



## *Professional Indemnity Policy*

In consideration of payment of the premium and subject to the terms of this Policy, the **Company** and the **Policyholder** agree as follows:

### *Insuring Clauses*

#### Insuring Clause 1: Liability

1. The **Company** shall pay, on behalf of each **Insured**, **Loss** on account of a **Claim** alleging:
  - (a) a failure to perform, or negligent act, error or omission in the performance of, advice or services which are, or if performed would be, within the **Business Activity**, by:
    - (i) that **Insured**;
    - (ii) any person, partnership, firm or company acting on behalf of an **Insured Organisation**; or
    - (iii) any predecessor in business of an **Insured Organisation**;
  - (b) libel, slander or any other form of defamation by that **Insured**;
  - (c) dishonesty of an **Employee**; or
  - (d) loss, damage or destruction of **Documents**.

#### Insuring Clause 2: Formal Investigation Expenses

2. The **Company** shall pay, on behalf of each **Insured**, **Formal Investigation Expenses**.

#### Insuring Clause 3: Document Replacement Costs

3. The **Company** shall pay, on behalf of each **Insured**, the reasonable costs and expenses of replacing or restoring **Documents** whose loss, damage or destruction is first discovered by that **Insured** during the **Policy Period**, up to a maximum liability for the **Policy Period** of £100,000.

#### Insuring Clause 4: Compensation for Court Attendance and Staff Disruption

4. With regard to each **Claim**, other than a **Formal Investigation**, **Loss** on account of which is covered by this Policy:
  - (a) the **Company** shall, if a principal, partner, director or **Employee** of an **Insured Organisation** attends a court or arbitration hearing as a witness, compensate for that person being so occupied, by paying £250 for each day on which that person attends as a witness;
  - (b) the **Company** shall, if a principal, partner, director or **Employee** of an **Insured Organisation** is interviewed by the lawyers conducting the defence of the **Claim** for the purpose of composing a witness statement, compensate for that person being so occupied, by paying £50 per hour in respect of the time certified by the lawyers as time being interviewed;
  - (c) the **Company** shall, if a principal, partner, director or **Employee** of an **Insured Organisation** is reasonably needed to attend a Conference or Consultation with Counsel (as that expression is used by the Bar of England And Wales), compensate for that person being so occupied, by paying £50 per hour in respect of the time certified by the lawyers conducting the defence of the **Claim** as time spent in such Conference or Consultation;
  - (d) the **Company** shall, if a principal, partner, director or **Employee** of an **Insured**

## *Professional Indemnity Policy*

**Organisation** attends a court or arbitration hearing as observer, compensate for that person being so occupied, by paying £50 for each day on which that person attends as observer, provided that the **Company** shall only be liable to compensate for the occupation of one observer for all **Insured Organisations** together per day.

Compensation payable by the **Company** pursuant to this Section shall be paid to the **Insured Organisation** against which the **Claim** is made, or, if there is more than one such **Insured Organisation**, to whichever of such **Insured Organisations** as the **Company** shall choose. If the **Claim** is not made against an **Insured Organisation**, the **Company** shall pay the compensation to an **Insured Organisation** of the **Company's** choice.

Compensation provided for by this Section in respect of a person's attendance shall only be payable where that attendance is in connection with defending, not prosecuting, a **Claim**.

### *Definitions*

5. In this Policy the word 'person(s)', wherever it appears, means legal or natural person(s) or partnership unless otherwise specified. When used in bold type in this Policy:

**Business Activity** means the provision of advice or services, as part of the activities of an **Insured Organisation**, stated in Item 2 of the Declarations.

**Claim** means:

- (a) with respect to Insuring Clause 1 only:
  - (i) a written demand, whether or not containing a demand for monetary compensation; or
  - (ii) a civil proceeding;arising from **Business Activity** and first made during the **Policy Period** by a **Third Party** against an **Insured**.
- (b) with respect to Insuring Clause 2 only, a **Formal Investigation**.

**Defence Costs** means that part of **Loss** consisting of reasonable and necessary costs, expenses, charges and fees (including but not limited to lawyers' and experts' fees) incurred in defending or investigating a **Claim** (other than internal expenses of an **Insured Organisation**).

**Documents** means documents (other than bearer bonds, coupons, shares, bank notes, currency notes, stamps and other negotiable instruments) whether in physical or electronic format for which an **Insured** is, in connection with **Business Activity**, legally responsible to a **Third Party**.

**Employee** means a natural person under a contract of service with an **Insured Organisation**.

**Formal Investigation** means a formal investigative inquiry brought and maintained entirely outside the U.S.A. into an **Insured's** conduct of **Business Activity** and first instituted during the **Policy Period** by a regulatory or professional body with powers to investigate that **Insured**.

**Formal Investigation Expenses** means that part of **Loss** which consists of reasonable and necessary legal fees and related professional charges which an **Insured** incurs in that **Insured's** representation at a **Formal Investigation** at which that **Insured's** attendance is required by the body which instituted the **Formal Investigation**, but which are only incurred after that **Insured** has been notified in writing by that body that it is looking into whether or not that **Insured** is culpable of misconduct.

**Insured** means a person who is an **Insured Organisation** or an **Insured Person**.

**Insured Organisation** means an organisation or sole practitioner which is:

## *Professional Indemnity Policy*

- (a) the **Policyholder**;
- (b) an organisation listed in Item 5 of the Declarations; or
- (c) subject to Section 11 below, an organisation which becomes an **Insured** pursuant to Section 11 below.

**Insured Person** means a natural person who has been, now is, or shall become a principal, partner, director or **Employee** of an **Insured Organisation**, provided that such person shall only be covered under this Policy in respect of **Wrongful Acts** committed while that person is such principal, partner, director or **Employee**. Solely for such **Wrongful Acts** of such person, **Insured Person** includes such person's:

- (a) lawful spouse, if named as co-defendant solely because of their spousal relationship; or
- (b) estate, heirs, legal representatives or assigns if such person is deceased or declared incompetent, insolvent or bankrupt.

**Loss** means the amount which an **Insured** is legally and personally liable to pay on account of a **Claim**, including:

- (a) **Defence Costs**;
- (b) **Formal Investigation Expenses**; and
- (c) awards of damages, judgements, awards of claimant's costs and sums payable pursuant to settlements.

**Personal Injury** means bodily injury, mental illness, emotional distress, sickness, disease or death.

**Property Damage** means physical damage to or destruction or loss of use of any tangible property.

**Policyholder** means the organisation or sole practitioner stated in Item 1 of the Declarations.

**Policy Period** means the period of time stated in Item 6 of the Declarations but subject to prior termination when cover terminates in accordance with Section 19 below.

**Pollutants** means any substance exhibiting any characteristic hazardous to the environment or having an adverse impact on the environment, including but not limited to solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapour, soot, fumes, acids, alkalis, soil, chemicals and waste materials, air emissions, odour, waste water, oil, oil products, infectious or medical waste, asbestos, asbestos products and any noise.

**Pollution** means:

- (a) any actual, alleged or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of, any **Pollutants**;
- (b) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise any **Pollutants**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request; or
- (c) any actual or alleged breach of duty in any way connected to any **Pollutants**.

**Subsidiary** means a company which an **Insured Organisation** either directly or indirectly controls through:

- (a) holding a majority of the voting rights;
- (b) the right to appoint or remove a majority of its board of directors; or

## *Professional Indemnity Policy*

- (c) controlling alone, pursuant to a written agreement with other shareholders, a majority of the voting rights therein.

**Third Party** means any person other than an **Insured**.

**U.S.A.** means the United States of America, its territories and possessions and any state or political subdivision thereof.

**Wrongful Act** means any actual or alleged matter described in Insuring Clause 1 or Insuring Clause 3 above which is an actual or alleged: failure to perform; negligent act, error or omission; libel, slander or any other form of defamation; dishonesty of an **Employee**; or loss, damage or destruction of **Documents**.

### *Exclusions*

6. The **Company** shall not be liable for **Loss**, costs or expenses on account of any **Claim** or on account of any loss, damage or destruction of **Documents**:
- (a) based upon, arising from or in consequence of any circumstance which, as at the start of the **Policy Period**, could give rise to a **Claim** and which an **Insured** knew of, or ought to have known of, at that time;
  - (b) based upon, arising from, or in consequence of any **Wrongful Act** prior to the date stated in Item 7 of the Declarations;
  - (c) to the extent that that **Loss** consists of fines or penalties or the multiple portion of any multiplied damages award;
  - (d) to the extent that that **Loss** consists of punitive, exemplary or aggravated damages other than damages awarded for libel, slander or defamation;
  - (e) based upon, arising from or in consequence of a **Wrongful Act** of an organisation listed in Item 5 of the Declarations, or of an **Insured Person** of such an organisation, prior to the date stated against that organisation in Item 5 of the Declarations;
  - (f) based upon, arising from or in consequence of any actual or alleged **Personal Injury** of an **Insured Person**;
  - (g) for **Personal Injury** which does not arise from breach of duty through a negligent act, error or omission by an **Insured** in the course of **Business Activity**;
  - (h) for **Property Damage** which does not arise from breach of duty through a negligent act, error or omission by an **Insured** in the course of **Business Activity**;
  - (i) based upon, arising from or in consequence of **Pollution**;
  - (j) based upon, arising from or in consequence of:
    - (i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
    - (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
  - (k) based upon, arising from or in consequence of the ownership, occupation, possession or use by or on behalf of an **Insured** of any land, buildings, aircraft, watercraft, vessel or mechanically-propelled vehicle;
  - (l) based upon, arising from or in consequence of the sale, supply, distribution, manufacture, construction, installation, alteration, maintenance or repair, servicing or treatment of any

## *Professional Indemnity Policy*

goods or products by an **Insured**;

- (m) where the **Loss** is an **Insured Person's** and the **Claim** is based upon, arises from or is in consequence of any dishonest or fraudulent act or omission or any intentional breach of law committed or condoned by that **Insured Person**;
- (n) based upon, arising from or in consequence of any dishonest or fraudulent act or omission or any intentional breach of law by any principal, partner or director of an **Insured Organisation**;
- (o) for breach of, or alleging liability under, any express warranty, guarantee or contractual term except for such amount of **Loss** as the **Insured** would be legally and personally liable to pay in the absence of such warranty, guarantee or term;
- (p) based upon, arising from or in consequence of any **Insured** acting as a director or officer of any organisation;
- (q) by or on behalf of a parent, **Subsidiary**, affiliate or associate of an **Insured Organisation** except a **Claim** for contribution or indemnity which results solely from a claim against such parent, **Subsidiary**, affiliate or associate by a **Third Party**;
- (r) to the extent that that **Loss** consists of sums relating to any trading losses or trading liabilities incurred in connection with any business managed or carried on by an **Insured** on behalf of a client;
- (s) based upon, arising from or in consequence of the insolvency of any **Insured**;
- (t) based upon, arising from or in consequence of any libel, slander or other form of defamation which any **Insured** commits intentionally or recklessly.

### *Limits of Liability and Contribution*

- 7. On account of any one **Claim**, other than a **Formal Investigation**, brought and maintained entirely outside the **U.S.A.**:
  - (a) the **Company's** maximum liability for **Loss** other than **Defence Costs**, whether the **Claim** is against one or any number of **Insureds**, shall not exceed the Limit of Liability stated in Item 3(A) of the Declarations; and
  - (b) the **Company's** liability for **Defence Costs** shall be in addition to the Limit of Liability stated in Item 3(A) of the Declarations, but the **Company** shall only be liable for **Defence Costs** in proportion to the amount which the Limit of Liability in Item 3(A) of the Declarations bears to the total amount of **Loss**, other than **Defence Costs**, on account of that **Claim**.

The **Company's** maximum aggregate liability for all **Loss** on account of all **Claims** brought or maintained in whole or in part in the **U.S.A.**, whether against one or any number of **Insureds**, shall not exceed the Limit of Liability stated in Item 3(A) of the Declarations.

The **Company's** liability for **Formal Investigation Expenses** shall be in addition to the Limit of Liability stated in Item 3(A) of the Declarations. However, the **Company's** maximum aggregate liability for all **Formal Investigation Expenses** on account of all **Formal Investigations**, whether into the conduct of one or any number of **Insureds**, shall not exceed the Limit for **Formal Investigation Expenses** stated in Item 3(B) of the Declarations.

The **Company's** liability for costs and expenses of replacing or restoring **Documents** shall be in addition to the Limit of Liability stated in Item 3(A) of the Declarations. However, the **Company's** maximum aggregate liability for all such costs and expenses on account of all occasions of loss, damage or destruction of **Documents**, whether lost, damaged or destroyed by one or any number of **Insureds**, shall not exceed the Limit for **Document** replacement stated in Item 3(C) of the Declarations.

## *Professional Indemnity Policy*

The **Company's** liability for compensation provided for by Insuring Clause 4 shall be in addition to the Limit of Liability stated in Item 3(A) of the Declarations. However, the **Company's** maximum aggregate liability for all such compensation on account of all **Claims**, whether against one or any number of **Insureds**, shall not exceed the Court Attendance and Staff Disruption Limit stated in Item 3(D) of the Declarations.

All **Claims**, whether against one or any number of **Insureds**, arising out of the same **Wrongful Act** and/or arising out of causally connected **Wrongful Acts** shall be deemed to be a single **Claim** first made when the first of such **Claims** is first made. For the purposes of this paragraph, demands, proceedings and investigative inquiries not first made or instituted during the **Policy Period** but which would otherwise be **Claims** shall be deemed to be **Claims**.

With regard to each and every **Claim** which is not a **Formal Investigation**, the **Company** shall only be liable for that part of **Loss** which is in excess of the applicable Contribution stated in Item 4 of the Declarations.

Any **Defence Costs** within the Contribution which would otherwise be covered and which are funded by an **Insured** on account of a **Claim** shall be reimbursed by the **Company**, if a final adjudication exonerates all **Insureds** in such **Claim** from liability.

Amounts stated for Limits and Sublimits are maximum liabilities of the **Company** for all **Insureds** together, not maximum liabilities per **Insured**.

### *Reporting and Notice*

8. It is a condition precedent to the **Company's** liability under this Policy for a **Claim** that the **Company** is given written notice as soon as practicable of such **Claim**.

If this Policy is not renewed, the **Company** shall not be liable for any **Claim** of which it is not given written notice within 30 days of the end of the **Policy Period**.

If, during the **Policy Period**, any **Insured** becomes aware of circumstances which could give rise to a **Claim**, the **Company** must, as a condition precedent to its liability for **Claims** arising out of those circumstances, be given written notice of those circumstances as soon as practicable and within the **Policy Period**. Provided that this is done, any **Claim** subsequently arising from those circumstances shall be deemed to have been made during the **Policy Period**. Circumstances shall not be regarded as notified unless the written notice expressly identifies the **Wrongful Act** and the date it was committed, the potential damage, the potential claimants and defendants and the manner in which the **Insured** first became aware of the circumstances.

Each **Insured** shall, as a condition precedent to the **Company's** liability under this Policy for a **Claim**, give to the **Company** such information and co-operation as the **Company** may reasonably require, including but not limited to a description of the **Claim**, the nature of the alleged **Wrongful Act** and the date it was committed, the nature of the alleged damage, the names of the claimants and defendants and the manner in which the **Insured** first became aware of the **Claim**.

Each **Insured Organisation** shall, as a condition precedent to the **Company's** liability under this Policy for costs and expenses of replacing or restoring **Documents**, give the **Company** written notice as soon as practicable of the **Documents'** loss, damage or destruction and give to the **Company** such information and co-operation as the **Company** may reasonably require.

Notice to the **Company** under this Policy shall be given in writing addressed to:  
Notice of claim or circumstances: Claims Department  
Other requests: Executive Protection Department

Chubb Insurance Company of Europe SE  
106 Fenchurch Street  
London EC3M 5NB

## ***Professional Indemnity Policy***

Notice shall be effective on the date of receipt by the **Company** at such address.

### ***Defence and Settlement***

9. The **Company** shall have the right, but not the duty, to take over and conduct at any time the defence of **Claims**, including to appoint lawyers or other representatives or advisers for that purpose.

With respect to any **Claim**, the **Company** may at any time pay to the **Insured** the amount of the Limit of Liability stated in Item 3(A) of the Declarations which remains uneroded, the amount of any applicable sublimit which remains uneroded or the amount for which the **Claim** can be settled whichever is the lowest. Such payment shall immediately discharge all liability of the **Company** in respect of the **Claim** including liability for further **Defence Costs** and liability for further compensation under Insuring Clause 4.

Each **Insured** agrees not to settle or offer to settle any **Claim**, incur any **Defence Costs** or **Formal Investigation Expenses** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the **Company's** prior written consent which shall not be unreasonably withheld. The **Company** shall not be liable for any settlement, **Defence Costs**, **Formal Investigation Expenses**, assumed obligation or admission to which it has not consented in writing.

If the **Company** and an **Insured** disagree on whether a **Claim** against that **Insured** should be defended, then:

- (a) if the **Claim** is brought in England or Wales, they shall refer the question to a Queen's Counsel, or barrister of at least ten years' call, of the Bar of England and Wales to be mutually agreed between them (or, if they cannot agree on the Queen's Counsel or barrister, to be appointed by the Chairman for the time being of the Bar Council); or
- (b) if the **Claim** is brought in another jurisdiction, they shall refer the question to a lawyer qualified in the law of that jurisdiction of equivalent standing to a Queen's Counsel or barrister of ten years' call (or, if they cannot agree on the lawyer, to be appointed by such procedure in that jurisdiction as is similar to appointment by the Chairman of the Bar Council),

and such Queen's Counsel's, barrister's or lawyer's decision that the **Claim** should be defended or that it should be settled shall be implemented by the **Company** and that **Insured**. The fees charged by the Queen's Counsel, barrister or lawyer shall be deemed to be **Defence Costs**. The Queen's Counsel, barrister or other lawyer shall act as expert not arbitrator.

Each **Insured** undertakes not to prejudice the **Company's** interests or its potential or actual rights of recovery and to give to the **Company** such information and co-operation as the **Company** may require.

### ***Other Insurance***

10. If **Loss** (or loss, damage or destruction of **Documents**) is insured under any other valid policy, then this Policy shall cover such **Loss** (or loss, damage or destruction of **Documents**) subject to its terms, only to the extent that the amount of such **Loss** (or of the costs and expenses of replacing or restoring the **Documents**) is in excess of the amount of payment from such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided in this Policy (or, in the case of **Documents**, written only as specific excess insurance over the **Company's** maximum liability for the **Policy Period** for costs and expenses of replacing or restoring **Documents**).

### ***Acquisition or Creation of Another Organisation***

11. If, during the **Policy Period**, an **Insured Organisation**:



## ***Professional Indemnity Policy***

- (a) acquires securities or voting rights in another organisation or creates another organisation which as a result of such acquisition or creation becomes a **Subsidiary**; or
- (b) acquires any organisation by merger into or consolidation with an **Insured Organisation**,

then the organisation and its **Insured Persons** shall automatically become **Insureds** under this Policy with effect from the date of such acquisition or creation, but only with respect to **Wrongful Acts** after, and **Formal Investigations** into conduct after, such acquisition or creation.

However, if such acquired or created organisation:

- (i) has annual fee income or turnover which is greater than 10% of the **Insured Organisations'** annual fee income last declared to the **Company** prior to the **Policy Period**;
- (ii) has assets in the **U.S.A.**;
- (iii) provides advice or services as part of activities which are not activities listed in the definition of **Business Activity**;
- (iv) has ever been fined in an amount of £10,000 or more or has ever been found guilty of an offence by its regulator; or
- (v) has ever, with regard to any given twelve month period, incurred (through judgement or settlement) total losses equaling or exceeding £100,000 or 10% of the Limit of Liability stated in Item 3(A) of the Declarations (whichever is less) on account of the claims made against it in that period,

the **Policyholder** shall give written notice of such acquisition or creation to the **Company** as soon as practicable and also such information as the **Company** may require. The **Company** shall have the right to amend the terms of this Policy including charging an additional premium. The giving of that written notice and the payment of any additional premium charged shall be conditions precedent to the **Company's** liability under this Policy for a **Claim** which would not be covered by this Policy if the acquisition or creation had not taken place.

### ***Representations***

- 12. In issuing this Policy the **Company** has relied upon the material declarations and statements in the written application for this Policy and upon any material declarations and statements in the original written application submitted to another insurer with respect to any prior policy. All such material declarations and statements are the basis of cover and are incorporated into and constitute part of this Policy.

### ***Territory***

- 13. Unless otherwise provided in any Section, cover under this Policy shall extend worldwide.

### ***Valuation and Foreign Currency***

- 14. **Loss** which is not in the currency stated in Item 3(A) of the Declarations of this Policy or any endorsements thereto shall be converted to and paid in the currency of this Policy or any endorsements thereto based upon the rate of exchange published in The Financial Times on the date the final judgement is reached, the amount of the settlement is agreed upon or **Defence Costs** or any other element of **Loss** is due, respectively.

### ***Subrogation***

- 15. The **Company** shall be subrogated to the extent of any payment under this Policy to each **Insured's**

## *Professional Indemnity Policy*

rights of recovery, and each **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights and to enable the **Company** to bring proceedings in the name of that **Insured**.

The **Company** shall not exercise an **Insured's** rights of recovery against an **Employee** unless a dishonest, fraudulent or malicious act or omission by the **Employee** or an intentional breach of law by the **Employee** is a cause of the **Claim** in respect of which the **Company** seeks to exercise those rights of recovery or is a cause of **Loss** on account of that **Claim**.

### *Authorisation*

16. The **Policyholder** hereby agrees to act on behalf of all **Insureds** with respect to the giving and receiving of notice of **Claims** or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this Policy, and the **Insureds** agree that the **Policyholder** shall so act on their behalf.

### *Alteration & Assignment*

17. No change in, modification of, or assignment of interest under this Policy shall be effective except when made by written endorsement to this Policy duly executed on behalf of the **Company**.

### *Contracting Parties and Rights of Action*

18. No person shall have any rights under or in connection with this Policy by virtue of the Contracts (Rights of Third Parties) Act 1999 or any amendment or re-enactment thereof. The **Policyholder** may not assign to any other person any right or cause of action against the **Company** under or in connection with this Policy.

### *Termination*

19. Cover under this Policy shall terminate at the earliest of the following times:
- (a) seven days after the receipt by the **Policyholder** of a written notice of termination from the **Company** for non-payment of premium;
  - (b) expiration of the **Policy Period**;
  - (c) such other time as may be agreed upon by the **Company** and the **Policyholder** in writing.

### *Choice of Law and Forum*

20. The construction of the terms, and the validity and effect, of this Policy are governed by English law. Any dispute or difference arising under or in respect of this Policy shall be subject to and determined within the exclusive jurisdiction of the courts of England and Wales.