form which is part of this policy.

1. "Asbestos" and "Radon" Exclusion

a. This insurance does not apply to liability:

- (1) arising out of the actual, alleged, or threatened exposure at any time to "asbestos" or "radon," or
- (2) any loss, cost, or expense that may be awarded or incurred:
 - (a) by reason of a claim or "suit" for any such injury or damage; or
 - (b) in complying with a governmental direction or request to test for, monitor, clean up, remove, contain or dispose of "asbestos" or "radon."

b. As used in this exclusion, "asbestos" means the mineral in any form, whether or not the "asbestos" was at any time:

- (1) airborne as a fiber, particle, or dust;
- (2) contained in or formed a part of a product, structure or other real or personal property;
- (3) carried on clothing;
- (4) inhaled or ingested; or
- (5) transmitted by any other means.

As used in this exclusion, "radon" means a radioactive, largely inert gaseous element formed by the radioactive decay of radium.

2. Nuclear Energy Liability Exclusion

This insurance does not apply:

a. To any liability:

(1) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) resulting from the "hazardous properties" of "nuclear material" and with respect to which:

(a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or

(b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;

(c) under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

b. To any liability resulting from the "hazardous properties" of the "nuclear material;" if:

(1) the "nuclear material":

(a) is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or

(b) has been discharged or dispersed therefrom;

(2) the "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(3) the liability arises out of the furnishing by an insured of services, materials, parts or equipment in connection, with the planning, construction, maintenance, operation or use of any "nuclear facility;" but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

- (4) As used in this exclusion:
- (a) "byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (b) "hazardous properties" include radioactive, toxic or explosive properties;
 - (c) "nuclear facility" means:
 - (1) any "nuclear reactor;"
 - (2) any equipment or device designed or used for:
 - (i) separating the isotopes of uranium or plutonium;
 - (ii) processing or utilizing "spent fuel;" or
 - (iii) handling, processing or packaging "waste;"
 - (3) any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (4) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste;" and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;
 - (d) "nuclear material" means "source material," "special nuclear material" or "byproduct material;"
 - (e) "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
 - (f) "property damage" includes all forms of radioactive contamination of property;
 - (g) "source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (h) "special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (i) "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor;"
 - (j) "waste" means any waste material:
 - (1) containing "byproduct material" other than the tailings or "wastes" produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
 - (2) resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs (a) and (b) of the definition of "nuclear facility."

IN WITNESS WHEREOF, we have caused this Policy to be executed by our Chairperson and Secretary, but this Policy shall not be binding upon us unless completed by the attachment of the Declarations and executed by our duly authorized representative.

This policy shall not be valid unless countersigned on the Declarations by a duly authorized representative of this Company.

Chairman of the Board

Secretary



For All the Commitments You Make®

REAL ESTATE PRACTICE POLICY Errors and Omissions Coverage Form

NOTICE

THIS INSURANCE IS WRITTEN ON A CLAIMS-MADE BASIS AND ONLY APPLIES TO THOSE “CLAIMS” FIRST MADE AGAINST “YOU” WHILE THIS POLICY IS IN FORCE. NO COVERAGE EXISTS FOR “CLAIMS” FIRST MADE AGAINST “YOU” BEFORE THE BEGINNING OR AFTER THE END OF THE “POLICY PERIOD.” PLEASE REVIEW THE COVERAGE FORM CAREFULLY AND DISCUSS THIS COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

Throughout this Coverage Form the words “you”, “your” and “yours” refer to the persons and entities designated as Named Insured in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section III, Definitions.

I. INSURING AGREEMENT

A. Coverage

We will pay all amounts in excess of the deductible, and within the limits of liability applicable to this Coverage Form, that the “Insured” becomes legally obligated to pay as “damages” as a result of a “claim” that is first made against the “Insured” during the “policy period,” and promptly reported to us, by reason of a negligent act or omission in the performance of “professional real estate services” by the “Insured” or by any person for whom the “Insured” is legally liable, while acting on your behalf, provided that:

1. the “Insured” did not give notice to a “prior insurer” of such “claim” or a “related claim;”
2. the “Insured” did not give notice to a “prior insurer” of any such negligent act or omission or “related negligent act or omission;”
3. prior to the First Coverage Date shown on the Declarations, no “Insured” had a basis to believe that any such negligent act or omission, or “related negligent act or omission,” might reasonably be expected to be the basis of a “claim.”

We shall also pay “claim expenses” in connection with such “claim.” “Claim expenses” are in addition to the limit of liability.

B. Defense

We shall have the right and duty to defend a “claim” even if any of the allegations of the “claim” are groundless, false

or fraudulent. We shall have the right to appoint counsel and to make such investigation and defense of a “claim” as is deemed necessary by us. If a “claim” shall be subject to arbitration or mediation, we shall be entitled to exercise all of the “Insured’s” rights in the choice of arbitrators or mediators and in the conduct of an arbitration or mediation proceeding.

C. Settlement

We shall not settle a “claim” without your express consent. If you refuse to consent to a settlement or compromise recommended by us and acceptable to the claimant, then our limit of liability shall be reduced to the amount for which the “claim” could have been settled plus “claim expenses” incurred up to the time we made our recommendation, which amount shall not exceed the remainder of the limit of liability specified in Section II.A.

D. Exhaustion of Limits

We are not obligated to investigate, defend, pay or settle, or continue to investigate, defend, pay or settle a “claim” after the applicable limit of our liability has been exhausted by payment of “damages” or after we have deposited the remaining available limits of liability into a court of competent jurisdiction. In such case, we shall have the right to withdraw from the further investigation, defense, or settlement of such “claim” by tendering control of said investigation, defense or settlement of the “claim” to the “Insured.”

II. LIMITS OF LIABILITY

A. Limit of Liability — each “claim”

Subject to paragraph B below, our limit of liability for “damages” for each “claim” shall not exceed the amount stated in the Declarations for each “claim.”

B. Limit of Liability — in the aggregate

Our limit of liability for “damages” for all “claims” shall not exceed the amount stated in the Declarations as the “aggregate.”

C. Lockbox Limit of Liability

The Lockbox Limit of Liability, as set forth in the Declarations is a sublimit included within, and not in addition to, the each “claim” and the “aggregate” limit of liability and shall not be considered as separate to such limits of liability.

D. Fair Housing “Claim Expenses” Only Limit of Liability

The Fair Housing Defense Only Limit of Liability, as set forth in the Declarations is a sublimit included within, and not in addition to, the each “claim” and the “aggregate” limit of liability and shall not be considered as separate to such limits of liability.

E. Deductible

The deductible amount stated in the Declarations is the total amount of the “Insured’s” obligation for each “claim” and applies to the payment of “damages” and “claim expenses.” The deductible shall be paid by you. The deductible applies separately to each “claim.” The limits of liability set forth in the Declarations are in addition to and in excess of the deductible.

F. Multiple “Insureds,” “Claims” and Claimants

The limit of liability shown in the Declarations is the amount we will pay as “damages” regardless of the number of “Insureds” insured under this Coverage Form, “claims” made or persons or entities making “claims.” If “related claims” are subsequently made against the “Insured” and

reported to us under this Policy or any renewal of this Policy, all such “related claims” shall be considered a single “claim” first made and reported to us within the “policy period” in which the earliest of the “related claims” was first made and reported to us.

G. Mediation Incentive

If mediation of a “claim” takes place either without institution of arbitration proceedings or service of suit or within 60 days of the institution of such proceedings or service of suit, and such “claim” is ultimately resolved for an amount acceptable to the “Insured” and us by the process of mediation, the deductible applying to the “claim” will be reduced by 50%. In no event shall the amount waived hereunder exceed \$25,000.

H. Supplementary Payments

1. We will pay up to \$250.00 for loss of earnings to each “Insured” for each day or part of a day such “Insured” is in attendance, at our request, at a trial, hearing or arbitration proceeding involving a “claim” against such “Insured.” In no event shall the amount payable hereunder exceed \$10,000.00 despite the number of “Insureds” hereunder, the number of days the “Insured” is in attendance, or the number of trials, hearings or arbitration proceedings that the “Insured” is required to attend.
2. We will pay up to \$5,000.00 to the “Insured” for attorney fees and other reasonable costs, expenses or fees resulting from the investigation or defense of a proceeding before a real estate licensing board incurred as the result of a notice of proceeding both first received by the “Insured” and reported to us during the “policy period,” arising out of a negligent act or omission in the rendering of “professional real estate services” by the “Insured.” In no event shall the amount payable hereunder exceed \$5,000.00 despite the number of “Insureds” hereunder or the number of such proceedings.

Supplementary payments are not subject to the deductible and are in addition to the limits of liability.

III. DEFINITIONS

“Bodily Injury” means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

“Claim” means a demand received by the “Insured” for money or services arising out of a negligent act or omission in the rendering of or failure to render “professional real estate services.” A demand shall include the service of suit or the institution of an arbitration proceeding against the “Insured.”

“Claim Expenses” means:

- A. fees charged by attorneys designated by us;
- B. all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a “claim” if incurred by us, or by the “Insured” with our written consent, including, but not limited to, premiums for any appeal bond, attachment bond or simi-

lar bond but without any obligation on our part to apply for or furnish any such bond.

“Claim Expenses” will not reduce the limits of liability.

“Claim Expenses” shall not include fees, costs or expenses of our employees or officers or independent claims adjusters. Nor shall “claim expenses” include salaries, loss of earnings or other remuneration by or to any “Insured.”

“Damages” mean judgments, awards and settlements, provided any settlement is made with our prior written consent. “Damages” do not include:

- A. the return or restitution of fees, commissions, expenses or costs;
- B. civil or criminal fines, sanctions, penalties or forfeitures, whether pursuant to law, statute, regulation or court rule;
- C. punitive or exemplary amounts;
- D. the multiplied portion of multiplied awards;
- E. injunctive or declaratory relief.

“Dwelling Residence” means housing purchased and used by the “Insured” as a place for such “Insured” to live in either as a primary or secondary residence.

“Guaranteed Sale Listing Contract” means a written agreement between you and the seller of a property, in which you agree to purchase the property if it is not sold under the listing agreement in the time frame specified by the agreement.

“Insured” means you and any of the persons or entities listed below but only while rendering “professional real estate services” on your behalf for your clients:

- A. any person who is or becomes your partner, officer, director or employee during the “policy period;”
- B. any person previously affiliated with you as a your partner, officer, director or employee;
- C. any independent contractor, but only if, prior to the date a “claim” is made:
 - 1. you had agreed to provide insurance for the independent contractor’s “professional real estate services;”
 - 2. a fee inured to you.
- D. the “Insured’s” estate, heirs, executors, administrators, assigns and legal representatives in the event of death, incapacity, insolvency or bankruptcy of the “Insured,” but only to the extent that the “Insured” would have been provided coverage under this Coverage Form.

“Personal Injury” is an injury, other than “bodily injury,” arising out of one or more of the following offenses:

- A. false arrest, detention, or imprisonment;
- B. malicious prosecution;
- C. wrongful entry into, wrongful eviction from, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- D. 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;
- E. oral or written publication of material that violates a person’s right of privacy.

For the purpose of the coverage afforded by this Coverage Form “personal injury” is deemed to be included in the term “negligent act or omission.”

“Policy Period” means the time from 12:01 A.M. on the inception date of this Policy to the earlier of 12:01 A.M. of the expiration, termination or cancellation date of this Policy.

“Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

“Professional Real Estate Services” means those services performed by an “Insured” for others as a real estate agent, real estate broker, real estate personal assistant, real estate sales person, real estate consultant or counselor, real estate appraiser, property manager, real estate leasing agent, mortgage broker, auctioneer of real property, notary public; or member of a formal real estate accreditation, standards review or similar real estate board or committee.

“Property Damage” means

- A. physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- B. loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.

“Related Claims” means all “claims” arising out of a single negligent act or omission or arising out of “related negligent acts or omissions” in the rendering of “professional real estate services.”

“Related Negligent Acts or Omissions” mean all negligent acts or omissions in the rendering of “professional real estate services” that are temporally, logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision.

IV. EXCLUSIONS

This Coverage Form does not apply to any “claim:”

- A. based on or arising out of “bodily injury” or mental injury, mental anguish, mental tension, emotional distress, pain or suffering or shock sustained by any person whether or not resulting from injury to the body, sickness, disease or death of any person;
- B. based on or arising out of “property damage,” except that this exclusion shall not apply to “claims” based on or arising out of the “Insured’s” distribution, maintenance, operation or use of a lockbox or keyless entry system. However, a separate lockbox limit of liability as set forth in Section II, Limits of Liability and the Declarations shall apply to such “claims.” This lockbox limit of liability is a sublimit included within, and not in addition to, the each “claim” and the “aggregate” limit of liability set forth in the Declarations and shall not be considered as separate to such limits of liability;
- C. based on or arising out of any dishonest, fraudulent, criminal or malicious act or omission by an “Insured;”
- D. based on or arising out of, or contributed to by, any conversion, commingling, defalcation, misappropriation or improper use of funds or other property; or the gaining of any personal profit or advantage to which the “Insured” is not legally entitled;
- E. based on or arising out of, whether suddenly or over a long period of time, the actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of “pollutants;” or any injury, damage, payments, costs or expense incurred as a result of any testing for, monitoring, removal, containment, treatment, detoxification, neutralization or cleanup of “pollutants;”
- F. based on or arising out of lead, whether or not the lead was at any time, airborne as a particle; contained in or formed a part of a product, structure or other real or personal property; ingested or inhaled or transmitted in any fashion; or found in any form whatsoever;
- G. based on or arising out of the sale of a business, except coverage will be provided for such “claim” only as it relates to the sale of real property;
- H. based on or arising out of the “Insured’s” inability or failure to pay money held for others;
- I. based on or arising out of any promises, warranties or guarantees made by an “Insured” as to any future value of any property;
- J. based on or arising out of discrimination, humiliation, harassment, or misconduct that includes but shall not be limited to “claims” based on an individual’s race, creed, color, age, gender, national origin, religion, disability, marital status or sexual preference. However, a separate “Fair Housing ‘Claim Expenses’ Only Limit of Liability” as set forth in Section II, Limits of Liability and in the Declarations shall apply for all “claim expenses” incurred by such “Insured” in defense of a civil lawsuits made during this “policy period” alleging violations of Title VIII of the Civil Rights Act of 1968 or the Fair Housing Amendment Act of 1988 or any similar state or local law or ordinance. Our obligation to reimburse the “Insured” for any such “claim expenses” does not include any other amounts for which such “Insured” becomes legally obligated to pay as a result of a negligent act or omission by such “Insured” or by any entity for whom the “Insured” is legally liable, alleging violation of Title VIII of the Civil Rights Act of 1968 or the Fair Housing Amendment Act of 1988 or any similar state or local law or ordinance. This “Fair Housing ‘Claim Expenses’ Only Limit of Liability” is a sublimit included within, and not in addition to, the each “claim” and the “aggregate” limit of liability set forth in the Declarations and shall not be considered as separate to such limits of liability;
- K. by or on behalf of any of an “Insured” under this Coverage Form against any other “Insured” hereunder;
- L. based on or arising out of the formation, syndication, operation or administration of any property syndication, real estate investment trust or any other form of corporation, general or limited partnership or joint venture formed for the purpose of investing in, buying, selling, or maintaining real property including those syndications, trusts, corporations, partnerships or joint ventures in which an “Insured” has, had or intended to have, a participating interest directly or indirectly in the profits or losses thereof;
- M. based on or arising out of the purchase of property by, or the sale, leasing, appraisal or property management of property developed, constructed or owned:
 - 1. by any “Insured;” or
 - 2. by any entity in which any “Insured” has a financial interest; or
 - 3. by any entity which has a financial interest in you; or
 - 4. by any entity which is under the same financial control as you.This exclusion shall not apply to any “claim” based on or arising out of:
 - i. the sale of an “Insured’s dwelling residence” provided that only those “Insureds” who are not the owners of such “dwelling residence” will be pro-

vided coverage hereunder and provided further that the “dwelling residence” owner is not the selling, listing or closing agent; or

- ii. the sale, leasing or property management of real property in which the combined ownership interest of all “Insureds” insured hereunder is less than 10%; or
- iii. the sale of real property 100% owned by you if all of the following conditions are met:
 - a. the property was acquired by you under a written “guaranteed sale listing contract;” and
 - b. from acquisition to resale:
 - (i) the title to the property was held by you for less than twelve months; and
 - (ii) the property was continually offered for sale by you;

N. based on or arising out of actual or alleged violation of:

- 1. the Employee Retirement Income Security Act of 1974;
- 2. the Securities Act of 1933;
- 3. the Securities Exchange Act of 1934;

4. any state Blue Sky or Securities law, or any rules, regulations or amendments issued in relation to such acts, or any similar state or federal statutes or regulations, including any “claim” based upon common law principles of liability if made in connection with an actual or alleged violation of any such statute or regulation;

- O. based on or arising out of the failure to purchase or maintain any insurance or bonds;
- P. based on or arising out of the “Insured’s” interests, operations, or activities as an insurance agent, insurance broker, lawyer, mortgage banker, escrow agent, asset manager, title agent, title abstractor, construction manager or property developer;
- Q. based on or arising out of any anti-trust law violation or any agreement or conspiracy to restrain trade;
- R. based on or arising out of the “Insured’s” alleged liability assumed by an “Insured” under any contract or agreement, unless such liability would have attached to such “Insured” even in the absence of such agreements.

V. CONDITIONS

A. Territory

This Coverage Form applies to negligent acts or omissions which happen anywhere in the world provided that “claim” is made or suit is brought against an “Insured” in the United States of America, its territories or possessions or Puerto Rico or Canada.

B. Notice of “claims” and potential “claims”

- 1. The “Insured,” as a condition precedent to our obligations under this Coverage Form, must promptly give written notice to us during the “policy period” or any renewal “policy period:”
 - a. of any “claim” made against the “Insured” during the “policy period;”
 - b. of receipt by the “Insured,” during the “policy period,” of any notice, advice or threat, whether written or verbal, that any person or organizations intends to hold the “Insured” responsible for any alleged breach of duty.
- 2. If during the “policy period,” the “Insured” becomes aware of any negligent act or omission which may reasonably be expected to be the basis of a “claim” against any “Insured,” and gives written notice to us with all available particulars, including but not limited to:
 - a. the specific negligent act or omission;

b. the dates and persons involved;

c. the identity of anticipated or possible claimants; and

d. the circumstances by which the “Insured” first became aware of the possible “claim;”

then any such “claim” which is made against the “Insured” and reported to us shall be deemed to have been made at the time such written notice was given to us.

C. Assistance and Cooperation

- 1. The “Insured” shall cooperate with us and upon our request, shall attend hearings, depositions and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and assist in the conduct of suits and proceedings in connection with a “claim.”
- 2. The “Insured” shall assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to any “Insured” in connection with a “claim.”
- 3. The “Insured” shall not, except at its own cost, voluntarily make any payment, assume or admit any liability or incur any expense without our written consent.

D. Action Against Us

1. No action shall lie against us unless, as a condition precedent thereto:
 - a. the “Insured” shall have fully complied with all the terms of this Coverage Form; and,
 - b. until the amount of the “Insured’s” obligation to pay shall have been finally determined either by judgment against the “Insured” after actual trial or by written agreement of the “Insured,” the claimant and us.
2. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Coverage Form to the extent of the insurance afforded by this Coverage Form. Nothing contained in this Coverage Form shall give any person or organization any right to join us in any action against the “Insured” to determine its liability.

E. Acquisitions and Mergers

1. You must provide prior notice to us of the following events:
 - a. acquisition of you by another entity;
 - b. your merger with another entity;
 - c. the acquisition of all or substantially all of your assets by another entity; or
 - d. the acquisition of all or substantially all of the assets of another entity by you.
2. Upon receipt of such notice, we may:
 - a. adjust the premium to reflect the added exposure; or
 - b. deem this Coverage Form to have ceased with respect to “claims” made against the “Insured” based on any negligent act or omission committed or allegedly committed on or subsequent to the time and date of said event. In such case, the “policy period” shall remain unaltered and coverage will continue but only with respect to negligent acts or

omissions committed prior to the time and date of any such events in accordance with all other terms and conditions of this Coverage Form.

F. Other Insurance

This Coverage Form shall be excess over any other valid and collectible insurance, self-insurance or indemnification agreement available to the “Insured,” whether such other insurance or indemnification agreement is stated to be primary, contributory, excess contingent, self-insured retention or otherwise.

G. Subrogation

In the event of any payment under this Coverage Form, we shall be subrogated to all of the “Insured’s” rights of recovery against any person or organization, including any rights the “Insured” may have against any other “Insured” involved in dishonest, fraudulent, criminal or malicious conduct. The “Insured” shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The “Insured” shall do nothing to prejudice such rights. In the event of any recovery, we shall first be reimbursed for “damages” and “claim expenses” paid by us.

H. Innocent “Insureds”

Whenever coverage under this Coverage Form would be excluded, suspended or lost because of:

1. dishonest, fraudulent, criminal or malicious acts or omissions, or,
2. the failure to give us notice because of concealment of a “claim” or a potential “claim” by another person insured under this Coverage Form, we agree that such insurance as would otherwise be afforded under this Coverage Form, shall be applicable with respect to those of you who did not personally participate or personally acquiesce in or remain passive after having knowledge of such conduct. All of you must promptly comply with all provisions of this Coverage Form upon learning of any concealment.

VI. EXTENDED REPORTING PERIODS

As used herein, “extended reporting period” means the period of time after the end of the “policy period” for reporting “claims” by reason of a negligent act or omission, which occurred prior to the end of the “policy period” and is otherwise covered by this Coverage Form.

A. Automatic “Extended Reporting Period”

If this Coverage Form is canceled or non-renewed by either us or by you, we will provide to you an automatic, non-cancelable “extended reporting period” starting at the termination of the “policy period” if you have not obtained another policy of real estate agents professional liability insurance within sixty (60) days of the termination of this Policy. This automatic “extended reporting period” will terminate after sixty (60) days.

B. Optional “Extended Reporting Period”

1. If this Coverage Form is canceled or non-renewed by either us or by you, then: you shall have the right to purchase an optional “extended reporting period.” Such right must be exercised by you within sixty (60) days of the termination of the “policy period” by providing written notice to us.
2. The first sixty (60) days of the optional “extended reporting period,” if it is purchased, shall run concurrently with the automatic “extended reporting period.”

C. “Extended Reporting Periods” limits of liability

Our limit of liability for all “claims” reported during the automatic and optional “extended reporting periods” shall be part of and not in addition to the limits of liability for the “policy period” as set forth in the Declarations and Section I, Limits of Liability of this Coverage Form.

D. Elimination of right to any “extended reporting period”

There is no right to any “extended reporting period” if we shall cancel or refuse to renew this Coverage Form due to:

1. non-payment of any premium or deductibles due under this Coverage Form; or
2. non-compliance by the “Insured” with any of the terms and conditions of this Coverage Form; or
3. any misrepresentation or omission in the application for this Coverage Form.

E. “Extended Reporting Period” not a new Coverage Form

It is understood and agreed that the “extended reporting period” shall not be construed to be a new coverage form and any “claim” submitted during such period shall otherwise be governed by this Coverage Form.

This policy shall not be valid unless countersigned on the Declarations by a duly authorized representative of this Company.



Chairman of the Board



Secretary