Solicitors Professional Liability

Policy Wording

Policy Holder: "Client_Name"
Policy Number: "AIG_Policy_Number"
## Schedule

<table>
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<tr>
<th>Policy number</th>
<th>AIGPROSOLS - 1211</th>
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<tr>
<td><strong>1</strong> Policyholder</td>
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<td><strong>2</strong> Address</td>
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</table>
| **3** Policy period | From: 01 October 2010  
To: 30 September 2011  
Both days inclusive |
| **4** Limit of Liability | Amounts GBP |
| (Any one Claim, exclusive of Defence Costs) | Limit |
| **5** Retention | GBP |
| (Each and every Claim, applicable to Defence Costs) | 1) Subject to an overall annual aggregate limit of GBP |
| | 2) | |
| | 3) It is agreed that where payments less than or equal to the applicable Retention specified in (1) are made by the Insured or by the Insurer either hereon or on any other policy on the Insured’s behalf which would qualify for payment by the Insurer, the amount of such payment shall be taken into account in determining the exhaustion of the annual aggregate limit. |
| | 4) Where a payment as described in (3) would exhaust the remainder of the annual aggregate, any amount not used for the purpose of the annual aggregate exhaustion will be paid by the Insurer. |
| **6** Professional Services | Private Legal Practice |
| **7** Premium | Premium |
| (Excluding applicable taxes) | |
8 Date Proposal and Declaration signed by Policyholder

Proposal

Declaration
Cover

Cover under this policy is afforded solely with respect to Claims for civil liability first made against an Insured or notified as Circumstances during the Policy Period or Regulatory Authority Awards, subject to the terms and conditions of this policy and to the Limit of Liability.

Civil liability
1 The Insurer will indemnify an Insured against civil liability to the extent that it arises from Private Legal Practice in connection with the Insured Firm’s Practice, provided that a Claim in respect of such liability:
   (a) is first made against an Insured during the Policy Period; or
   (b) is made against an Insured during or after the Policy Period and arises from Circumstances first notified to the Insurer during the Policy Period.

Regulatory Authority Awards
2 The Insurer will indemnify an Insured against any Regulatory Authority Award to the same extent as it indemnifies the Insured against civil liability under insuring clause 1, provided that:
   (a) The Regulatory Authority Award is made against an Insured during the Policy Period or arises from a Claim made or Circumstances first notified to the Insurer during the Policy Period.
   (b) The Regulatory Authority Award does not relate to a Claim made or Circumstances first notified prior to the Policy Period; and
   (c) The Insurer will have no liability in respect of any determination by the Legal Ombudsman pursuant to section 137(2)(b) of the Legal Services Act 2007 to refund any fees paid to an Insured.

Defence Costs
3 The Insurer will indemnify an Insured against Defence Costs reasonably and necessarily incurred with the consent of the Insurer in relation to:
   (a) any Claim referred to in insuring clause 1;
   (b) any Circumstances first notified to the Insurer during the Policy Period; or
   (c) any investigation or inquiry during or after the Policy Period arising from any Claim referred to in insuring clause 1 or from Circumstances first notified to the Insurer during the Policy Period, save in respect of any Solicitors Regulation Authority investigation or disciplinary proceeding under the authority of the Law Society (including, without limitation, the Solicitors Regulation Authority and the Solicitors Disciplinary Tribunal).
Notification

4 The Insured shall give written notice to the Insurer of any Claim made against the Insured as soon as practicable and during the Policy Period.

5 If an Insured becomes aware during the Policy Period of any Circumstances, the Insured must give notice in writing to the Insurer as soon as practicable, providing the reasons for anticipating the Claim and full particulars as to dates, acts and persons involved. Any Claim subsequently made against an Insured which arises out of the notified Circumstances and which is reported to the Insurer in accordance with this clause 5 and clause 6 shall be deemed to have been made against the Insured during the Policy Period.

6 All notifications must be in writing to:
AIG Claims Centre
The AIG Building
2-8 Altyre Road
Croydon CR9 2LG
or by facsimile to + 44 020 7954 8293;
or by e-mail to Claims.PI@aig.com.
If posted, the date of posting shall constitute the date that notice was given, and proof of posting shall be sufficient proof of notice.

7 The Insured will ensure the Insurer is kept apprised of any developments of which it becomes aware in respect of any Claim or notified Circumstances.
Defence / Settlement

Defence

8 The Insurer has the right at its own expense and its sole discretion to investigate, handle, take over, control, conduct or defend any Claim, notified Circumstances (whether or not any Claim has been made in relation to such Circumstances), investigation or inquiry, in the name of an Insured, to which this policy may respond under its insuring clauses. The Insurer does not assume any duty to defend.

9 If a dispute arises between an Insured and the Insurer in relation to the actual or proposed defence (including, but not limited to, strategy) of any Claim, Circumstances, investigation or inquiry conducted by the Insurer on an Insured’s behalf, the Insurer will brief senior counsel (of minimum 10 years call) to advise as to what defence should be undertaken, having due regard to the interests of both the Insured and Insurer. Both the Insured and Insurer shall be bound to follow counsel’s advice. Counsel’s fee will be payable by the Insurer, unless counsel’s advice concurs in substance with the Insurer’s actual or proposed defence.

Defence Costs

10 The Insured shall not incur any Defence Costs without the prior written consent of the Insurer. The Insurer will only indemnify an Insured for those Defence Costs incurred reasonably and necessarily with such consent. The Insurer’s consent shall not be unreasonably withheld or delayed.

11 In the event that the Insurer forms the view that the defence of a Claim has no realistic prospect of success, it may inform the Insured that it withhold its consent to the incurring of Defence Costs on the basis that they are not, or would not be, reasonably and necessarily incurred.

12 In the event that the Insurer decides that representation by a solicitor is necessary (such decision to be at the sole discretion of the Insurer) then the Insured shall select one of the Legal Panel to provide such legal representation.

13 Subject to clauses 10, 11 and 55, the Insurer will pay Defence Costs pursuant to insuring clause 3 as and when they are incurred, including Defence Costs incurred on behalf of an Insured who is alleged to have committed or condoned dishonesty or a fraudulent act or AIG Misrepresentation, provided that the Insurer is not liable for Defence Costs incurred on behalf of that Insured after the earlier of:

(a) that Insured admitting to the Insurer the commission or condoning of such dishonesty, fraudulent act or omission; or

(b) a court, judicial body or disciplinary tribunal finding that that Insured had committed or condoned such dishonesty or fraudulent act or omission.

Co-operation

14 An Insured will at its own cost:

(a) render all reasonable assistance to the Insurer and co-operate in the defence and investigation of any Claim, Circumstances, investigation, inquiry or Regulatory Authority Award and the assertion against third parties of indemnification and contribution rights, including, but not limited to attendance (whether as a witness or otherwise) at proceedings or alternative dispute resolution;

(b) use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any Claim or Regulatory Authority Award, and

(c) give such information to the Insurer as the Insurer may reasonably require to enable it to investigate and defend any Claim, Circumstances, investigation, inquiry or Regulatory Authority Award to determine the Insurer’s liability under this policy.

Settlement

15 An Insured shall not admit or assume any liability, negotiate towards settlement, enter into any settlement agreement, consent to any judgment or do anything which could be construed as such in respect of any Claim, Circumstances, investigation or inquiry, without the prior written consent of the Insurer, notified as to whether a Claim, Circumstances, investigation or inquiry conducted by the Insurer on behalf of a party is relevant to any Regulatory Authority Award, and judgments resulting from Claims defended in accordance with this policy, shall be recoverable under this policy. The Insurer’s consent shall not be unreasonably withheld or delayed.

16 The Insurer has the right at its absolute discretion to settle, compromise, make ex gratia payments in respect of any Claim, notified Circumstances (whether or not any Claim has been made in relation to such Circumstances), Regulatory Authority Award, investigation or inquiry to which this policy may respond under its insuring clauses.

17 If a dispute arises between an Insured and the Insurer as to whether a Claim should be settled or contested, the Insurer will brief senior counsel (of minimum 10 years call) to advise on whether or not the Claim against the Insured has reasonable prospects of success, taking into account any direction or guidance as to claims handling under the Qualifying Insurer’s Agreement. If counsel’s advice is that the Claim is likely to succeed, the Insurer shall with the consent of the Insured (not to be unreasonably withheld or delayed) take steps to settle the Claim on terms to be mutually agreed or, in default of agreement, such steps and on such terms as counsel advises having due regard to the interests of both the Insured and Insurer. Counsel’s fee will be payable by the party against whose contention counsel advised.
Limit of Liability

18 The total amount payable by the Insurer under this policy for any one Claim shall not exceed the Limit of Liability. Any sum paid by the Insurer under this policy for any one Claim shall erode the Limit of Liability applicable to that Claim.

19 The inclusion of more than one Insured under this policy does not operate to increase the total amount payable by the Insurer under this policy.

20 Defence Costs are payable in addition to the Limit of Liability. If a payment exceeding the Limit of Liability is made by an Insured (or any insurers providing excess cover to an Insured) to dispose of a Claim, the liability of the Insurer for Defence Costs will be only that proportion which the Limit of Liability for any one Claim bears to the total amount paid or payable to dispose of the Claim (exclusive of Defence Costs).

21 For the purposes of the Limit of Liability, all Claims against any one or more Insured arising from:

(a) one act or omission;
(b) one series of related acts or omissions;
(c) the same act or omission in a series of related matters or transactions;
(d) similar acts or omissions in a series of related matters or transactions; or
(e) one matter or transaction;
will be deemed to be and treated as one Claim.

Retention

22 The Insurer will indemnify the Insured pursuant to insuring clauses 1 and 2 in payment or settlement of any Claim or Regulatory Authority Award which is in excess of the Retention. For the avoidance of doubt, the Retention does not apply to Defence Costs nor does it reduce the Limit of Liability.

23 The Insured is liable up to the full amount of the Retention in the payment or settlement of any Claim or Regulatory Authority Award until the exhaustion of the annual aggregate limit of the Retention as specified in the Schedule.

24 A single Retention shall apply to Claims regarded as one Claim pursuant to clause 21.

25 If the Insured fails to pay any amount to a Claimant which is within the Retention within 30 days of it becoming due for payment, the Insurer shall be liable for any such amount upon notice by the Claimant of the Insured's default. Any amount paid by the Insurer shall erode the Limit of Liability accordingly, subject to clause 27.

26 The Insured shall remain liable to the Insurer for any amount paid or payable by the Insurer due to a default by the Insured under clause 25, plus interest at two per cent above the published base rate of borrowing as set by the Bank of England during the period of default.

27 Upon reimbursement by the Insured in accordance with clause 26, the Limit of Liability will be reinstated by the amount paid by the Insurer.
Special Conditions

Policy Purchase
28 In granting cover to the Insured, the Insurer has relied upon the statements and particulars in the Proposal, together with its attachments and other information supplied, and the accuracy thereof. These statements, particulars, attachments and information are the basis of cover and shall be considered incorporated in and constituting part of this policy.

29 Notwithstanding clause 28, but without prejudice to the Insurer’s rights of reimbursement, the Insurer will not avoid or repudiate this policy on any grounds whatsoever including non-disclosure or misrepresentation by an Insured, whether fraudulent or not.

Non-Observance
30 Notwithstanding clause 28, but without prejudice to the Insurer’s rights of reimbursement, the Insurer will not reduce or deny its liability under this policy for any non-observance of, or non-compliance with, the terms, provisions, warranties and conditions of this policy by an Insured, other than where policy exclusions are applicable or to the extent permissible under the Minimum Terms and Conditions.

Cancellation
31 This policy cannot be cancelled except by the agreement of both the Insured Firm and the Insurer, and in any event only in circumstances where:
   (a) the Insured Firm’s Practice is merged into a Successor Practice, provided that there is insurance complying with the Minimum Terms and Conditions in relation to that Successor Practice, in which case cancellation shall have effect no earlier than the date of such merger;
   (b) replacement insurance complying with the Minimum Terms and Conditions commences, in which case cancellation shall have effect no earlier than the date on which such replacement insurance commences;
   (c) it subsequently transpires that the Insured Firm is not required under the Solicitors’ Indemnity Insurance Rules 2010 to effect a policy of Qualifying Insurance, in which case cancellation shall have effect from the later of (a) the start of the relevant Policy Period and (b) the date on which the Insured Firm ceased to be required to effect a policy of Qualifying Insurance, or such later date as the Insured Firm and the Insurer may agree.

32 Cancellation will not affect the rights and obligations of the Insurer and the Insured accrued under this policy prior to the date from which cancellation has effect.

No Set-off
33 The Insurer shall not be entitled to set-off against any amount which it is liable to pay under this policy any payment due to it by any Insured.

Successor Practice Double Insurance
34 If the Insured Firm’s Practice is succeeded during the Policy Period and, as a result, a situation of “double insurance” exists between two or more insurers of the Successor Practice, contribution between insurers is to be determined in proportion to the relative numbers of Principals of the owners of the constituent practices immediately prior to succession.

Resolution of disputes regarding a Successor Practice
35 If there is a dispute as to whether a practice is a Successor Practice, the Insured and the Insurer will take all reasonable steps (including, if appropriate, referring the dispute to arbitration) to resolve the dispute in conjunction with any related dispute between any other party which has insurance complying with the Minimum Terms and Conditions and that party’s insurer.

Conduct of a Claim pending dispute resolution
36 Pending resolution of any coverage dispute and without prejudice to any issue in dispute, the Insurer will, if so directed by the Law Society, conduct any Claim, advance Defence Costs and, if appropriate, compromise and pay the Claim where the Law Society is satisfied that:
   (a) the party requesting the direction has taken all reasonable steps to resolve the dispute with the other party/parties; and
   (b) there is a reasonable prospect that the coverage dispute will be resolved or determined in the Insured’s favour; and
   (c) it is fair and equitable in all the circumstances for such direction to be given.

Minimum Terms and Conditions
37 In any dispute in connection with the terms, conditions, exclusions or limitations of this policy it is agreed and understood that the policy is to be construed or rectified so as to comply with the requirements of the Minimum Terms and Conditions. Any provision which is inconsistent with the Minimum Terms and Conditions is to be severed or rectified to comply.

Special Conditions prevail
38 The Special Conditions of the policy prevail to the extent of any inconsistency with any other conditions in the policy.
General Conditions

Continuing Duty
39 The Insured has a continuing duty beginning with the Proposal and continuing throughout the Policy Period to disclose as soon as reasonably practicable all material changes in information relevant to any risk underwritten by this policy.

Administration
40 The Insured Firm shall act on behalf of each and every Insured with respect to:
   (a) negotiating the terms and conditions of and binding cover;
   (b) the exercise of all rights of Insureds under this policy;
   (c) all notices;
   (d) Premiums;
   (e) endorsements to this policy;
   (f) the agreement as to the appointment of a member of the Legal Panel
   (g) dispute resolution; and
   (h) the receipt of all amounts payable to an Insured by the Insurer under this policy.

Allocation
41 In the event that any Claim, Circumstances, Regulatory Authority Award, investigation or inquiry involves both covered matters and matters not covered under this policy, a fair and proper allocation of any Defence Costs, compensation, damages, judgments and/or settlements shall be made between each Insured and the Insurer taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this policy.

Joint and several liability
42 Each Principal (including in the case of a Sole Practitioner any person held out as a Partner) has joint and several liability in respect of the duties or monies owed to the Insurer under this policy, save where expressly specified otherwise.

Assignment
43 This policy and any rights under or in respect of it cannot be assigned without the prior written consent of the Insurer.

Subrogation
44 If any payment is to be made under this policy in respect of a Claim, the Insurer shall be subrogated to all rights of recovery of the Insured whether or not payment has in fact been made and whether or not the Insured has been fully compensated for its actual loss. The Insurer shall be entitled to pursue and enforce such rights in the name of the Insured, who shall provide the Insurer with all reasonable assistance and co-operation in doing so, including the execution and delivery of any necessary instruments and papers. The Insured shall do nothing to prejudice these rights. Any amount recovered in excess of the Insurer’s total payment shall be restored to the Insured less the cost to the Insurer of such recovery.

Contract Rights
45 The Insurer agrees not to exercise any such rights of recovery against any Employee, or former Employee, unless the Claim is brought about or contributed to by the dishonest, fraudulent, intentional, criminal or malicious act or omission of such Employee. In its sole discretion, the Insurer may, in writing, waive any of its rights set out in this subrogation clause.

Scope and Governing Law
47 Where legally permissible, this policy shall apply to any Claim made against any Insured anywhere in the World.

Dispute Resolution
49 Disputes under and in relation to this policy shall be subject to the exclusive jurisdiction of the Courts of England and Wales.

Complaints
51 In the event that an Insured has a complaint against the Insurer, the Insured should write to:
   The Customer Relations Manager
   AIG Europe Limited
   The AIG Building
   2-8 Altyre Road
   Croydon
   CR9 2LG
   Or contact the Customer Relations Manager by phone on 020 8680 7288 or fax 020 8253 7569 or via email to uk.customerrelations@aig.com.
   To help the Insurer to deal with any complaints quickly, the Insured should quote the policy/Claim Number (where possible) and name of the Insured Firm.
   The Insurer will endeavour to acknowledge all complaints within 5 working days.
Reimbursement

52 Each Insured who committed or condoned (whether knowingly or recklessly):
   (a) any non-disclosure or misrepresentation (whether fraudulent or not);
   (b) any breach (whether fraudulent or not) of the terms, provisions or conditions of this policy; or
   (c) any dishonesty or any fraudulent act or omission,
will reimburse the Insurer to the extent that is just and equitable having regard to the prejudice caused to the Insurer’s interests by such non-disclosure, misrepresentation, breach, dishonesty, act or omission, provided that no Insured shall be required to make any such reimbursement to the extent that any such breach of the terms or conditions of the policy was in order to comply with any applicable rules or codes laid down from time to time by the Law Society, or in the Law Society publication “Your Clients – Your Business”, as amended from time to time.

53 No non-disclosure, misrepresentation, breach, dishonesty, fraudulent act or omission will be imputed to a body corporate unless:
   (a) in the case of a company it was committed or condoned by all directors of that company; or
   (b) in the case of a Limited Liability Partnership it was committed or condoned by all members of that Limited Liability Partnership.

54 Any right of reimbursement contemplated by clause 52 against any Employee (or former Employee), Sole Practitioner who carried on the Prior Practice or who carries on the Successor Practice during the Policy Period, (or against the estate or legal personal representative of any such person if they die or become legally incapacitated) is limited to the extent that is just and equitable having regard to the prejudice caused to the Insurer’s interests by that person having committed or condoned (whether knowingly or recklessly) dishonesty or any fraudulent act or omission.

Reimbursement of Defence Costs
55 The Insured will reimburse the Insurer for Defence Costs advanced on an Insured's behalf which the Insurer is not ultimately liable to pay.

Reimbursement of monies paid pending Dispute Resolution
56 The Insured will reimburse the Insurer following resolution of any coverage dispute for any amount paid by the Insurer on an Insured’s behalf, which on the basis of the resolution of the dispute, the Insurer ultimately is not liable to pay.

Withholding assets or entitlements
57 The Insured will be required to account to the Insurer upon the Insurer's request for any asset or entitlement of any person who committed or condoned any dishonesty or fraudulent act or omission giving rise to a Claim or Regulatory Authority Award, provided that the Insured is legally entitled to withhold that asset or entitlement from that person.
Run-off Cover

Cessation of the Insured Firm’s Practice
58 If the Insured Firm’s Practice ceases during or on expiry of the Policy Period and the Insured Firm has not obtained succeeding insurance, in consideration of a one-off premium of 350% of the annual Premium, this policy will provide Run-off cover.
59 For the purposes of Run-off cover, an Insured Firm’s Practice shall (without limitation) be regarded as ceasing if (and with effect from the date upon which) the Insured Firm becomes a non-Solicitors Regulatory Authority Firm.

Scope of Run-off cover
60 The Run-off cover will indemnify each Insured in accordance with insuring clauses 1 to 3, (but subject to the limits, exclusions and conditions of the policy) on the basis that the Policy Period extends for an additional six years, ending on the sixth anniversary of the date upon which, but for clause 58, it would have ended.
61 No Run-off cover will be provided if there is a Successor Practice to the ceased Insured Firm’s Practice which has insurance complying with the Minimum Terms and Conditions, unless the Insured Firm makes an election pursuant to clause 62.

Succession
62 If there is a Successor Practice to the ceased practice, the Insured Firm may before the cessation of its practice elect whether it wishes the ceased practice to be insured under the Run-off cover referred to in clause 58, subject to the payment of the premium due under that clause.
63 Where an Insured Firm makes an election pursuant to clause 62, the Insurer shall give notice to the Law Society in writing of the election not later than seven days following the receipt by the Insurer of the Insured Firm’s election and that election has become effective and the Insured Firm shall irrevocably consent to that notification.

Suspended Practices
64 Where Run-off cover has been activated in accordance with clause 58, but the Insured Firm’s Practice restarts, the Insurer may (but shall not be obliged to) cancel such Run-off cover, on such terms as may be agreed, provided that:
(a) there is insurance complying with the Minimum Terms and Conditions in relation to that Insured Firm in force on the date of cancellation; and
(b) the insurer providing such insurance confirms in writing to the Insured Firm and Insurer that:
(i) it is providing insurance complying with the Minimum Terms and Conditions in relation to that Insured Firm for the then current policy period; and
(ii) it is doing so on the basis that the Insured Firm’s Practice is regarded as being a continuation of the Insured Firm’s Practice prior to its cessation and that accordingly it is liable for Claims against the Insured Firm arising from incidents, occurrences, facts, matters, acts and/or omissions which occurred prior to cessation of the practice.
Exclusions

65 The **Insurer** will have no liability to indemnify an **Insured** in respect of, or in any way relating to, any Claim, Circumstances or Regulatory Authority Award or related Defence Costs arising out of, based upon or attributable to, or related in any way to any of the following exclusions.

**Prior Claim**
66 This policy excludes from cover any Claim or Regulatory Authority Award made prior to the inception of this policy or arising out of Circumstances notified during a previous policy period.

**Restitutionary Claims**
67 The **Insurer** will have no liability to indemnify an **Insured** in relation to any restitutionary claim made against that **Insured**. In the event that a **Claimant** seeks both civil compensation and/or civil damages and a restitutionary award or remedy, the **Insurer** will only indemnify the **Insured** in respect of the **Claim** for civil compensation and/or civil damages, and in any event only to the extent it is liable under the policy in accordance with clause 41.

**First Party Loss**
68 The **Insurer** will have no liability to indemnify an **Insured** in relation to any first party liability or loss or expense of an **Insured**.

**Asbestos**
69 The **Insurer** will have no liability to indemnify an **Insured** in relation to asbestos, or any actual or alleged asbestos-related injury or damage involving the use, presence, existence, detection, removal, elimination or avoidance of asbestos or exposure to asbestos.

70 Clause 69 will not limit any liability of the **Insurer** to indemnify an **Insured** under the policy for any Claim or related Defence Costs arising from any actual or alleged breach of duty in the performance of (or failure to perform) legal work or the failure to discharge or fulfil any duty incidental to the **Insured Firm’s Practice** or to the conduct of Private Legal Practice.

**Bodily/Psychological Injury**
71 The **Insurer** will have no liability to indemnify an **Insured** for any liability for causing or contributing to death or bodily or psychological injury, other than psychological injury or emotional distress to the extent that it arises from a breach of duty in the performance of (or failure to perform) legal work.

**Directors and Officers Liability**
72 The **Insurer** will have no liability to indemnify an **Insured** who is a natural person acting in his or her capacity as a director (or shadow member or director within the meaning of section 251 of the Insolvency Act 1986) or officer of a body corporate (other than a Recognised Body or a service, administration, trustee or nominee company which is an **Insured** under the policy). This exclusion shall not apply to:

(a) any liability of that person which arises from a breach of duty in the performance of (or failure to perform) legal work; and
(b) any vicarious or joint liability of any other **Insured**.

**Employment Breaches & Discrimination**
73 The **Insurer** will have no liability to indemnify an **Insured** in relation to wrongful dismissal, repudiation or breach of an employment contract or arrangement, termination of a training contract, failure to promote, harassment, discrimination or like conduct in relation to any partnership or shareholder contract, agreement or arrangement or the equivalent in the case of a Limited Liability Partnership or a company without share capital, or in relation to any employment, secondment or training contract, agreement or arrangement.

**Fines & Penalties**
74 The **Insurer** will have no liability to indemnify an **Insured** in relation to any:

(a) fine or penalty;
(b) award of punitive, exemplary, or like damages under the law of the United States of America or Canada, other than in respect of defamation; or
(c) any order or agreement to pay the costs of a complainant, regulator, investigator or prosecutor of any professional conduct complaint against, or investigation into the professional conduct of, an **Insured**.

**Fraud/Dishonesty**
75 The **Insurer** will have no liability to indemnify an **Insured** in relation to any civil liability or related Defence Costs arising from a dishonest or fraudulent act or omission committed or condoned by an **Insured** except that no such dishonesty, act or omission will be imputed to:

(a) any other **Insured**; or
(b) a body corporate unless:

(i) in the case of a company it was committed or condoned by all the directors of that company; or
(ii) in the case of Limited Liability Partnership it was committed or condoned by all members of that Limited Liability Partnership.

**Partnership Disputes**
76 The **Insurer** will have no liability to indemnify an **Insured** in relation to any actual or alleged breach of the **Insured Firm’s** partnership or shareholder contracts, agreements or arrangements including any equivalent agreement or arrangement where the **Insured Firm** is a Limited Liability Practice or a company without share capital (including that relating to any Prior Practice or Successor Practice).
**Property Damage**

77 The *Insurer* will have no liability to indemnify an *Insured* for causing or contributing to any damage to, destruction or physical loss of, any property (other than property in the care, custody and control of any *Insured* in connection with the *Insured Firm’s Practice*, and not occupied or used in the course of the *Insured Firm’s Practice*), except when liability for such damage, destruction or loss arises from breach of duty of an *Insured* in the performance of (or failure to perform) legal work.

**Debts and Trading liabilities**

78 The *Insurer* will have no liability to indemnify an *Insured* in relation to any:

(a) trading or personal debt of an *Insured*;
(b) legal liability assumed or accepted by an *Insured* under any contract or agreement for the supply to, or use by, the *Insured* of goods or services in the course the *Insured Firm’s Practice*; or
(c) guarantee, indemnity or undertaking by any *Insured* in connection with the provision of finance, property, assistance or other benefit or advantage directly or indirectly to that *Insured*.

79 Clause 78(b) will not apply to any legal liability arising in the course of an *Insured Firm’s Practice* in connection with an *Insured’s* use of or access to the HM Land Registry network (including, without limitation, access under a Network Access Agreement made under the Land Registration (Network Access) Rules and the Land Registration (Electronic Communications) Order 2007) other than an obligation to pay search fees or other charges for searches or services provided by HM Land Registry to the *Insured Firm*.

**War and Terrorism**

80 The *Insurer* will have no liability to indemnify an *Insured* in respect of, or in any way in connection with any war (declared or otherwise), terrorism, warlike, military, terrorist or guerrilla activity, sabotage, force of arms, hostilities (declared or undeclared), rebellion, revolution, civil disorder, insurrection, usurped power, confiscation, nationalisation or destruction of or property damage by or under the order of, any governmental, public or local authority or any other political or terrorist organisation.

81 Clause 80 will not limit any liability of the *Insurer* to indemnify an *Insured* under the policy for any *Claim* or related *Defence Costs* arising from any actual or alleged breach of duty in the performance of (or failure to perform) legal work or the failure to discharge or fulfil any duty incidental to the *Insured Firm’s Practice* or to the conduct of *Private Legal Practice*. 
Definitions

Plurals, Headings and Titles
82 The descriptions in the headings and titles of this policy are solely for reference and convenience and do not lend any meaning to this contract.
83 Words and expressions in the singular shall include the plural and vice versa. In this policy, words in italic typeface have special meaning and are defined. Words that are not specifically defined in this policy have the meaning normally attributed to them.
84 References to a person include a body corporate, partnerships and other unincorporated associations or bodies of persons.
85 References to a director include a member of a Limited Liability Partnership.
86 References to any statute, statutory provision, code or regulation includes: (a) any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) made under it; and (b) any provision which it has superseded or re-enacted (with or without modification) or amended, and any provision superseding it or re-enacting it (with or without modification) or amending it either before, or at or after the date of this policy.

Defined terms:
In this Policy:
Circumstances means an incident, occurrence, fact, matter, act or omission which may give rise to a Claim in respect of civil liability to the extent that it arises from Private Legal Practice in connection with the Insured Firm’s Practice.
Claim means a demand for, or an assertion of a right to, civil compensation or civil damages or an intimation of an intention to seek such compensation or damages. For these purposes, an obligation on an Insured Firm and/or any Insured to remedy a breach of the Solicitors’ Accounts Rules 1998 (as amended from time to time), or any rules which replace the Solicitors’ Accounts Rules 1998 in whole or in part:
(a) shall be treated as a Claim, and the obligation to remedy such breach shall be treated as a civil liability for the purposes of the insuring clauses, whether or not any person makes a demand for, or an assertion of a right to, civil compensation or civil damages or an intimation of an intention to seek such compensation or damages as a result of such breach, except where any such obligation may arise as a result of the insolvency of a bank (as defined in section 87 of the Solicitors Act 1974) or a building society (within the meaning of the Building Societies Act 1986) which holds client money in a client account of the Insured Firm or the failure of such bank or building society generally to repay monies on demand; and
(b) an obligation to remedy a breach of the Solicitors’ Accounts Rules 1998 will arise upon discovery by and/or notification to an Insured of the breach.
Claimant means a person or entity which has made or may make a Claim.
Defence Costs means legal costs and disbursements and investigative and related expenses incurred by or on behalf of an Insured in:
(a) defending any proceedings relating to a Claim; or
(b) conducting any proceedings for indemnity, contribution or recovery relating to a Claim; or
(c) investigating, reducing, avoiding or compromising any Claim or Circumstances.
Defence Costs do not include any internal or overhead expenses of the Insured Firm or any Insured or the cost of any Insured’s time.
Employee means any person other than a Principal:
(a) employed or otherwise engaged in the Insured Firm’s Practice (including under a contract for services) including, without limitation, as a solicitor, lawyer, trainee solicitor or lawyer, consultant, associate, locum tenens, agent, appointed person (as defined in the Solicitors’ Indemnity Insurance Rules 2010), office or clerical staff member or otherwise;
(b) seconded to work in the Insured Firm’s Practice; or
(c) seconded by the Insured Firm to work elsewhere.
Employee does not include any person who is engaged by the Insured Firm under a contract for services in respect of any work where that person is required, whether under the Solicitors’ Indemnity Insurance Rules 2010 or under the rules of any other professional body, to take out or to be insured under separate professional indemnity insurance in respect of that work.
Insured means:
(a) the Insured Firm;
(b) each Partnership or Recognised Body which, or Sole Practitioner who, carried on a Prior Practice;
(c) each Partnership or Recognised Body which, or Sole Practitioner who, carries on a Successor Practice during the Policy Period;
(d) each service, administration, trustee or nominee company owned as at the date of occurrence of relevant Circumstances by:
(i) the Insured Firm and/or the Principals of the Insured Firm;
(ii) the Partnership or Recognised Body which, or Sole Practitioner who, carried on a Prior Practice and/or the Principals of such Partnership or Recognised Body;
(iii) the Partnership or Recognised Body which, or Sole Practitioner who, carries on the Successor Practice and/or the Principals of such Partnership or Recognised Body;
(e) each Principal (or former Principal) of:
(i) the Insured Firm;
(ii) a company referred to in paragraph (d);
(f) each Employee (or former Employee) of:
   (i) the Insured Firm;
   (ii) a company referred to in paragraph (d);
   (iii) the Partnership, Recognised Body or Sole Practitioner referred to in paragraphs (b) and (c); or
   (g) the estate or legal personal representative of any deceased or legally incapacitated Sole Practitioner referred to in paragraphs (b) and (c) or any person referred to in paragraphs (e) and (f).

References in this policy to the Insured shall be construed (so far as the circumstances permit) as referring to the relevant Insured seeking indemnity under this policy.

Insured Firm means the firm (as defined for the purposes of the Solicitors’ Indemnity Insurance Rules 2010) and any other entities specified in the Schedule which contracted with the Insurer to provide the insurance.

Insured Firm’s Practice means:
(a) the legal practice carried on by the Insured Firm as at the commencement of the Policy Period;
(b) a Prior Practice to the practice referred to in paragraph (a) (irrespective of changes in ownership of the practice or in the composition of any Partnership which owned the practice); and
(c) a Successor Practice to the practice referred to in paragraph (a) where succession is as a result of one or more mergers, acquisitions, absorptions or other transitions (irrespective of changes in ownership of the practice or in the composition of the any Partnership which owned or owns the practice), unless there is Run-off cover in accordance with clause 62.

Insurer means AIG Europe Limited.

Law Society means The Law Society of England and Wales and where appropriate the Solicitors Regulation Authority, the Legal Complaints Service and the Office for Legal Complaints (including the Legal Ombudsman), and any delegate or successor body.

Legal Panel means the firms of solicitors appointed from time to time by the Insurer to provide legal representation for and advice to its professional liability policy holders.

Limit of Liability means the amount specified in the Schedule.

Limited Liability Partnership means a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000.

Minimum Terms and Conditions means the minimum terms and conditions required by the Solicitors’ Indemnity Insurance Rules 2010 for insurance (as from time to time modified or replaced) prevailing at the inception of the Policy Period. Such Minimum Terms and Conditions shall be construed consistently with the same or similar words or expressions in the Solicitors’ Indemnity Insurance Rules 2010.

Partner means a partner, or a person who is held out to be a partner, of a Partnership.

Partnership means an unincorporated Insured Firm in which persons are, or are held out as, Partners and does not include an Insured Firm incorporated as a Limited Liability Partnership.

Policy Period means the period for which the insurance operates as specified in the Schedule.

Premium means the amount specified as such in the Schedule and any premium adjustment reflected in an endorsement to this policy.

Principal means:
1 where the Insured Firm is or was:
   (a) a Sole Practitioner – that practitioner;
   (b) a Partnership – each Partner;
   (c) a company with a share capital – each director of that company and any solicitor, Registered European Lawyer or Registered Foreign Lawyer who:
       (i) is held out as a director; or
       (ii) beneficially owns the whole or any part of a share in the company; or
       (iii) is the ultimate beneficial owner of the whole or any part of a share in the company;
   (d) a company without a share capital – each director of that company and any solicitor, Registered European Lawyer or Registered Foreign Lawyer who:
       (i) is held out as a director; or
       (ii) is a member of the company; or
       (iii) is the ultimate owner of the whole or any part of a body corporate or other legal person which is a member of the company;
   (e) a Limited Liability Partnership – each member of that Limited Liability Partnership, and any solicitor, Registered European Lawyer or Registered Foreign Lawyer who is the ultimate owner of the whole or any part of a body corporate or other legal person which is member of the Limited Liability Partnership.
2 where a body corporate or other legal person is a Partner in the Insured Firm, all solicitors, Registered European Lawyers or Registered Foreign Lawyers who are within paragraph 1(c) of this definition (including sub-paragraphs (i) and (iii) thereof), paragraph 1(d) of this definition (including sub paragraphs (i) and (iii) thereof), or paragraph 1(e) of this definition.

Prior Practice means each practice to which the Insured Firm’s Practice is ultimately a Successor Practice by way of one or more mergers, acquisitions, absorptions or other transitions, but does not include any such practice which has elected to be insured under Run-off cover in accordance with clause 62 of this policy.

Private Legal Practice means the provision of services in private practice as a solicitor or Registered European Lawyer including, without limitation:
(a) the provision of such services in England, Wales or anywhere in the world, whether alone or with other
lawyers in a Partnership permitted to practise in England and Wales by rule 12 of the Solicitors’ Code of Conduct 2007 or a Recognised Body; and

(b) the provision of such services as a Secondee of the Insured Firm; and

(c) any Insured acting as a personal representative, trustee, attorney, notary, insolvency practitioner or in any other role in conjunction with a practice; and

(d) the provision of such services by any Employee; and

(e) the provision of such services pro bono publico.

Private Legal Practice does not include:

(a) practising as an Employee of an employer other than a solicitor, a Registered European Lawyer, a Partnership permitted to practise in England and Wales by rule 12 of the Solicitors’ Code of Conduct 2007, or a Recognised Body; or

(b) discharging the functions of any of the following offices or appointments:

(i) judicial office;

(ii) under Sheriffs;

(iii) members and clerks of such tribunals, committees, panels, and boards as the Council may from time to time designate but including those subject to the Tribunals and Inquiries Act 1992, the Competition Commission, Legal Services Commission Review Panels and Parole Boards;

(iv) Justices’ Clerks; or

(v) Superintendent Registrars and Deputy Superintendent Registrars of Births, Marriages and Deaths and Registrars of Local Crematoria.

Proposal means any signed proposal and/or declaration and any other information supplied to the Insurer by or on behalf of the Insured Firm in order to obtain this policy of insurance.

Recognised Body means a body for the time being recognised by the Solicitors Regulation Authority under Section 9 of the Administration of Justice Act 1985 and the SRA Recognised Bodies Regulations 2009.

Registered European Lawyer means an individual registered with the Law Society under section 89 of the Courts and Legal Services Act 1990.

Regulatory Authority Award means any amount paid or payable in accordance with the recommendation of the Legal Services Ombudsman, the Legal Complaints Service, the Office for Legal Complaints (including the Legal Ombudsman pursuant to sections 137(2)(c) and section 137(4)(b) of the Legal Services Act 2007) or any other regulatory authority.

Retention means the first amount of each and every Claim which is not covered by the insurance as specified in the Schedule, and is borne by the Insured in accordance with clauses 22 and 23.

Run-off cover means the extension to the Policy Period described in clause 60.

Secondee means any natural person who is seconded to work at the Insured Firm, a Subsidiary, Prior Practice or Successor Practice, or who is seconded by the Insured Firm, Subsidiary, Prior Practice or Successor Practice to work elsewhere.

Sole Practitioner means a solicitor or Registered European Lawyer who is a sole practitioner, and includes a Recognised Sole Practitioner. A Recognised Sole Practitioner means a solicitor or Registered European Lawyer authorised by the Solicitors Regulation Authority under section 1B of the Solicitors Act 1974 to practise as a sole practitioner.

Successor Practice means a Practice identified in this definition as “B”, where:

(a) “A” is the Practice to which B succeeds; and

(b) “A’s owner” is the owner of A immediately prior to transition; and

(c) “B’s owner” is the owner of B immediately following transition; and

(d) “transition” means merger, acquisition, absorption or other transition which results in A no longer being carried on as a discrete legal Practice.

B is a Successor Practice to A where:

(a) B is or was held out, expressly or by implication, by B’s owner as being the successor of A or as incorporating A, whether such holding out is contained in notepaper, business cards, form of electronic communications, publications, promotional material or otherwise, or is contained in any statement or declaration by B’s owner to any regulatory or taxation authority; and/or

(b) where A’s owner was a Sole Practitioner and the transition occurred on or before 31 August 2000) – the Sole Practitioner is a Principal of B’s owner; and/or

(c) (where A’s owner was a Sole Practitioner and the transition occurred on or after 1 September 2000) – the Sole Practitioner is a Principal or Employee of B’s owner; and/or

(d) (where A’s owner was a Recognised Body) – that body is a Principal of B’s owner; and/or

(e) (where A’s owner was a Partnership) – the majority of the Principals of A’s owner have become Principals of B’s owner; and/or

(f) (where A’s owner was a Partnership and the majority of Principals of A’s owner did not become Principals of the owner of another legal Practice as a result of the transition) - one or more of the Principals of A’s owner have become Principals of B’s owner and:

(i) B is carried on under the same name as A or a name which substantially incorporates the name of A (or a substantial part of the name of A); and/or

(ii) B is carried on from the same premises as A; and/or

(iii) the owner of B acquired the goodwill and/or assets of A; and/or
(iv) the owner of B assumed the liabilities of A; and/or
(v) the majority of staff employed by A's owner became employees of B's owner.

Notwithstanding the foregoing, B is not a Successor Practice to A under paragraphs b. to f. if another Practice is or was held out by the owner of that other Practice as the successor of A or as incorporating A, provided that there is insurance complying with the *Minimum Terms and Conditions* in relation to that other Practice.
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