

Westport Insurance Corporation

(hereinafter called "the Company")

MASSACHUSETTS CUSTOMIZED PRACTICE COVERAGE®

TITLE INSURANCE AGENT LIABILITY COVERAGE UNIT

In consideration of the payment of the premium, in reliance upon the statements in the application, its attachments and any materials submitted therewith, all of which are made a part hereof, and subject to the Declarations, GENERAL TERMS & CONDITIONS and the terms and conditions of this COVERAGE UNIT, (including any endorsements hereto), the Company agrees with the NAMED INSURED as follows:

I. INSURING AGREEMENT

- A. The Company shall pay on behalf of any INSURED all LOSS in excess of the deductible which any INSURED becomes legally obligated to pay as a result of CLAIMS first made against any INSURED during the POLICY PERIOD and reported to the Company in writing during the POLICY PERIOD or within sixty (60) days thereafter, by reason of any WRONGFUL ACT occurring on or after the RETROACTIVE DATE, if any;
- B. The Company shall reimburse the INSURED up to \$10,000 per POLICY PERIOD, for reasonable fees, costs and expenses incurred in defending a DISCIPLINARY PROCEEDING based on a GRIEVANCE first made against any INSURED during the POLICY PERIOD, and reported to the Company in writing during the POLICY PERIOD or within sixty (60) days thereafter. This coverage applies only to such fees, costs and expenses. It does not apply to any monetary awards of any kind, judgments or settlements relating to, or directly or indirectly resulting from the institution or disposition of DISCIPLINARY PROCEEDINGS. The deductible shall not apply to this Insuring Agreement I.B.. Any payments made by the Company under this Insuring Agreement I.B. shall be in addition to the applicable limit of liability.
- C. No coverage shall be afforded for any title insurance agency or company on whose behalf the INSURED acts as title insurance agent, designated issuing agent or title abstractor, unless coverage for such agency or company is specifically endorsed hereon.

II. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS

As respects such insurance as is afforded by this COVERAGE UNIT, the Company shall:

- A. have the right and duty to select counsel and arbitrators and to defend any CLAIM for LOSS against any INSURED covered in Insuring Agreement I.A., even if such CLAIM is groundless, false or fraudulent, and shall have the right to make such investigation, negotiation and settlement, subject to Section II.B. below, of any CLAIM as it deems expedient;
- B. not settle any CLAIM without the written consent of the NAMED INSURED, which consent shall not be unreasonably withheld. If, however, the NAMED INSURED refuses to consent to a settlement recommended by the Company and elects to contest the CLAIM or continue legal proceedings in connection with such CLAIM, the Company's liability for the CLAIM shall not exceed the amount for which the CLAIM could have been settled, including CLAIMS EXPENSES incurred up to the date of such refusal, or the applicable limit of liability, whichever is less;

- C. reimburse up to \$500 to each INSURED for each day for his or her attendance at the Company's request at trial, court-imposed hearing, mediation, alternate dispute resolution, arbitration proceeding, or Board of Bar Overseers hearing involving a CLAIM, but the total amount so payable shall not exceed \$10,000 per CLAIM. The deductible shall not apply to this Section II.C.. Any payments made by the Company under this Section II.C. shall be in addition to the applicable limit of liability.

The Company shall not be obligated to pay any LOSS or CLAIMS EXPENSES or defend or continue to defend any CLAIM after the "Per Claim Limit of Liability" or "Aggregate Limit of Liability" under this COVERAGE UNIT has been exhausted by payment of LOSS and/or CLAIMS EXPENSES, or the deposit in a court having jurisdiction of sums exhausting the "Per Claim Limit of Liability" or "Aggregate Limit of Liability."

No INSURED shall, without prior written consent of the Company, incur any CLAIMS EXPENSES, make any payment or admission, admit liability, settle any CLAIMS, assume any obligation, agree to arbitration or any similar means of resolution of any dispute, or waive any rights.

If an INSURED is entitled to independent counsel (in those instances where the Company agrees to defend a CLAIM, and the Company reserves its rights to deny coverage on grounds which create a conflict of interests between an INSURED and the Company, and the INSURED does not waive the conflict), then the INSURED may select independent counsel. Such counsel shall have at least five (5) years of experience in the defense of similar CLAIMS, and maintain error and omissions insurance coverage. The INSURED and independent counsel shall provide full information, documentation and cooperation with respect to the defense, investigation and settlement of any CLAIM. The Company shall be liable only for reasonable and necessary defense costs at rates customarily paid by the Company for the defense of similar CLAIMS in the area where the CLAIM is being defended.

III. REPORTING AND NOTICE

As a condition precedent to coverage under this COVERAGE UNIT, if a CLAIM is made against any INSURED, or if any INSURED becomes aware of any CLAIM, the INSURED(S) shall, as soon as practicable, but no later than sixty (60) days after termination of the POLICY PERIOD, provide written notice to the Company. However, breach of this condition shall not result in a denial of coverage with respect to any INSURED who had no knowledge of the CLAIM. Nothing contained herein shall be construed as limiting the reporting requirements of Insuring Agreement 1.A.

If, during the POLICY PERIOD, any INSURED first becomes aware of a POTENTIAL CLAIM and gives written notice of such POTENTIAL CLAIM to the Company during the POLICY PERIOD, any CLAIMS subsequently made against any INSURED arising from the POTENTIAL CLAIM shall be considered to have been made during the POLICY PERIOD.

The INSURED(S) shall include within any notice of CLAIM or POTENTIAL CLAIM a description of the CLAIM or POTENTIAL CLAIM, the alleged WRONGFUL ACT including date(s) it was committed, a summary of the facts upon which the CLAIM or POTENTIAL CLAIM is based, the alleged or potential damage that may result, the names of actual or potential claimants, the names of INSURED(S) against whom CLAIMS may be made, and the date and circumstances by which the INSURED(S) first became aware of the CLAIM or POTENTIAL CLAIM.

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IV. TERRITORY

This COVERAGE UNIT applies to WRONGFUL ACT(S) that occur anywhere in the world, provided that the CLAIM is made and brought in the United States of America, its territories or possessions or Canada.

V. COOPERATION OF THE INSUREDS

- A. All INSUREDS shall cooperate with the Company in providing information requested by the Company regarding any CLAIM reported under the POLICY. All INSUREDS shall cooperate with the Company in the defense, investigation and settlement of any CLAIM. Upon the Company's request, the INSUREDS shall submit to examination or questioning under oath, attend hearings, depositions and trials and assist in effecting settlements, securing and giving evidence and obtaining the attendance of witnesses in the conduct of suits.
- B. All INSUREDS shall assist the Company in effecting any rights of indemnity, contribution or apportionment available to any INSURED or the Company, including the execution of such documents as are necessary to enable the Company to pursue claims in the INSUREDS' names, and shall provide all other assistance and cooperation which the Company may reasonably require.

VI. EXCLUSIONS

In addition to those Exclusions contained in Section XIV. of the GENERAL TERMS & CONDITIONS, this COVERAGE UNIT shall not apply to any CLAIM based upon, arising out of, attributable to, or directly or indirectly resulting from:

- A. any act, error, omission, circumstance, PERSONAL INJURY or breach of duty in the rendition of legal services for others in the INSURED'S capacity as a Lawyer, Arbitrator, Mediator or other neutral, or Notary Public;
- B. bodily injury to, or sickness, disease or death of any person. This exclusion does not apply to mental illness, emotional distress or humiliation caused by PERSONAL INJURY;
- C. any act, error, omission or PERSONAL INJURY committed or alleged to have been committed by any INSURED while that INSURED was a partner, officer, director, stockholder, shareholder or employee of a PRIOR FIRM if there is other valid and collectible insurance, under any other policy or policies covering that INSURED for LOSS and/or CLAIMS EXPENSES for such CLAIM, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise;
- D. any INSURED'S activities as an officer, director, partner, manager or employee of any company, corporation, operation, organization, partnership or association other than the NAMED INSURED or PRIOR FIRM, except as a member, director or officer of any Bar Association, its governing board or any of its committees;
- E. any conduct by an INSURED committed within the scope of or while acting in a capacity as a public official or an employee of a municipality or governmental body, subdivision, agency, department or unit;

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- F. any defects in title of which any INSURED had knowledge at the date of issuance of title insurance;
- G. any intentional breach of underwriting authority by any INSURED in the INSURED'S capacity as a title insurance agent;
- H. any breach or failure to perform, in whole or in part, any oral, written or implied contract, unless such liability would have attached to the INSURED even in the absence of such agreement;
- I. any conversion, misappropriation or improper commingling of funds, including but not limited to escrow activities and insurance placement. This exclusion does not apply to any INSURED who is not so adjudged;
- J. any CLAIM made by any INSURED under this POLICY against any other INSURED under this POLICY unless such CLAIM arises out of legal services by an INSURED rendered to such other INSURED as a client;
- K. any professional services rendered or that should have been rendered to or on behalf of any entity other than the Named Insured which, at that time was ten percent (10%) or more owned, controlled, managed or operated by any INSURED or combination of INSUREDS; and
- L. the certification or acknowledgment by any INSURED, in his or her capacity as a Notary Public, of a signature on a document which the INSURED did not witness being placed on the document.
- M. any CLAIM arising out of any act, error, omission or PERSONAL INJURY occurring prior to the effective date of this POLICY if a) the matter had previously been reported to any insurance company or b) if the INSURED at the effective date knew or could have reasonably foreseen that such act, error, omission or PERSONAL INJURY might be expected to be the basis of a CLAIM; provided, however, that subsection b) does not apply to any INSURED who had no knowledge of or could not have reasonably foreseen that any such act, error, omission or PERSONAL INJURY might be expected to be the basis of a CLAIM.

VII. DEFINITIONS

As respects such insurance as is afforded by this COVERAGE UNIT, the following definitions shall apply:

- A. **"NAMED INSURED" WHENEVER USED IN THIS COVERAGE UNIT MEANS** the person or entity listed in the Declarations and any PREDECESSOR thereof.
- B. **"INSURED" WHENEVER USED IN THIS COVERAGE UNIT MEANS:**
 - 1. the NAMED INSURED;
 - 2. any lawyer who is a past or present partner, officer, director, stockholder, shareholder, employee or "of counsel" of the NAMED INSURED, but only as respects professional services rendered on behalf of the NAMED INSURED;

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3. any lawyer listed in the application who is a partner, officer, director, stockholder, shareholder or employee of the NAMED INSURED at the time the CLAIM is made, but only as respects professional services rendered by such individual while associated with a PRIOR FIRM;
4. any lawyer who has retired from the NAMED INSURED, but only as respects professional services rendered prior to the date of retirement;
5. the heirs, executors, administrators and legal representatives of any INSURED, but only in their capacity as such in the event of any INSURED'S death, incapacity or bankruptcy, and only for CLAIMS based on professional services rendered prior to such INSURED'S death, incapacity or bankruptcy, and only to the extent that such INSURED would otherwise be covered by this COVERAGE UNIT; and
6. any past or present non-employee independent contractor attorney of the NAMED INSURED, but only for professional services rendered on behalf of the NAMED INSURED.

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C. **"GRIEVANCE" WHENEVER USED IN THIS COVERAGE UNIT MEANS:**

1. any charges filed by a client, former client or third party with a disciplinary official or agency alleging professional misconduct of an INSURED in rendering or failing to render services as a Title Insurance Agent; or
2. any investigation commenced or action brought by a bar association, disciplinary board or any other similar entity alleging violations of the rules of professional responsibility, or any other action to limit, suspend or revoke an INSURED'S license to practice law.

"GRIEVANCE" shall not include charges or actions filed with the Securities Exchange Commission, the Internal Revenue Service or other similar agency.

D. **"LOSS" WHENEVER USED IN THIS COVERAGE UNIT MEANS** the monetary and compensatory portion of any judgment, award or settlement, provided always that LOSS shall not include:

1. penalties, fees, sanctions or criminal fines;
2. matters deemed uninsurable;
3. the return by any INSURED of any fees or remuneration paid to any INSURED; or
4. any form of non-monetary relief.

E. **"POTENTIAL CLAIM" WHENEVER USED IN THIS COVERAGE UNIT MEANS:**

1. any act, error, omission, circumstance or PERSONAL INJURY which might reasonably be expected to give rise to a CLAIM against any INSURED under the POLICY; or

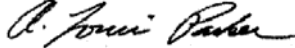
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2. any breach of duty to a client or third party which has not resulted in a CLAIM against any INSURED.
- F. **"PRIOR FIRM" WHENEVER USED IN THIS COVERAGE UNIT MEANS** any law firm or professional corporation engaged in the private practice of law for which any lawyer listed in the application was a sole proprietor, partner, officer, director, stockholder, shareholder or employee prior to such Lawyer joining the NAMED INSURED.
- G. **"WRONGFUL ACT" WHENEVER USED IN THIS COVERAGE UNIT MEANS** any negligent act, error, omission, circumstance, PERSONAL INJURY or breach of duty in the rendition of professional services for others either for a fee or pro bono in the INSURED'S capacity as a Title Insurance Agent or Title Abstractor, and arising out of the conduct of the INSURED as a Title Insurance Agent or Title Abstractor pursuant to an agreement with a licensed title insurance company/companies.

This COVERAGE UNIT is not valid unless completed by the attachment of the Declarations signed by an authorized representative and the GENERAL TERMS & CONDITIONS.

WESTPORT INSURANCE CORPORATION



President



Secretary

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