



AMERICAN INTERNATIONAL COMPANIES®

70 Pine Street, New York, New York 10270
(212) 770-7000

National Union Fire Insurance Company of Pittsburgh, Pa.

(the above being a capital stock company)

(This policy is issued only by the insurance company indicated above.)

**KENTUCKY REAL ESTATE LICENSEE EXCESS AND AUGMENTED
PROFESSIONAL LIABILITY INSURANCE POLICY**

NOTICE: THIS IS A CLAIMS-MADE POLICY. EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGE PROVIDED UNDER THIS POLICY IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED AND REPORTED TO US IN WRITING DURING THE POLICY PERIOD. PLEASE READ THE ENTIRE POLICY CAREFULLY, AND DISCUSS THE COVERAGE THEREUNDER WITH YOUR INSURANCE AGENT OR BROKER.

DECLARATIONS

POLICY NUMBER:

Item 1. First Named Insured and Address (Number, Street, City, County, State, Zip Code)

Producer Name:

*WILLIAMS UNDERWRITING GROUP, INC
P.O. BOX 769
JEFFERSONVILLE, IN 47131-0769*

Form of Named Insured's Business: _____

Item 2. Policy Period:

From (Month/Day/Year): _____
Inception Date
(12:01 a.m. Standard Time at the address stated in Item 1. above)

To (Month/Day/Year): _____
Expiration Date

Item 3. Retroactive Date*: _____

(*If no date is indicated, "your retroactive date" is the same date as the Inception Date stated in Item 2. above; the policy does not apply to "wrongful acts" resulting from "real estate services" performed prior to "your retroactive date.")

Item 4. Limits of Liability

Each Claim Limit: \$ _____
Aggregate Limit: \$ _____

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tem 5. Deductible:

Each Claim Deductible:** \$ _____

(Coverage B Only / Augmented Real Estate Licensee Professional Liability Coverage Only)**

Item 6. Premium: \$ _____

Item 7. Underlying Insurance*:**

Policy Name: *Kentucky Real Estate Licensee Professional Liability Insurance Policy Claims-Made, issued by National Union Fire Insurance Company of Pittsburgh, Pa.*

Policy Number: 5508257

(*Coverage A Only / Excess Real Estate Licensee Professional Liability Coverage Only):**

Form Numbers of Policy Provisions and Endorsements forming a part of this policy at inception:

Form #	Form Title

IN WITNESS WHEREOF, we have caused this policy to be signed on this declarations page by our President, a Secretary and our duly authorized representative.

PRESIDENT

SECRETARY

AUTHORIZED REPRESENTATIVE

Kentucky Real Estate Licensee Excess and Augmented Professional Liability Insurance Policy

THIS IS A CLAIMS-MADE POLICY. PLEASE READ ALL PROVISIONS AND CONTACT YOUR PROGRAM ADMINISTRATOR IF YOU HAVE ANY QUESTIONS. THE POLICY APPLIES ONLY TO WRONGFUL ACTS THAT OCCUR BETWEEN YOUR RETROACTIVE DATE AND THE END OF THE POLICY PERIOD. THE POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST AN INSURED AND REPORTED TO US ON OR AFTER THE INCEPTION DATE AND BEFORE THE END OF THE POLICY PERIOD. UPON TERMINATION OF THE POLICY, AN EXTENDED REPORTING PERIOD MAY BE AVAILABLE.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and what is not covered.

Throughout this policy the words "you" and "your" refer to the "first named insured" stated in the Declarations, and any other person or organization qualifying as an insured under this policy. The words "we," "us" and "our" refer to the Company stated in the Declarations as the insurer.

The word "insured" means any person or organization qualifying as such under **WHO IS AN INSURED (SECTION III)** of this policy.

Other words and phrases that appear in quotation marks are defined in **SECTION VI (DEFINITIONS)** of this policy.

In consideration of the payment of the premium when due, and:

- a. in reliance upon the statements made in the Declarations; and
- b. subject to the applicable Limits of Liability, Deductibles, Exclusions, Definitions, Conditions and all other terms of this policy, including those modified, replaced by or added by any endorsement(s) we issue forming a part of this policy,

we agree with you as follows:

SECTION I – COVERAGES

1. Insuring Agreements

Coverage A – Excess Real Estate Licensee Professional Liability

We will pay on behalf of the insured all sums that the insured shall become legally obligated to pay as "damages" which are:

- a. because of any injury or "damage" for which insurance is afforded by the "underlying insurance;"
- b. not excluded or modified by the Exclusions, Conditions, Definitions or any other terms of this policy; and
- c. arising from a "claim" first made against an insured and reported to us on or after the inception date of this policy, as stated in the Declarations, and before the end of the "policy period" or any applicable **EXTENDED REPORTING PERIOD (SECTION VIII)**;

but only to the extent that such "damages" are in excess of the total limits of "underlying insurance" that have been reduced or exhausted solely by payment of that portion of judgments or settlements to which this policy applies.

We have the right to associate with the insured's counsel or other counsel in the defense of any "claim" or "suit" seeking "damages" to which **Coverage A** applies if it appears to us to be reasonably likely to involve us or in any way obligate us to pay "damages" under this policy, including, but not limited to, associating in the negotiation of a settlement. Our right to defend any "claim" or "suit" seeking "damages" is described in **2. Defense of "Claims" or "Suits"** below. We have no duty to defend any "claim" not covered by this policy.

Coverage B – Augmented Real Estate Licensee Professional Liability

1. We will pay on behalf of the insured all sums that the insured shall become legally obligated to pay as "damages" because of a "wrongful act" in the rendering or failure to render "real estate services" to which this policy applies.
2. This policy applies to a "wrongful act" only if:
 - (a) the "wrongful act" takes place in the "coverage territory;"
 - (b) the "wrongful act" did not occur before "your retroactive date" or after the end of the "policy period;"
 - (c) prior to the inception date of this policy, the insured had no knowledge of:
 - (1) the "wrongful act" or any resulting "claim" or "suit;" or
 - (2) any "wrongful act" which would result, or could have reasonably been expected to result, in a "claim" or "suit;"whether or not notice of any such "claim" or "suit" was furnished to any other insurer; and
 - (d) a "claim" for "damages" is first made against an insured and reported to us after on or after the inception date of this policy, as stated in the Declarations, and before the end of the "policy period" or any applicable Extended Reporting Period.

We have the right to associate with the insured's counsel or other counsel in the defense of any "claim" or "suit" seeking "damages" to which **Coverage B** applies if it appears to us to be reasonably likely to involve us or in any way obligate us to pay "damages" under this policy, including, but not limited to, associating in the negotiation of a settlement. Our right and duty to defend is described in **2. Defense of "Claims" or "Suits"** below. We have no duty to defend any "claim" not covered by this policy.

Coverages A and B

- a. A "claim" by a person or organization seeking "damages" will be deemed to have been made when notice of such "claim" is received by us.
- b. The amount we will pay for "damages" is limited as described in **LIMITS OF LIABILITY AND DEDUCTIBLES (SECTION IV)**. We have no other obligation to pay anything further unless explicitly provided for under **DEFENSE AND CLAIM EXPENSES (SECTION VII)**.
- c. Our right and duty to defend will end when we have exhausted the applicable Limits of Liability in the payment of judgments or settlements to which this policy applies.

2. Defense of "Claims" or "Suits"

Coverage A

We shall not be obligated to assume charge of, participate in, or pay for the defense of any insured, or investigation or settlement of any "claim" or "suit," seeking "damages" for an amount within the limits of "underlying insurance."

However, if a "claim" or "suit," in our opinion, involves or is reasonably likely to involve payment of "damages" by us under this policy, we shall, at our own expense, have the right but not the duty to investigate and assign counsel in addition to any defense counsel assigned by or on behalf of the insured or its underlying insurers. Such additional counsel shall have the right to participate in the defense of any insured and in the investigation or settlement of any "claim" or "suit" on our behalf.

If we avail ourselves of the foregoing rights, the insured, its underlying insurers and we shall cooperate in such investigation, defense, or settlement. In no event will we contribute to any costs or expenses incurred by any underlying insurer.

Coverage B

1. We will have the right and duty to defend any "claim" or "suit" seeking "damages" to which **Coverage B** applies. We have no duty to defend any "claim" not covered by this policy.

We shall have the right to appoint counsel and to make such investigation and defense of any "claim" as we deem necessary. In the event that a "claim" shall be subject to arbitration or mediation, we shall be entitled to exercise all of the insured's rights in the choice of arbitrators or mediators and in the conduct of any arbitration or mediation proceeding.

2. We will not settle any "claim" without the prior consent of the insured; provided, however, that if:
 - a. the insured refuses to consent to a settlement or compromise recommended by us and which is acceptable to the claimant, or continues legal, arbitration or mediation proceedings, or otherwise contests such "claim," then our liability shall be limited to the amount for which the "claim" could have been settled, including all "claim expenses" incurred up to the time of such refusal or continuation of proceedings; in such event, we shall have the right to withdraw from the further investigation, defense, or settlement of such "claim" by tendering control of said investigation, defense or settlement to the insured; and
 - b. the insured is:
 - (1) willing to accept a settlement which is acceptable to the claimant, we shall have the right to litigate, arbitrate or mediate in lieu of such settlement and will bear all "claim expenses" subsequently incurred and any "damages" in excess of the amount for which the "claim" could have been settled; or
 - (2) unwilling to appeal a judgment that we wish to appeal, then we have the right to litigate, arbitrate, mediate or appeal such judgment at our own expense;

provided, however, that in either case, a subsequent increase in the settlement or judgment amount shall not be applied against this policy's limit of liability.

SECTION II – EXCLUSIONS

Coverage A

The exclusions set forth in and applicable to the "underlying insurance" also apply to the insurance afforded under **Coverage A** of this policy.

Coverage B

The insurance afforded by **Coverage B** of this policy does not apply to any "claim" or "suit" based upon, arising out of, or in any way connected, directly or indirectly, to:

- a. insurance afforded by the "underlying insurance;"
- b. "bodily injury," "property damage," "personal injury," or "advertising injury;"

- c. (1) dishonest, fraudulent, criminal, or malicious acts or omissions including concealment or intentional misrepresentation; or
- (2) unfair competition, piracy, or any theft or wrongful taking of concepts or other intellectual property while performing "real estate services;"

provided, however, that this exclusion does not apply to any "insured" who did not commit such acts or omissions as set forth in subparagraphs (1) or (2) above;

d. any:

- (1) conversion, misappropriation, commingling, or defalcation of funds or other property;
- (2) failure to pay fees or commissions, including finder's fees or commissions; or
- (3) inability or failure to pay money held for others.

e. any actual or alleged violations of

- (1) the Employee Retirement Income Security Act of 1974, Public Law 93-406, commonly referred to as the Pension Reform Act of 1974, or any similar federal, state, or local statute, law, or common law, or any of their amendments;
- (2) the Securities Act of 1933;
- (3) the Securities Exchange Act of 1934; or
- (2) any State Blue Sky or securities law; any rules, regulations, or amendments issued in relation to such laws; or any similar state or federal statutes or regulations, including, but not limited to, any common law principles of liability, provided the "claim" or "suit" is made in connection with an actual or alleged violation of any such statute or regulations.

f. the actual or alleged failure to purchase or maintain any insurance or bonds;

g. unlawful discrimination, humiliation, harassment, or misconduct because of, but not limited to, race, creed, color, age, sex, national origin, religion, handicap, or marital status. Except we will pay "damages" and "claim expenses," up to a maximum sum of \$25,000 combined for all "claims" made during the "policy period," arising from "fair housing discrimination" resulting from the rendering or failure to render "real estate services" by an insured; provided, however, that the maximum sum of \$25,000 for "damages" and "claim expenses" shall be subject to:

- (1) the Each Claim Limit shown on the Declarations page;
- (2) the Aggregate Limit shown on the Declarations page;

The above maximum amount arising from "claims" made during the "policy period" based upon or arising out of "fair housing discrimination" resulting from the rendering or failure to render "real estate services" by an insured shall be subject to the following:

- (1) "Claim expenses" and "damages" are part of and not in addition to the Each Claim Limit and Aggregate Limit shown on the Declarations page.
- (2) "Damages" are subject to the Each Claim Deductible shown on the Declarations page.
- (3) "Claim expenses" are not subject to the Each Claim Deductible shown on the Declarations page.

We will not pay "damages" or "claim expenses" for "claims" made during the "policy period" arising from "fair housing discrimination" resulting from the rendering or failure to render "real estate services"

by an insured once the applicable limit is exhausted and our duty to defend any such "claims" ends when the applicable limit is exhausted;

- h. employment related practices, policies, acts or omissions such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination, including, but not limited to a refusal to employ a person, or termination of any person's employment; provided, further, that this exclusion applies:
 - (1) to the spouse, child, parent, brother or sister of a person as a consequence of any "damages" to a person at whom any of the employment related practices described in paragraph (2) above is directed;
 - (2) whether the insured may be held liable as an employer or in any other capacity; and
 - (3) to any obligation to share "damages" with or repay someone else who must pay "damages" because of the injury;
- i. any loss, cost or expense arising out of or resulting, directly or indirectly, from the presence of or the actual, alleged or threatened discharge, dispersal, release or escape of "pollutants", or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize "pollutants", or in any way respond to or assess the effects of "pollutants;" provided, however, that we shall pay "damages" and "claim expenses" arising from "claims" made during the "policy period" only for the failure to detect or report "pollutants" up to a maximum sum of the lowest of:
 - (a) the Each Claim Limit and the Aggregate Limit shown on the Declarations page;
 - (b) a \$100,000 Each Claim Limit, subject to \$100,000 Aggregate Limit for "real estate services" involving a single family dwelling, multiple family dwelling up to four (4) units, or a lot that is zoned residential for the construction of single family or multiple family up to four (4) units dwelling; or
 - (c) a \$50,000 Each Claim Limit, subject to \$50,000 Aggregate Limit for "real estate services" not subject to item (a) directly above.

The above maximum amount arising from "claims" made during the "policy period" only for the failure to detect or report "pollutants" shall be subject to the following:

- (1) "Claim expenses" and "damages" are part of and not in addition to the Each Claim Limit and Aggregate Limit shown on the Declarations page.
- (2) "Damages" are subject to the Each Claim Deductible shown on the Declarations page.
- (3) "Claim expenses" are not subject to the Each Claim Deductible shown on the Declarations page.

Provided, however, that we will not pay "damages" or "claim expenses" for "claims" made during the "policy period" arising from the failure to detect or report pollutants once the applicable limit of liability is exhausted; provided, further, that our duty to defend any such "claims" ends when the applicable limit of liability is exhausted;

- j. the formation, syndication, operation or administration of any corporation, general or limited partnership, joint venture or real estate investment trust;
- k. liability assumed under any indemnity, hold harmless or similar provision or agreement, but this exclusion does not apply to liability you would have in the absence of such agreements;
- l. based upon or arising out of the purchase, management or sale of real property that is developed, constructed, owned or purchased by any entity in which any insured has more than a twenty five percent (25%) financial or ownership interest; provided, however, that this exclusion does not apply to "claims" arising from the purchase, management or sale of property acquired by you under a

"Guaranteed Sale Listing Contract" within the first year you acquire such real property provided the real property is listed for sale during the entire year; or

- m. any actual or alleged injury, damage, expense, cost, liability, or legal obligation arising out of or in any way related to the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi", regardless of whether any other causes, events, material or product contributed concurrently or in any sequence to such injury, damage, expense, cost, loss, liability, or legal obligation.

Further, the insurance afforded by **Coverage B** of this policy does not apply to any "claim" made or "suit" brought by an insured under this policy against any other insured; provided, however, that this exclusion shall not apply if the "claim" or "suit" arises solely from the "real estate services" one insured performs for another.

SECTION III – WHO IS AN INSURED

Coverage A

With respect to the coverage afforded pursuant to **Coverage A**, subject to all the limitations upon coverage and all other policy terms and conditions of such "underlying insurance" and this policy, any person or organization who is an insured under the "underlying insurance" is an insured under **Coverage A**, but only with respect to their performance of "real estate services" for or on behalf of the Named Insured.

Coverage B

Each of the following is an insured, including employees acting on their behalf, but only with respect to the performance of "real estate services:"

1. If the "first named insured" is:
 - a. an individual, you and your spouse are insureds;
 - b. a partnership or joint venture, your members, directors, "executive officers," and/or partners and their spouses are insureds;
 - c. a limited liability company, your members, directors, "executive officers," and their spouses are insureds;
 - d. an organization other than a partnership, joint venture or limited liability company, your owners, directors, "executive officers," and their spouses are insureds; and
 - e. no organization you newly acquire or form, including any employees or agents of such newly acquired or formed organization, is an insured under this policy unless the newly acquired or formed organizations are submitted to and accepted by us and scheduled by endorsement to this policy.
2. Your "predecessor in business."
3. Additional insureds which are submitted to and accepted by us and scheduled by endorsement to this policy.
4.
 - a. Your real estate agents, employees, assistants, salespersons, and real estate brokers while acting on your behalf in the provision of "real estate services;"
 - b. Your managers, but only with respect to their duties as your managers in the provision of "real estate services;"
 - c. Any person who is or was your partner, principal, "executive officer," director, member, or employee, including such persons who join you during the "policy period," but only with respect to their duties as such in the provision of "real estate services;"

- d. Common law or statutory independent contractors while providing "real estate services" at your direction while engaged under their own name, but only if the fees for such services are paid directly or indirectly to you.
5. The estate, heirs, executors, administrators, and legal representatives of any insured, in the event of such insured's death, disablement, incapacity, insolvency, or bankruptcy, but only as respects liability arising out of "real estate services" rendered prior to such insured's death, disablement, incapacity, insolvency, or bankruptcy.
6. The grantor of your franchise but only for "damages" resulting from the rendering or failure to render "real estate services" by or on behalf of the "first named insured."

SECTION IV – LIMITS OF LIABILITY AND DEDUCTIBLES

1. The Limits of Liability shown in the Declarations, including the exceptions made in exclusions (g) and (i) and the rules below, are the most we will pay under this policy and any other policy issued by us to any insured under this policy, regardless of the number of:
 - a. insureds;
 - b. "claims" made or "suits" brought; or
 - c. persons or organizations making "claims," "suits," or initiating proceedings.
2. The Aggregate Limit of Liability is the most we will pay under this policy for the sum of all "damages" and the "claim expenses" with respect to the exceptions in exclusions (g) and (i), during any one "policy period" including any applicable Extended Reporting Period.
3. Subject to paragraph 2 above, the Each Claim Limit of Liability is the most we will pay under this policy for "damages" and the "claim expenses" with respect to the exceptions in exclusions (g) and (i), from any one "claim."

The Each Claim Limit of Liability will be reduced by the total amount of "damages" paid under any "underlying insurance."

4. Two or more "claims" arising out of a single "wrongful act" or a series of related "wrongful acts" shall be considered one "claim." Whenever made and reported to us, any such "claim(s)":
 - a. shall be considered as first made and reported to us as soon as the earliest "claim" arising out of such "wrongful acts" was first made and reported to us;
 - b. shall be subject to the applicable Each Claim Limit of Liability; and
 - c. with respect to the insurance provided under **Coverage B**, shall be subject to the applicable Each Claim Deductible.
5. With respect to the insurance provided under **Coverage B**, subject to the Limits of Liability and all other terms, conditions, and exclusions of this policy, our obligation to pay "damages" on your behalf applies only to the amount of "damages" in excess of the Each Claim Deductible amount stated in the Declarations.

You shall pay the full amount of the Each Claim Deductible for each "claim" made against an insured. You shall make direct payments of "damages" within the Each Claim Deductible amount to appropriate parties as designated by us. If we advance any such payments, you shall promptly reimburse us. If you fail to make direct payments or to reimburse us as described above, all insureds against whom the "claim" has been made are jointly and severally liable for such amounts.

SECTION VI - CONDITIONS

The following conditions apply to both **Coverage A** and **Coverage B**, unless otherwise specifically stated below:

1. Appeals

This condition applies only to **Coverage A**.

In the event the insured or underlying insurer elects not to appeal a judgment in excess of the "underlying insurance" we may, at our option, make such appeal at our cost and expense, although we will in no event be obligated to post or obtain any appeal bond (but we will, under those circumstances, pay for the cost of such a bond obtained by the insured). We shall be liable in addition to the limit of liability, for taxable costs and disbursements and interest incidental thereto.

If a judgment is rendered in excess of the limits of "underlying insurance" and we offer to pay our full share of such judgment, but you or your underlying insurers elect to appeal it, you, your underlying insurers or both will bear:

- a. the cost of obtaining any appeal bond;
- b. all expenses, taxable costs, disbursements and additional interest incidental to such appeal; and
- c. any increase in damages over the amount the matter could have been settled for after the verdict was entered and before the appeal was filed.

Such costs as described above in 1(a)-(c) shall be considered as "claim expenses" under the policy.

2. Bankruptcy

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

3. Cancellation

- a. The "first named insured" may cancel this policy by:
 - (1) mailing to us advance written notice of cancellation; or
 - (2) surrendering the policy to us or to any of our authorized agents.
- b. We may cancel this policy by mailing to the "first named insured" written notice of cancellation at least:
 - (1) ten (10) days before the effective date of cancellation, if we cancel for non-payment of any premium when due; or
 - (2) sixty (60) days before the effective date of cancellation, if we cancel for any other reason.

If this policy has been in effect for sixty (60) days or more or is a renewal of a policy written through us, we may only cancel this policy for one or more of the following reasons:

- i. non-payment of premium;
- ii. material misrepresentation;
- iii. submission of a fraudulent claim under this policy;
- iv. violation by you of any of the terms and conditions of this policy;
- v. risk originally accepted has substantially increased;
- vi. certification of the Director of Insurance of our loss of reinsurance which provided coverage to us for all or a substantial part of the underlying risk insured; or
- vii. the determination by the Director of Insurance that the continuation of the policy could place us in violation of the Kentucky Insurance Laws.

If sent by First Class Mail, a United States Postal Service certificate of mailing shall be sufficient proof of receipt of notice on the third calendar day after the date of the certificate.

4. When We Do Not Renew

- a. If we decide not to renew this policy, we will mail by registered, certified or first class mail written notice of nonrenewal, stating the reasons for nonrenewal, to the "first named insured" at the "first named insured's" last known mailing address, at least sixty (60) days prior to the expiration date of the policy.
- b. If sent by First Class Mail, a United States Postal Service certificate of mailing shall be sufficient proof of receipt of notice on the third calendar day after the date of the certificate.

5. Changes

This policy contains all the agreements between you and us concerning the insurance afforded.

The "first named insured" is authorized on behalf of all insureds to agree with us on all changes in the terms of this policy.

If the terms are changed, the changes will be shown in an endorsement issued by us and made a part of this policy.

6. Duties In The Event Of Occurrence, Offense, Claim, Suit or Wrongful Act

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an "offense" or a "wrongful act" which may result in a "claim" under this policy. This requirement applies only when such "occurrence" or "offense" or "wrongful act" is known to any of the following:

- (1) you;
- (2) any "executive officer" or insurance manager of an insured;
- (3) any partner, if an insured is a partnership; or
- (4) any member, if an insured is a joint venture or a limited liability company.

To the extent possible, such notice should include:

- (1) how, when and where the "occurrence" or "offense" or "wrongful act" took place;
- (2) the names and addresses of any injured persons and witnesses; and
- (3) the nature and location of any injury or damage arising out of the "occurrence" or "offense" or "wrongful act."

- b. If a "claim" is made or "suit" is brought against any insured, you must:

- (1) immediately record the specifics of the "claim" or "suit" and the date received; and
- (2) notify us in writing as soon as practicable if the "claim" is likely to exceed the amount of the deductible or the "underlying insurance," whichever applies.

- c. You and any other involved insured must:

- (1) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit" involving or likely to involve a sum in excess of the deductible or "underlying insurance," whichever applies;

- (2) authorize us to obtain records and other information;
 - (3) cooperate with us in the investigation or settlement of the "claim" or defense against the "suit." In any jurisdiction where we may be prevented by law from exercising our right or duty to defend a "claim" or "suit," we will pay all expenses in investigating and defending the "claim" or "suit," in addition to the limits of liability under this policy. Following the termination of a "claim" or "suit," we will promptly reimburse the insured for those expenses incurred by the insured that are reimbursable under the **DEFENSE AND CLAIM EXPENSES (SECTION VII)** of this policy. We will also promptly reimburse the insured for our proper share, subject to the limits of liability under this policy, of any judgments or settlements made above the "underlying insurance" or deductible with our written consent;
 - (4) assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this policy or the "underlying insurance" or deductible may apply;
 - (5) furnish us the following, as soon as practicable:
 - (a) complete information on all "claims" reserved for fifty percent (50%) or more of the amount of the "underlying insurance;" and
 - (b) complete information on all "claims" (including multiple "claims") arising out of an "occurrence" or "offense" or "wrongful act" which might require payment in excess of "underlying insurance;" and
 - (6) maintain adequate records and supporting data which document reserves for payment of "claims," dates and amounts of any settlements, including specific identification of expenses incurred and paid.
- d. No insureds will, except to the extent done at an insured's own cost and expense, make or agree to any settlement for a sum in excess of:
- (1) the total limits of "underlying insurance;" or
 - (2) the deductible if no "underlying insurance" applies without our consent.
- e. No insureds will, except to the extent done at an insured's own cost and expense, make a payment, assume any obligation, or incur any expense without our consent.

7. Legal Action Against Us

No person or organization has a right under this policy:

- a. to join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. to sue us on this policy unless all of its terms and those of the "underlying insurance" have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; provided, however, that we shall not be liable for damages that are not payable under the terms of this policy or that are in excess of the limit of liability.

An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

8. Maintenance of Underlying Insurance

The "underlying insurance" shall be maintained in full effect during the currency of this policy. Your failure to comply with the foregoing shall not invalidate this policy, but in the event of such failure, we shall be liable only to the extent we would have been liable had you complied with this condition and maintained the "underlying insurance."

The limit of "underlying insurance" shall not, for the purpose of determining when this insurance applies, be reduced by the payment of expenses incurred in the defense of any insured, or investigation or settlement of a "claim" or "suit."

The "first named insured" shall give us written notice as soon as practicable of any change in the coverage or in the limits of any "underlying insurance," and of the termination of any coverage or when the sum of all incurred losses equals or exceeds seventy percent (70%) of the aggregate limits of any such "underlying insurance."

9. Other Insurance

This condition applies only to **Coverage A**.

This insurance is excess over any other valid and collectible insurance, whether primary, excess, contingent or on any other basis, except when purchased specifically to apply in excess of this insurance.

10. Other Insurance

This condition applies only to **Coverage B**.

Except when purchased specifically to apply in excess of this insurance, this insurance (a) is excess over any other valid and collectible insurance, whether primary, excess, contingent or on any other basis, including insurance that is effective prior to the beginning of the "policy period" shown in the Declarations and (b) applies to "wrongful acts" on other than a claims-made basis if:

- a. no Retroactive Date is shown in the Declarations; or
- b. the other insurance has a policy period which continues after "your retroactive date."

When this insurance is excess over other insurance we have no duty to defend any "claim" or "suit." We will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- a. the total amount that all such other insurance would pay for "damages" in the absence of this insurance; and
- b. the total of all applicable deductible and self-insured amounts under all of such other insurance.

11. Premiums

- a. We will compute all premiums for this policy, in accordance with our rules, rates and rating plans.
- b. The "first named insured:"
 - (1) is responsible for payment of all premiums when due;
 - (2) will be the payee for any return premiums we pay; and
 - (3) must keep records of the information we need for premium computation, and send us copies at such times as we may request.

12. Representations

By accepting this policy, you agree that:

- a. the statements in the Declarations are accurate and complete;
- b. the statements in the "underlying insurance" policies are accurate and complete;
- c. the statements in a. and b. are based upon representations you made to us;
- d. we have issued this policy in reliance upon your representations; and
- e. if unintentionally you should fail to disclose all hazards at the inception of this policy, we shall not deny coverage under this policy because of such failure.

13. Misrepresentations by Insured – Breach of Warranty

No oral or written misrepresentation or warranty made in the negotiation for a contract or policy of insurance by the insured, or of his or her behalf, shall be deemed material or defeat or avoid the policy or prevent its attaching, unless such misrepresentation or warranty deceived us to our injury. The breach of a warranty or condition in any contract or policy of insurance shall not avoid the policy nor avail us to avoid liability, unless such breach shall exist at the time of the loss and contribute to the loss, anything in the policy or contract of insurance to the contrary notwithstanding.

14. Transfer of Rights of Recovery Against Others To Us

- a. If the insured has rights to recover all or a part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair such rights. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.
- b. Recoveries shall be applied to reimburse:
 - (1) First, any interest (including that of the "first named insured") that paid any amount in excess of our limit of liability;
 - (2) Second, us, along with any other insurers having a quota share interest at the same level; and
 - (3) Third, such interests (including the "first named insured") of whom this insurance is excess.

However, a different apportionment may be made to effect settlement of a "claim" by agreement signed by all interests.

- c. Reasonable expenses incurred in the exercise of rights of recovery shall be apportioned among all interests in the ratio of their respective losses for which recovery is sought.

15. Transfer Of Your Rights And Duties Under This Policy

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

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative.

Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

16. Transfer Of Duties When A Limit Of Liability Is Used Up

- a. If we conclude that, based on "wrongful acts," "claims," or "suits" which have been reported to us and to which this policy may apply, the:

(1) Aggregate Limit Of Liability; or

(2) Each Claim Limit Of Liability

is likely to be exhausted by the payment of judgments or settlements, we will notify the "first named insured," in writing, to that effect.

- b. When a limit of liability described in paragraph a. above has, in fact, been exhausted by the payment of judgments or settlements:

(1) we will notify the "first named insured," in writing, as soon as practicable, that:

(a) such limit of liability has been exhausted; and

(b) our duty to defend "claims" or "suits" seeking "damages" subject to such limit of liability has also ended.

(2) We will initiate, and cooperate in, the transfer of control to any appropriate insured of all "claims" and "suits" seeking "damages" which are subject to such limit of liability and which are reported to us before such limit of liability is exhausted. That insured must cooperate in the transfer of control of said "claims" and "suits."

We agree to take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such "suits" until such transfer is completed, provided the appropriate insured is cooperating in completing such transfer.

We will take no action whatsoever with respect to any "claim" or "suit" seeking "damages" that would have been used up, if the "claim" or "suit" is reported to us after such limit of liability has been exhausted.

(3) The "first named insured," and any other insured involved in a "suit" seeking "damages" subject to such limit of liability, must arrange for the defense of such "suit" within such time period as agreed to between the appropriate insured and us. Absent any such agreement, arrangements for the defense of such "suit" must be made as soon as practicable.

- c. The "first named insured" will reimburse us for expenses we incur in taking those steps we deem appropriate in accordance with paragraph b(2) above.

The duty of the "first named insured" to reimburse us will begin on:

(1) the date on which the applicable limit of liability is exhausted, if we sent notice in accordance with paragraph a. above; or

(2) the date on which we sent notice in accordance with paragraph b(1) above, if we did not send notice in accordance with paragraph a. above.

- d. The exhaustion of any limit of liability by the payments of judgments or settlements, and the resulting end of our duty to defend, will not be affected by our failure to comply with any of the provisions of this Clause 16.

SECTION VI – DEFINITIONS

1. "Advertising injury" means injury arising out of one or more of the following "offenses" committed in the course of advertising your goods, products or services:
 - a. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b. oral or written publication of material that violates a person's right of privacy;
 - c. misappropriation of advertising ideas or style of doing business; or
 - d. infringement of copyright, title or slogan.
2. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time.
3. "Claim" means a demand received by any insured for "damages," including the institution of a "suit" or arbitration proceeding against any insured.
4. "Claim expenses" means all reasonable and necessary fees charged by attorneys appointed by us and all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a "claim" if incurred by us or by you with our prior written consent; provided, however, that "claim expenses" shall not include salary, charges or expenses incurred by you or salary, charges or expenses of our employees or officials. "Claim expenses" shall also include premium for appeal bonds as described in **SECTION VI – CONDITIONS, 1. Appeals.**
5. "Coverage territory" means all parts of the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America if the insured's responsibility to pay "damages" is determined in a "suit" on the merits in the United States of America (including its territories and possessions), Puerto Rico or Canada.

We may, however, elect where permitted by law, at any time to investigate, settle, or defend (if applicable) "claims" made anywhere other than the United States of America, its territories, possessions, Puerto Rico or Canada. If we do not make such election, then the insured agrees to make, or cause to be made, under our supervision, such investigation and defense as is reasonably necessary.
6. "Damages" means compensatory "damages" which an insured becomes legally obligated to pay. Damages does not include fines, sanctions or penalties against any insured, or the return or reimbursement of fees for "real estate services."
7. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
8. "First named insured" means the person or entity first named in Item 1. of the Declarations of this policy.
9. "Fair housing discrimination" means the violation of Title VIII of the Civil Rights Act of 1968 (as amended), the Fair Housing Amendment Act of 1998 (as amended), and any similar federal, state or local law, regulation, or ordinance.
10. "Fungi" means any type or form of fungus, mold, mildew, mycotoxins, spores, or scents or by-products produced or released by "fungi", but does not include any fungi intended by the insured for human consumption.
11. "Guaranteed sale listing contract" means a written agreement between you and the seller of a property, in which you agree to purchase the property if it is not sold under the listing agreement in the time frame specified by the agreement.

12. "Occurrence" means, with respect to "property damage," an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
13. "Offense" means, with respect to:
 - a. "advertising injury," an offense described in the definition of "advertising injury;" and
 - b. "personal injury," an offense described in the definition of "personal injury."All "advertising injury" or "personal injury" arising out of the repeated publication of the same or similar material, regardless of the mode in which such material is communicated, shall be considered as arising solely out of one "offense."
14. "Personal injury" means injury, arising out of your "real estate services," other than "bodily injury" or "advertising injury," arising out of one or more of the following "offenses:"
 - a. false arrest, detention, or imprisonment;
 - b. malicious prosecution;
 - c. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
 - d. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. oral or written publication of material that violates a person's right of privacy.
15. "Policy period" means the period beginning with the inception date shown in the Declarations and ending with the earlier of:
 - a. the date of cancellation of this policy; or
 - b. the expiration date shown in the Declarations.
16. "Pollutants" means any substance exhibiting hazardous characteristics as, is or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state, local or foreign equivalent. "Pollutants" also means, but is not limited to, any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, germs, soot, fumes, acids, alkalis, chemicals and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.
17. "Predecessor in business" means any real estate agent or real estate firm to whose financial assets you are the majority successor in interest, except to the extent such entity is contractually obligated to indemnify you.
18. "Property damage" means:
 - a. physical injury to tangible property, including all resulting loss of use of that property; all such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. loss of use of tangible property that is not physically injured; all such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
19. "Property improvement services" means any of the following services provided in connection with the renovation and reconstruction of real estate:
 - a. managing facility renovation and reconstruction plans;

- b. developing and managing renovation and reconstruction contracts and subcontracts; and
- c. developing loss control and risk management plans in connection with reconstruction or renovation.

20. "Property management services" means any of the following services provided in connection with the management of real property:

- a. developing management plans and budgets;
- b. overseeing the physical maintenance of real property;
- c. tenant relation services, including the collection of rent and processing evictions;
- d. soliciting and negotiating contracts for the sale or leasing of real property;
- e. developing, implementing and managing contracts and subcontracts necessary to the daily functioning of real property; and
- f. record keeping.

Provided, however, that "property management services" shall not include and we will not cover:

- a. "property improvement services;"
- b. analyzing, evaluating or making recommendations concerning environmental hazards or exposures; or
- c. obtaining, maintaining or negotiating property and liability insurance contracts.

21. "Real estate services" means services performed or advice given in the insured's capacity as a:

- a. Real estate:
 - (1) broker, agent, employee, salesperson, or common law or statutory independent contractor;
 - (2) consultant or counselor;
 - (3) appraiser, but only for appraising real estate means the process of establishing market value, investment value or other defined value of a specific item of real estate when such services are conducted by a registered, licensed or certified real estate appraiser.;
 - (4) provider of "property management services;"
 - (5) leasing agent;
 - (6) mortgage broker; or
 - (7) auctioneer;
- b. Notary public, but only if the signatory physically appears before the insured during the attestation or acknowledgment;
- c. Referral agent, but only when services are limited to introducing potential buyers and sellers without any solicitation or engagement in the sale of property; or
- d. Member of a formal real estate accreditation, standards review or similar real estate board or committee.

Provided, however, that "real estate services" shall not include services performed or advice given in the insured's capacity as a(n):

- a. accountant;
- b. architect;
- c. attorney;
- d. builder;
- e. business broker;
- f. construction manager;
- g. engineer;
- h. insurance agent;
- i. mortgage banker;
- j. property developer;
- k. tax advisor;
- l. title advisor; or
- m. title abstractor.

22. "Suit" means a civil proceeding in which "damages" to which this policy applies are alleged.

"Suit" includes:

- a. an arbitration proceeding in which such "damages" are claimed and to which you must submit or do submit with our consent; and
- b. any other alternative dispute resolution proceeding in which such "damages" are claimed and to which you submit with our consent.

23. "Underlying insurance" means the Kentucky Real Estate Licensee Professional Liability Insurance Policy indicated in Item 7 of the Declarations.

24. "Wrongful act" means a negligent act, error or omission.

25. "Your retroactive date" means the retroactive date stated in the Declarations.

SECTION VII – DEFENSE AND CLAIM EXPENSES

With respect to any "claim" or "suit" we defend, we will pay:

- 1. all "claim expenses" we incur except as provided in the exceptions made in exclusions (g) and (i); and
- 2. an insured's actual loss of earnings, up to \$250 per day, resulting from time off from work because of our request for assistance in the investigation or defense of a "claim" or "suit."

Any amounts paid under items paragraphs 1 or 2 above will not reduce the Limits of Liability and are not subject to the Per Claim Deductible stated in Item 5 of the Declarations.

SECTION VIII – EXTENDED REPORTING PERIOD

1. Automatic Extended Reporting Period

- a. If this policy is cancelled or non-renewed for any reason (other than cancellation for non-payment of premium), you shall have the right following the effective date of such cancellation or non-renewal to a period of ninety (90) days (hereinafter referred to as the “Automatic Extended Reporting Period”) in which to give written notice to us of any “claim” first made against you during the “policy period” for any “wrongful act” occurring after your “retroactive date” and prior to the end of the “policy period” and otherwise covered by this policy.
- b. The Automatic Extended Reporting Period does not apply to any “claims” that are covered under any subsequent insurance you purchase or which is purchased for your benefit, or that would otherwise be covered by such subsequent insurance but for (1) the exhaustion of the amount of insurance applicable to such “claims” or (2) any applicable retention or deductible.
- c. The Automatic Extended Reporting Period does not extend the “policy period,” change the scope of coverage provided under this policy, or reinstate or increase the Limits of Liability of this policy.

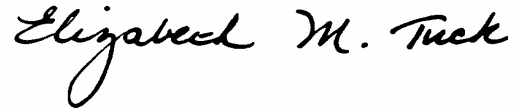
2. Additional Extended Reporting Period

- a. If this policy is cancelled or non-renewed for any reason (other than cancellation for non-payment of premium), you shall have the option to purchase, for an additional premium, an additional extended reporting period (hereinafter referred to as the “Additional Extended Reporting Period”).
- b. The Additional Extended Reporting Period Option begins at the termination of the “policy period” and continues for a period of one (1), two (2) or three (3) years thereafter.
- c. The additional premium for the Additional Extended Reporting Period Option shall be one hundred percent (100%) for a one (1) year period, one hundred fifty percent (150%) for a two (2) year period, and two hundred percent (200%) for a three (3) year period of your full expiring annual premium.
- d. If you purchase the Additional Extended Reporting Period, we will issue an Additional Extended Reporting Period endorsement, but only if:
 - (1) you request the Additional Extended Reporting Period and pay the additional premium within ninety (90) days of the end of the “policy period;” and
 - (2) you have paid all premiums due under this policy at the time you request an Additional Extended Reporting Period Endorsement.
- e. During the Additional Extended Reporting Period, coverage under this policy applies as excess over any valid and collectible insurance available under policies in force after such Extended Reporting Period starts.
- f. The Additional Extended Reporting Period only applies to “claims” for “wrongful acts” committed prior to the expiration of the “policy period” and after “your retroactive date.”
- g. The Additional Extended Reporting Period does not extend the “policy period,” change the scope of coverage provided under this policy, or reinstate or increase the Limits of Liability of this policy.
- h. The Additional Extended Reporting Period may not be renewed upon its expiration.
- i. The premium paid for the Additional Extended Reporting Period is fully earned when paid. We will not return any part of the premium paid for the Additional Extended Reporting Period for any reason whatsoever.
- j. The Additional Extended Reporting Period cannot be cancelled if you pay the premium required to purchase the Additional Extended Reporting Period.

We have caused this policy to be signed by our President and a Secretary, but it shall not be binding unless countersigned on the Declarations page by our duly authorized representative.



PRESIDENT



SECRETARY

Richard D Williams, III
AUTHORIZED REPRESENTATIVE