

LIBERTY INTERNATIONAL UNDERWRITERS CANADA.
A DIVISION OF LIBERTY MUTUAL INSURANCE COMPANY (66%)
ENCON GROUP INC. ON BEHALF OF SUBSCRIBING INSURERS (34%)

SCHEDULE

1. **POLICY NO.:**
2. **NAME OF FIRM:** and others as more fully described in the Policy
3. **PREDECESSORS IN BUSINESS:** all predecessor Firms
4. **ADDRESS OF THE FIRM:**
5. **PERIOD OF INSURANCE:** From: July 1, 2015
To: July 1, 2016
Both days at 12:01 a.m. Standard Time at the address of the FIRM.
6. **EXPIRY DATE:** July 1, 2016
7. **PREMIUM:**
8. **SUM INSURED:** CDN. \$15,000,000
9. **RETENTION:**
- 1) CDN \$500,000 each and every claim, including costs, charges and expenses.
- or
- 2) Underlying Insurance
\$50,000,000 per claim/\$50,000,000 annual aggregate as more fully described in Underlying Policy No.
issued by the Canadian Lawyers Liability Assurance Society (CLLAS)
10. **DATE OF PROPOSAL:**
11. **INSURER:** LIBERTY INTERNATIONAL UNDERWRITERS CANADA/
ENCON GROUP INC. ON BEHALF OF SUBSCRIBING INSURERS

Date

Liberty International Underwriters Canada Authorized Representative

Date

ENCON Group Inc. Authorized Representative

ENDORSEMENT NO. 5

ENDORSEMENT ATTACHING TO AND FORMING PART OF POLICY NO.

ISSUED TO:

BY: Liberty International Underwriters Canada,
A Division of Liberty Mutual Insurance Company (66%)
ENCON Group Inc. on behalf of subscribing insurers (34%)

Heenan Blaikie LLP Lateral Hire Extension Endorsement

In consideration of the premium charged under this policy it is understood and agreed that the coverage afforded under this policy which is also afforded to **Insureds** under Item B of the **Heenan Blaikie LLP Lateral Hire Extension Endorsement** (hereafter referred to as Heenan Blaikie prior acts) issued by CLLAS shall not apply until an aggregate limit of \$50,000,000 under Item B of all similar endorsements on policies issued by CLLAS from the period July 1, 2013 to July 1, 2017 has been exhausted by payment of claims.

This endorsement does not increase the **Sum Insured** stated in Item 8 of the Schedule of this policy and in no event will the aggregate payments of all policies in excess of CLLAS exceed \$90,000,000 for the coverage provided by this endorsement.

Attached to and forming part of Policy No.
Canada (66%)/ENCON Group Inc. (34%) to

issued by Liberty International Underwriters

This Endorsement shall be effective from July 1, 2015, 12:01 a.m. Local Time at Toronto, Ontario.

ENDORSEMENT NO. 4

ENDORSEMENT ATTACHING TO AND FORMING PART OF POLICY NO.

ISSUED TO:

BY: Liberty International Underwriters Canada,
A Division of Liberty Mutual Insurance Company (66%)
ENCON Group Inc. on behalf of subscribing insurers (34%)

Notwithstanding the provisions of Exclusion No. 7, the following is hereby agreed and understood with effect from inception:

1. Subject to the provisions of this Endorsement No. 2 and all other terms, conditions, exclusions and limitations of the Policy, coverage under Clause I. COVERAGE: A) AND B) is hereby extended to include liabilities of, or claims against, the Insured with respect to Umbrella Claims.

2. DEFINITIONS

All capitalized terms herein, other than those defined herein, shall have the meanings set forth in the Policy. Unless specifically stated otherwise, where used herein the following terms shall have the following meanings:

- (a) "Associated Firm" means each of the following law firms involved in the Umbrella Firm, other than the Primary Insured and the Umbrella Firm, and includes their respective predecessor firms:
 - (b) "Claim Portion Percentage" has the meaning set out in paragraph 3(a)(iv) hereof.
 - (c) "Umbrella Claim" means any claim arising out of Act(s) rendered or alleged to have been rendered or which should have been rendered in whole or in part by 1) the Primary Insured in the name of or on behalf of the Umbrella Firm or 2) by the Umbrella Firm in the name of or on behalf of the Umbrella Firm, which is made against one or more of the Umbrella Firm, the Primary Insured and the Associated Firms.
 - (d) "Primary Insured Insurance Program" means the Policy and any other policy of Insurance which provides professional liability coverage in excess of the coverage afforded by the Policy to the Primary Insured from time to time.

- (e) "Primary Insured" means the Insured as stated in Item 2 of the Policy Schedule of the Policy and any predecessor firm(s).
- (f) "Umbrella Firm" means the partnership, association or other arrangement between or among the Primary Insured and one or more Associated Firm(s) to be known publicly as:
- (g) "Claim" or "Claims" means any claim made against the Insured and, for greater clarity, includes an Umbrella Claim.

3. UMBRELLA CLAIMS

(a) Determination and Allocation of Liability

The determination of and the allocation of liability for an Umbrella Claim shall be as mutually agreed by the Primary Insured and the Associated Firms based upon a reasonable assessment of the relevant facts available from time to time, all subject however to the following:

- (i) If such claim in fact arises out of Act(s) rendered or which should have been rendered, by the Primary Insured in combination with one or more of the Associated Firms and does not arise out of Act(s) rendered or which should have been rendered in whole or in part by, in the name or on behalf of, the Umbrella Firm, the provisions of paragraph 3 (c) shall not apply to said claim.
- (ii) Subject to subparagraph 3 (a) (iii), the Primary Insured and the Associated Firms shall make a determination as to which of them were involved in rendering or failing to render the services giving rise to said claim (said determination to be made on the basis of contributory fault) and the liability for said claim shall be allocated equally among those of the Primary Insured and the Associated Firms which were determined to be so involved. If the Primary Insured and the Associated Firms are unable to mutually agree as to such determination, it will be deemed that each of the Primary Insured and the Associated Firms were involved in rendered or failing to render the services giving rise to the claim. For greater clarity, it is hereby acknowledged that if the services giving rise to the claim were rendered or failed to be rendered in whole or in part by individual partners, associates, employed lawyers, employees of, or consultants to, the Umbrella Firm who are not partners, associates, employed lawyers, or Associated Firms, it will be deemed that each of the Primary Insured and Associated Firms were involved in rendering the services giving rise to the claim.
- (iii) In the event that the determination of involvement in and the allocation of liability for the Umbrella Claim as determined by a court of competent jurisdiction on the basis of contributory fault differs from the determination of involvement in and the allocation of liability made in subparagraph 3 (a) (ii) hereof, such determination and allocation shall take precedence and in such case such amended determination

shall be considered for all purposes of the Policy to have been made with effect from the inception of such claim.

- (iv) The portion of the liability allocated to the Primary Insured pursuant to subparagraph 3 (a) (ii) or 3 (a) (iii) hereof, if any, expressed as a percentage of the total liability for the claim is herein referred to as the "Claim Portion Percentage."

(b) Coverage Limitations

For the purposes of Clause I. COVERAGE: A) and B) and Clause IV CONDITIONS: 9. Cost of the Policy, notwithstanding any other provision of the Policy to the contrary, the liability for an Umbrella Claim shall be limited to the portion of the Umbrella Claim that is allocated to the Primary Insured pursuant to the Claim Portion Percentage.

(c) Non-Aggregation of Policy Limits

Responsibility of each Insurance policy (including the Policy) comprising the Primary Insured Insurance Program for the liability of each Umbrella Claim where the Claim Portion Percentage exceeds zero but is less than 100% shall be determined (i) by determining the amount of coverage which would have been afforded under each Insurance policy (including the policy) comprising the Primary Insured Insurance Program as if the Claim Portion Percentage had been 100% and (ii) by multiplying the result by the Claim Portion Percentage. An illustration of the application of the foregoing is attached hereto.

(d) Contingent Coverage B

In the case of an Umbrella Claim for which the Claim Portion Percentage is zero, if the Primary Insured is not provided coverage under the insurance program(s) of an Associated Firm(s) for any costs, charges and expenses incurred by the Primary Insured in respect of said claim, notwithstanding the provisions contained in paragraphs 3 (b) and 3 (c) hereof, this Policy shall provide coverage to the Primary Insured as prescribed under Clause IV CONDITIONS: 9. Costs of the Policy in respect of such costs, charges and expenses.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

ENDORSEMENT NO. 3

ENDORSEMENT ATTACHING TO AND FORMING PART OF POLICY NO.

ISSUED TO:

**BY: Liberty International Underwriters Canada,
A Division of Liberty Mutual Insurance Company (66%)
ENCON Group Inc. on behalf of subscribing insurers (34%)**

It is hereby declared, agreed and understood that the following Exclusion No. 7 is included in the Policy with effect from inception:

7. Any liability arising out of professional services rendered or which should have been rendered:
- (a) in whole or in part by, in the name or on behalf of, any Association or
 - (b) in whole or in part by one or more of the member law firms of the Association other than the Insured.
- For the purposes of this exclusion, an Association shall mean:
- (c) any association whose name or business style is held out to the public
 - (d) any International partnership, and
 - (e) any joint partnership

Constituted by the Insured with one or more other law firms which are not Insured under the policy for the purposes of rendering professional services, marketing professional services, client referrals and/or staff development and education.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

ILLUSTRATION OF RESPONSIBILITY OF THE LIABILITY FOR AN UMBRELLA CLAIM

Assume the following:

- (a) An Umbrella Claim including costs, charges and expenses totaling \$75,000,000.00.
- (b) It is agreed pursuant to paragraph 3(a)(iv) that the Primary Insured and one of the Associated Firms are involved in the claim and thus the Claim Portion Percentage is 50%.
- (c) The primary Insured Insurance Program which is comprised of the Policy plus two excess Insurance policies provides limits of \$75,000,000 none of which have been impaired at the time of said claim.

The schematic below illustrates the extent to which the responsibility for the Umbrella Claim will be borne by the Policy and each excess insurance policy including any reinsurance arrangements underlying said policies, pursuant to paragraph 3(c) hereof.

Coverage	\$75,000,000 = Total Claim	Responsibility of Liability
\$10,000,000 XS \$65,000,000	EXCESS POLICY No. 2	\$5,000,000 (50% OF \$37,000,000)
\$15,000,000 XS \$50,000,000	EXCESS POLICY No. 1	\$7,500,000 (50% of \$32,000,000)
\$49,000,000 XS \$1,000,000	POLICY (CLLAS)	\$24,500,000 (50% of \$49,000,000)
\$1,000,000	COMPULSORY	

ENDORSEMENT NO. 2

ENDORSEMENT ATTACHING TO AND FORMING PART OF POLICY NO.

ISSUED TO:

BY: Liberty International Underwriters Canada,
A Division of Liberty Mutual Insurance Company (66%)
ENCON Group Inc. on behalf of subscribing insurers (34%)

QUOTA SHARE CLAIMS HANDLING AND CONTROL

IT IS HEREBY UNDERSTOOD AND AGREED THAT:

All claim(s) and/or potential claim(s) with respect to which coverage under this policy attaches or may attach because of the exhaustion of the Underlying Insurance by the payment of losses thereunder shall be administered as set forth below:

- a. Liberty International Underwriters Canada ("Liberty") and ENCON Group Inc. shall receive and accept notices from the Insured. Liberty shall, on behalf of itself and ENCON Group Inc., investigate claim(s) or potential claim(s), appoint coverage counsel, develop coverage positions, accept or deny coverage for claim(s), issue coverage letters, including without limitation reservation of rights letters, monitor and/or supervise the handling of claim(s), consent to settle claim(s), and/or settle coverage disputes arising with respect to claim(s).
- b. Notwithstanding the above, ENCON Group Inc. shall have the right to consent to the settlement of any claim or the settlement of any coverage dispute with respect to any claim provided that such consent shall not be unreasonably withheld. In the event ENCON Group Inc. does not consent to the settlement of any claim or any coverage dispute with respect to any claim, such refusal of consent shall be resolved by way of an informal arbitration between Liberty and ENCON Group Inc., the exact form of which will be mutually decided among Liberty and ENCON Group Inc.. It is agreed that such arbitration will be undertaken by each of Liberty and ENCON Group Inc. on a good faith basis, with each seeking an equitable, timely, and cost-efficient resolution.
- c. Liberty shall use its reasonable best efforts to provide ENCON Group Inc. with notice of any significant changes in the status or development of any claim(s) that may impact this policy's limit of liability, including liability and damage assessments, reserve changes, settlement negotiations and final payment.
- d. Upon request, Liberty shall permit ENCON Group Inc. to review, only at Liberty's office at 181 Bay Street, Suite 1000, Toronto, ON, M5J 2T3, all correspondence, pleadings and other documents pertaining to a claim under this policy received from and/or sent to the Insured. ENCON Group Inc. review of correspondence, pleadings and other claim documents must be undertaken during normal business hours, at a time reasonably convenient to Liberty.
- e. Upon request, ENCON Group Inc. may attend with Liberty at any claim(s) meeting(s) with the Insured. Any claim(s) meeting(s) will be scheduled during normal business hours, at a time and location reasonably convenient to both Liberty and ENCON Group Inc., subject to the Insured's availability.

- f. Subject always to the exhaustion of the Underlying Insurance by the payment of losses thereunder, the limits of liability and other terms, conditions, limitations, exclusions, and endorsements of this policy, and Subparagraph (b) above, Liberty and ENCON Group Inc. shall each pay sixty six percent and thirty four percent respectively of all loss determined by Liberty to be covered under this policy. ENCON Group Inc. payment of loss shall be made in accordance with Liberty's instructions as to payee, payment date, currency, and other details of payment.
- g. Additionally, Liberty and ENCON Group Inc. shall each pay sixty six percent and thirty four percent of all allocated expenses incurred by Liberty in the handling of claim(s) and potential claim(s) under this policy, including but not limited to coverage counsel's fees and expenses. Liberty and ENCON Group Inc. shall each pay sixty six percent and thirty four percent of any allocated expenses directly to the service provider, within thirty (30) days' of their respective receipt of an invoice or account.

Liberty's and ENCON Group Inc. payment obligations pursuant to this Endorsement are several only. Subject always to this policy's limits of liability, neither Liberty nor ENCON Group Inc. shall be obligated to pay any amount whatsoever in excess of sixty six percent and thirty four percent respectively of loss covered under sixty six percent and thirty four percent of allocated expenses incurred in handling claim(s) or potential claim(s) under this policy.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

ENDORSEMENT NO. 1

ENDORSEMENT ATTACHING TO AND FORMING PART OF POLICY NO.

ISSUED TO:

**BY: Liberty International Underwriters Canada,
A Division of Liberty Mutual Insurance Company (66%)
ENCON Group Inc. on behalf of subscribing insurers (34%)**

It is hereby understood and agreed that this policy will automatically renew effective 12:01 a.m. July 1, 2016 for a period of 12 months, for an annual premium calculated at the rate indicated at Item 7 of the Declarations against each rateable staff reported by the Named Insured at July 1st, 2016, unless:

1. If during the period of July 1st, 2015 to May 15th, 2016, a reserve or a payment or a combination of both, of equal to or greater than 65% of the underlying limit of liability, such underlying limit of liability being \$50,000,000, issued by Canadian Lawyers Liability Assurance Society ("CLLAS") is established or made against any claim covered under this policy or any like policy issued to any member firm of "CLLAS" or,
2. If during the period of July 1st, 2015 to May 15th, 2016, a reserve or a payment or a combination of both, of equal to or greater than 65% of the underlying limit of liability, such underlying limit of liability being US\$30,000,000 of any International insurance program providing coverage, is established or made against any claim covered under this policy or any like policy issued to any member firm of "CLLAS" or,
3. If during the period of July 1st, 2015 to May 15th, 2016, a reserve or a payment or a combination of both, of equal to or greater than \$500,000 excess of the Retentions stated in Items 9 a) 1 or 9 b) 1 of the Declarations is established or made against any claim which is not covered under the "CLLAS" policy or any International insurance program, but is covered under this policy or any like policy issued to any member firm of "CLLAS" then,

the Insurers may or may not offer renewal terms for the period July 1, 2016 to July 1, 2017 which may or may not be accepted by the member firms of CLLAS.

These exceptions do not include the matter already reported to CLLAS under Claim No. 2004-194.

For the purpose of this Endorsement only, "rateable staff" shall mean: partner, lawyer, counsel and "of counsel".

For the purpose of this endorsement, member firm of CLLAS and their corresponding policies are listed below:

Member Firms of CLLAS

Policy Number's

Borden Ladner Gervais LLP	26002
Cassels Brock & Blackwell LLP	26013
Davies Ward Phillips & Vineberg LLP	26003
Fasken Martineau DuMoulin LLP (a Canadian limited liability partnership), Fasken Martineau LLP (a limited liability partnership registered in England and Wales) and	26004

Gravel, Leclerc & Associates S.E.L.A.S. (a French corporation), and any and all predecessors of any of the foregoing.	
Goodmans LLP	26007
McCarthy Tétrault LLP; McCarthy Tétrault Registered Foreign Lawyers and Solicitors; McCarthy Tétrault (New York) LLP	26008
McMillan LLP	26009
Osler, Hoskin & Harcourt LLP	26010
Torys LLP	26011
WeirFoulds LLP	26012

All other terms, conditions, exclusions and limitations remain unchanged.

Attached to and forming part of Policy No.
Canada (66%)/ENCON Group Inc. (34%) to

issued by Liberty International Underwriters

This Endorsement shall be effective from July 1, 2015, 12:01 a.m. Local Time at Toronto, Ontario.

SPECIMEN

THIS POLICY SUBJECT TO ITS TERMS, CONDITIONS, EXCLUSIONS AND LIMITATIONS IS APPLICABLE ONLY TO CLAIMS MADE AGAINST INSURED AS DESCRIBED HEREIN DURING THE PERIOD OF INSURANCE OF THE SAID POLICY.

PROFESSIONAL LIABILITY POLICY

Whereas the FIRM (as defined in Clause II (1)) hereof has made to Us who have hereunto subscribed our names as Insurer a written proposal bearing the date stated in the Schedule and containing particulars and statements which it is hereby agreed are the basis of this contract and are to be considered as incorporated herein and have paid or have agreed to pay the sum stated in the said Schedule as consideration to Us:

I. COVERAGE:

The Insurer agrees to pay on behalf of the INSURED those sums that the INSURED becomes legally obligated to pay as the result of any claim made against the INSURED during the PERIOD OF INSURANCE by reason of any ACT (as hereinafter defined) whenever or wherever the same was or may have been committed or alleged to have been committed.

- A. By the INSURED or any other person or entity in or about the conduct of any business conducted by or on behalf of the FIRM in the FIRM'S professional capacity as Attorneys, Barristers, Solicitors, Counsellors at Law or Notaries, or however designated.
- B. By any INSURED acting in his/her professional capacity as Attorney, Barrister, Solicitor, Counsellor at Law or Notary or however designated (whether or not in the name of the FIRM) provided always that a portion of the fee for legal services (if a fee is charged) accruing from such work shall inure to the benefit of the FIRM. In extension and not in limitation of the foregoing, such work shall be deemed to include work as administrator, executor, trustee, guardian, arbitrator, committee for incompetent, agent to title insurance company and/or designated issuing attorney to title insurance company or other fiduciary, or similar agent or advisor provided always that in cases where no portion of the fee for legal services associated with such work inures to the benefit of the FIRM, a portion of the fee for non legal services (if a fee is charged) associated with such work shall inure to the benefit of the FIRM.

II. DEFINITIONS:

- 1. The term "the FIRM" shall mean the persons carrying on business under the name as stated in Item 2 of the Schedule herein and shall also include their predecessors in business as stated in Item 3 of the Schedule.
- 2. The term "INSURED" shall mean each of the following:
 - (a) The FIRM, and any related service companies;
 - (b) The partners of the FIRM and any other person or persons who may at any time and from time to time be a partner in the FIRM;

- (c) Partners no longer in the FIRM and/or the estates of deceased partners who were partners in the FIRM at the time of the ACT;
 - (d) The FIRM'S EMPLOYEES as hereinafter defined (and/or estates of deceased EMPLOYEES) or former EMPLOYEES (and/or estates of deceased former EMPLOYEES), but only in respect of any ACT committed in the course of their employment by the FIRM in the conduct of the FIRM'S business, or as provided in Insurance Clause I (B);
 - (e) Persons designated "counsel" (and/or estates of deceased counsel) to the FIRM but only in their capacities as such, or as provided in Insuring Clause I (B);
 - (f) Former partners and EMPLOYEES in respect of services performed on behalf of the FIRM subsequent to retirement or other withdrawal from the FIRM.
 - (g) Any other persons (and/or estates of persons) who are insureds within the meaning of the applicable underlying insurance described in Item 9 of the Declarations.
3. The term "ACT" shall mean any act, error, or omission whether of acts, facts, law or otherwise or breach of contract or duty or libel or slander or any allegation thereof.
 4. The term "EXCLUDED ACT" shall mean any ACT committed by an individual INSURED for the consequences of which coverage does not extend to that INSURED under the terms, conditions, limitations and exclusions of this policy.
 5. The term "POLICY YEAR" shall mean each twelve (12) month period following the inception date of this policy.
 6. The term "EMPLOYEE" shall include any person whom the FIRM wishes to be regarded as an employee for the purpose of this Policy, even if such person is not actually an employee.

III. EXCLUSIONS:

This Policy excludes:

1. Any claim or circumstances in respect of which the INSURED, before the commencement of this Policy, have given written notice to the insurers on any other policy in force previous hereto;
2. Any claim other than those excluded by EXCLUSION 1 above, for which the INSUREDS are entitled to collect hereunder which is insured by any other policy or policies, except in respect of any excess beyond the amount or amounts of payments under such other policy or policies;
3. Any claim arising out of any INSURED acting in his/her capacity as director and/or officer;

4. Any claim alleging the fraud or dishonesty of any INSURED if a final judgment or other final adjudication thereof shall establish that active and deliberate fraud or dishonesty was committed by such INSURED with actual fraudulent or dishonest purpose and intent, and was material to the claim made. However, nothing contained in the foregoing shall exclude coverage to the FIRM, or to any other INSURED who was not so adjudged to have committed such EXCLUDED ACT as described above;
5. Any claim for bodily injury to, or sickness, disease or death of any person, or injury to or destruction of any tangible property, arising out of ACTS of the INSUREDS.
6.
 - i. Any claim for fines, penalties, punitive or exemplary damages, imposed by a judgment or any other final adjudication. However, this exclusion shall not apply to costs, charges and expenses incurred in the defense of any claim otherwise covered by this Policy which also demands such fines, penalties, punitive or exemplary damages;
 - ii. Any award of treble or other multiple damages pursuant to any statute or law, except that the compensatory amount of such award, prior to being multiplied, shall be deemed covered if the ACTS giving rise to claim upon which such compensatory award is based are otherwise covered by this Policy. However, this exclusion shall not apply to costs, charges and expenses incurred in the defense of any claim otherwise covered by this policy solely by reason of the fact such claim demands treble or other multiple damages.

IV. CONDITIONS:

1. Limits

The limit of liability of the Insurer shall not exceed the sum stated in the Schedule (herein referred to as the SUM INSURED) for all claims made against all INSUREDS during each POLICY YEAR, including costs, charges and expenses incurred in connection with any claim, subject to the terms, conditions, exclusions and limitations of this Policy.

All claims arising out of the same ACT or related ACTS covered hereunder shall be considered a single claim.

2. Retention:

In respect of any claims covered hereunder, this Policy is only to pay the excess of the RETENTION stated in Item 9 of the Schedule, in respect of each and every claim including costs, charges and expenses. It is understood and agreed that the INSUREDS will carry underlying limits of insurance as described in Item 9. RETENTION of the Schedule. This Policy, subject to its terms, conditions and limitations, shall pay excess of either:

1. The RETENTION stated in the Schedule

Or

2. The amounts of any recoveries under such separate insurance and/or any other applicable Law Society Program purchased either on a mandatory basis or at the Insured's discretion.

3. Liberalization:

The insurance provided by this policy shall not be more restricted in coverage or in the persons covered, nor shall it exclude any coverage that is provided by or exclude from coverage any person who is covered by, the applicable underlying insurance as described in Item 9 of the Declarations. In the event of any conflict between the terms and conditions contained in the applicable underlying insurance described in Item 9 of the Declarations and this policy, then the terms and conditions most favourable to the INSURED shall govern.

4. Cancellation Clause and Extended Reporting Period:

This policy is non-cancelable during the Period of Insurance as stated in the Schedule except:

1. By mutual consent:
2. By the Insurer if:
 - (a) The Canadian Lawyers Liability Assurance Society (CLLAS) is dissolved; or
 - (b) The Insured Firm is dissolved or merges with a firm outside of the CLLAS program and discontinues the CLLAS underlying protection; or
 - (c) The INSURED has failed to pay a premium when due or has failed, after demand, to reimburse the Insurer such amounts as the Insurer had paid in settlement or satisfaction of claims or judgment in excess of the applicable limit of the Insurers liability.

In the event of the above, this Policy may be cancelled by the Insurer by mailing a written notice of cancellation to the FIRM at the address shown in this Policy stating when not less than 30 (thirty) days thereafter such cancellation shall be effective. The mailing of notices as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall become the end of the Period of Insurance. Delivery of such written notice by the Insurer shall be equivalent to mailing.

3. If the Insurer cancels, the computed pro rata cancellation of the annual premium will be charged to the INSURED. If the Insurer shall refuse to renew this Policy, the INSURED shall have the right, in consideration of an additional premium equal to 150% of the annual premium for this policy to any extension of the cover granted by this Policy to apply, subject to its terms, conditions, exclusions and limitations, to Claims first made against

the INSURED during the period of 12 calendar months after the expiry date but only when such Claim arises out of Professional Services rendered prior to the expiry date. To exercise this right the INSURED must give notice in writing (together with payment of the additional premium) not later than 30 days after the expiry date. In the event of failure by the INSURED to give such notice, the INSURED shall not at a later date be entitled to give such notice. The mailing of notice by the INSURED by registered mail to the Insurer shall be sufficient proof of notice. For the purpose of establishing the Limit of Liability under this extended reporting period, the period of 12 months referred to herein shall not in any way increase the Sum Insured of this Policy as stated in Item 8 of the Declarations, which limit shall apply to the Last Policy Year and the extended reporting period taken together.

4. Notwithstanding any other terms or conditions of this policy to the contrary, in the event that the financial strength rating of the Insurer is downgraded after issuance of this policy to: (1) below A- by A.M. Best Co., or (2) below BBB by Standard & Poor's Ratings Services (hereinafter, the Credit Rating Downgrade), this policy may be canceled by the Insured by mailing prior written notice to the Insurer or by surrender of this policy to the Insurer.

If this policy is canceled by the Insured resulting from the downgrade then the Company shall return the unearned pro rata proportion of the premium as of the effective date of cancellation and shall waive any minimum earned premium requirement specified herein.

5. Partnership Dissolution Extension

In the event of the dissolution of the FIRM hereunder during the Policy Period, the Insurer hereby agrees in consideration of the payment of an additional premium of 150% of the last annual premium paid for this Policy, to extend coverage granted by this Policy, subject to its terms, conditions, exclusions and limitations to any Claim first made against the FIRM during the period of 12 calendar months after the date of dissolution but only when such Claim arises out of Professional Services rendered prior to the date of dissolution. This right is conditional upon the FIRM giving notice in writing not later than 30 days after such date of dissolution (together with payment of the additional premium).

In the event of failure by the FIRM to give such notice prior to such date, the FIRM shall not at a later date be entitled to invoke this extension. The mailing by the FIRM by registered mail of notice to the Insurer shall be sufficient proof of notice. For the purposes of establishing the Insurer's Limit of Liability under this extended reporting period, the period of 12 months referred to herein shall not in any way increase the Limit of Liability of this Policy, which limit shall apply to the last applicable Policy Year and the extended reporting period taken together.

6. Arbitration

In the event of any dispute between the INSURED and the Insurer respecting any matter arising from or in relation to this Policy, such dispute shall be referred to arbitration before a single arbitrator as mutually agreed upon by the INSURED and

the Insurer. The INSURED and the Insurer further agree that the procedure to be followed in every arbitration under this condition shall be set and determined with the arbitrator appointed by the INSURED and the Insurer in accordance with the *Arbitration Act, 1991* (Ontario).

7. Claims Procedures:

The insurer will receive quarterly claims bordereaux from the Canadian Lawyers Liability Assurance Society, and it is agreed that the Insurer will accept these as providing notice, where applicable, of claims to be reported under this Policy. For the purposes of this policy, the date upon which notice of a claim or circumstance giving rise to a claim is made by the Insured to Canadian Lawyers Liability Assurance Society shall be the date on which such claim attached to the Policy. In the event that the Insured is notified, in respect of a particular claim, by the Canadian Lawyers Liability Assurance Society of a limitation of coverage in circumstances that trigger the drop down provision of this policy, the Insured will provide the Insurer with independent notice of such claim. The Insured shall further, upon request, give the Insurer such information as the Insurer may reasonably request at any time and is in the Insured's power to give.

The Insured shall further cooperate with the Company and take such action as may be necessary to secure and effect any rights or indemnity, contribution or apportionment which any Insured may have.

8. Costs:

Insurers agree that they will pay all costs, charges and expenses incurred in connection with the defense of any claims covered hereunder, subject to the following conditions:

- i. If the claim made against the INSUREDS is disposed of without payments, Insurers will pay all costs, charges and expenses in excess of the RETENTION but not exceeding the SUM INSURED;
- ii. If a payment in excess of the SUM INSURED has to be made to dispose of a claim made against the INSUREDS, Insurers' liability to pay costs, charges and expenses in connection therewith shall be limited to such proportion of the said costs, charges and expenses as the SUM INSURED bears to the amount so paid to dispose of the claim.

The cost of any appeal, attachment or similar bonds required to be furnished in connection with the contest of any claims covered hereunder is included in the term "costs, charges and expenses", and the INSUREDS shall not be required to give security for such bonds.

9. Other Conditions:

- a. If the INSUREDS shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claims hereunder shall be forfeited.

- b. Payments by Insurers, if any, shall be made in Canada in Canadian Dollars.

10. Subrogation:

Any individual INSURED who commits an EXCLUDED ACT shall cease to be an INSURED under this Policy for all purposes relating to the loss caused or alleged to have been caused thereby, and Insurers shall be entitled to have and to exercise all rights of subrogation against such individual as a third party. In the event that such individual is nonetheless deemed by law to remain an INSURED for these purposes, then coverage shall only extend under this policy in respect of the loss caused by the EXCLUDED ACT to the extent that such loss exceeds the value of the individual INSURED'S assets in the FIRM.

11. NUCLEAR INCIDENT EXCLUSION CLAUSES – LIABILITY – DIRECT – (BROAD) – CANADA N.M.A. 1978a
As attached.

12. WAR AND TERRORISM EXCLUSION

Notwithstanding any provision to the contrary within this Policy or any endorsement thereto, it is agreed that this Policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from, or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- a. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- b. any act of terrorism.

For the purpose of this exclusion, an act of terrorism means an act, including, but not limited to, the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the **Insurer** alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this Policy, the burden of proving the contrary shall be upon the **Insured**.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

13. The interest of the INSURED under this Policy shall not be assignable to any other person other than as provided herein.

NUCLEAR INCIDENT EXCLUSION CLAUSE – LIABILITY – DIRECT (BROAD) – CANADA

(For use with all Public Liability Policies except Personal, Farmers' and Storekeepers)

It is agreed that this Policy does not apply:

- (a) To liability imposed by or arising from any nuclear liability act, law or statute, or any law amendatory thereof; nor
- (b) To bodily injury or property damage with respect to which an Insured under this policy is also insured under a contract of nuclear energy liability insurance (whether the insured is unnamed in such contract and whether or not it is legally enforceable by the Insured) issued by the Nuclear Insurance Association of Canada or any other Insurer or group or pool of Insurers or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; nor
- (c) To bodily injury or property damage resulting directly or indirectly from the nuclear energy hazard arising from:
 - i. The ownership, maintenance, operation or use of a nuclear facility by or on behalf of an Insured;
 - ii. The furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility; and
 - iii. The possession, consumption, use, handling, disposal or transportation of fissionable substances, or of other radioactive material (except radioactive isotopes, away from a nuclear facility, which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose) used, distributed, handled or sold by an Insured.

As used in this policy:

1. The term "nuclear energy hazard" means the radioactive, toxic, explosive, or other hazardous properties of radioactive material;
2. The term "radioactive material" mean uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances which may be designated by or pursuant to any law, act or statute, or law amendatory thereof as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy.

3. The term "nuclear facility" means:
- (a) Any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium and uranium or any one or more of them;
 - (b) Any equipment or device designed or used for (i) separating the isotopes of plutonium, thorium and uranium or any one or more of them (ii) processing or utilizing spent fuel, or (iii) handling, processing or packaging waste;
 - (c) Any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235, or any one or more of them if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste radioactive material; and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all premises used for such operations.
4. The term "fissionable substance" means any prescribed substance that is, or from which can be obtained, a substance capable of releasing atomic energy by nuclear fission.
5. With respect to property, loss of use of such property shall be deemed to be property damage.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this Clause is subject to the term, exclusions, conditions and limitations of the Policy to which it is attached.