

SERFF Tracking Number: ZURC-125315512 *State:* Arkansas
First Filing Company: American Zurich Insurance Company, ... *State Tracking Number:* AR-PC-07-026349
Company Tracking Number: CW-PR-26302
TOI: 17.1 Other Liability - Claims Made Only *Sub-TOI:* 17.1019 Professional Errors & Omissions Liability
Product Name: CW-PR-26302 Proprietary Form Revision In Accordance with ISO's 2007 Changes
Project Name/Number: CW-PR-26302 Proprietary Form Revision In Accordance with ISO's 2007 Changes /CW-GL-26302

Filing at a Glance

Companies: American Zurich Insurance Company, American Guarantee and Liability Insurance Company, Zurich American Insurance Company of Illinois, Zurich American Insurance Company

Product Name: CW-PR-26302 Proprietary FormSERFF Tr Num: ZURC-125315512 State: Arkansas

Revision In Accordance with ISO's 2007 Changes

| | | |
|--|----------------------------|--|
| TOI: 17.1 Other Liability - Claims Made Only | SERFF Status: Closed | State Tr Num: AR-PC-07-026349 |
| Sub-TOI: 17.1019 Professional Errors & Omissions Liability | Co Tr Num: CW-PR-26302 | State Status: Fees verified and received |
| Filing Type: Form | Co Status: Not Applicable | Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding |
| | Author: Cindy Schultz | Disposition Date: 03/18/2008 |
| | Date Submitted: 10/05/2007 | Disposition Status: Accepted For Informational Purposes |
| Effective Date Requested (New): 02/01/2008 | | Effective Date (New): |
| Effective Date Requested (Renewal): 02/01/2008 | | Effective Date (Renewal): |

State Filing Description:

General Information

Project Name: CW-PR-26302 Proprietary Form Revision In Accordance Status of Filing in Domicile: with ISO's 2007 Changes

Project Number: CW-GL-26302

Reference Organization:

Reference Title:

Filing Status Changed: 03/18/2008

State Status Changed: 12/06/2007

Corresponding Filing Tracking Number:

Filing Description:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

In accordance with the filing requirements of your state, we submit for your review and approval our revised proprietary underwriting endorsements that have been revised in accordance with recent ISO 2007 changes made to the

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Commercial General Liability Coverage Part, endorsements and other affiliated coverages. In addition to the revisions resulting from the ISO 2004 changes, we are using this opportunity to make additional minor changes which do not stem from the ISO revisions.

Company and Contact

Filing Contact Information

Cindy Schultz, Filing Analyst cindy.schultz@zurichna.com
 1400 American Lane (847) 762-7311 [Phone]
 Schaumburg, IL 60196 (847) 605-7768[FAX]

Filing Company Information

| | | |
|-----------------------------------|-------------------------|-----------------------------|
| American Zurich Insurance Company | CoCode: 40142 | State of Domicile: Illinois |
| 1400 American Lane | Group Code: 212 | Company Type: |
| Schaumburg, IL 60196 | Group Name: | State ID Number: |
| (847) 605-6000 ext. [Phone] | FEIN Number: 36-3141762 | |

| | | |
|--|-------------------------|-----------------------------|
| American Guarantee and Liability Insurance Company | CoCode: 26247 | State of Domicile: New York |
| 1400 American Lane | Group Code: 212 | Company Type: |
| Schaumburg, IL 60196 | Group Name: | State ID Number: |
| (847) 605-6000 ext. [Phone] | FEIN Number: 36-6071400 | |

| | | |
|---|-------------------------|-----------------------------|
| Zurich American Insurance Company of Illinois | CoCode: 27855 | State of Domicile: Illinois |
| 1400 American Lane | Group Code: 212 | Company Type: |
| Schaumburg, IL 60196 | Group Name: | State ID Number: |
| (847) 605-6000 ext. [Phone] | FEIN Number: 36-2781080 | |

| | | |
|-----------------------------------|-------------------------|-----------------------------|
| Zurich American Insurance Company | CoCode: 16535 | State of Domicile: New York |
| 1400 American Lane | Group Code: 212 | Company Type: |
| Schaumburg, IL 60102 | Group Name: | State ID Number: |
| (847) 605-6000 ext. [Phone] | FEIN Number: 36-4233459 | |

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Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|-------------------------------------|---------------|------------|----------------|
| Accepted For Informational Purposes | Edith Roberts | 03/18/2008 | 03/18/2008 |
| Approved | Edith Roberts | 12/06/2007 | 12/06/2007 |

Objection Letters and Response Letters

| Objection Letters | | | | Response Letters | | |
|---------------------------|---------------|------------|----------------|------------------|------------|----------------|
| Status | Created By | Created On | Date Submitted | Responded By | Created On | Date Submitted |
| Pending Industry Response | Edith Roberts | 10/18/2007 | 10/18/2007 | Cindy Schultz | 12/04/2007 | 12/04/2007 |

Amendments

| Item | Schedule | Created By | Created On | Date Submitted |
|---|----------|---------------|------------|----------------|
| Abusive Act Liability Coverage Form | Form | Cindy Schultz | 03/07/2008 | 03/07/2008 |
| Pastoral Counseling Liability Coverage Form | Form | Cindy Schultz | 03/07/2008 | 03/07/2008 |

Filing Notes

| Subject | Note Type | Created By | Created | Date Submitted |
|---------|-----------|------------|---------|----------------|
|---------|-----------|------------|---------|----------------|

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| | | | |
|----------------|------------------|---------------|-----------------------|
| Re Open Filing | Note To Reviewer | Cindy Schultz | 02/08/2008 02/08/2008 |
| Re Open Filing | Note To Reviewer | Cindy Schultz | 12/11/2007 12/11/2007 |

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Disposition

Disposition Date: 03/18/2008

Effective Date (New):

Effective Date (Renewal):

Status: Accepted For Informational Purposes

Comment: Addendum to previously approved filing. Thank you !

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

| | |
|---|--------|
| Overall Percentage Rate Indicated For This Filing | 0.000% |
| Overall Percentage Rate Impact For This Filing | 0.000% |
| Effect of Rate Filing-Written Premium Change For This Program | \$0 |
| Effect of Rate Filing - Number of Policyholders Affected | 0 |

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| Item Type | Item Name | Item Status | Public Access |
|---------------------|--|-------------|---------------|
| Supporting Document | Uniform Transmittal Document-Property & Casualty | Approved | Yes |
| Supporting Document | Mock up's | Approved | Yes |
| Supporting Document | Form List | Approved | Yes |
| Form (revised) | Abusive Act Liability Coverage Form | Approved | Yes |
| Form | Abusive Act Liability Coverage Form | Approved | Yes |
| Form (revised) | Pastoral Counseling Liability Coverage Form | Approved | Yes |
| Form | Pastoral Counseling Liability Coverage Form | Approved | Yes |
| Form | Arkansas --Notice to policyholder-- Defense Within Limits of Insurance | Approved | Yes |
| Rate | Abusive Act Liability Coverage Form - U-GL-1251 | Approved | Yes |
| Rate | Pastoral Counseling Liability Coverage Form | Approved | Yes |

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Disposition

Disposition Date: 12/06/2007

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

| | |
|---|--------|
| Overall Percentage Rate Indicated For This Filing | 0.000% |
| Overall Percentage Rate Impact For This Filing | 0.000% |
| Effect of Rate Filing-Written Premium Change For This Program | \$0 |
| Effect of Rate Filing - Number of Policyholders Affected | 0 |

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|---------------------|--|-------------|---------------|
| Supporting Document | Uniform Transmittal Document-Property & Casualty | Approved | Yes |
| Supporting Document | Mock up's | Approved | Yes |
| Supporting Document | Form List | Approved | Yes |
| Form (revised) | Abusive Act Liability Coverage Form | Approved | Yes |
| Form | Abusive Act Liability Coverage Form | Approved | Yes |
| Form (revised) | Pastoral Counseling Liability Coverage Form | Approved | Yes |
| Form | Pastoral Counseling Liability Coverage Form | Approved | Yes |
| Form | Arkansas --Notice to policyholder-- Defense Within Limits of Insurance | Approved | Yes |
| Rate | Abusive Act Liability Coverage Form - U-GL-1251 | Approved | Yes |
| Rate | Pastoral Counseling Liability Coverage Form | Approved | Yes |

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 10/18/2007
Submitted Date 10/18/2007
Respond By Date

Dear Cindy Schultz,

This will acknowledge receipt of the captioned filing.

This coverage contains defense within the limits of liability which is prohibited by Arkansas Code Anno. § 23-79-307 (5) (A), unless you confirm compliance with AID Order # 2007-046.

The limits of liability must be no less than \$1,000,000 and a consent form acknowledging that the limits may be used up or completely exhausted in payment of defense expense, is signed by the insured.

Please reference the Extended Reporting Period provision. A basic 60 day extended reporting period is mandatory, free of charge and must be issued for termination of the policy by the insurer or the insured, for any reason, including non-payment of premium (AR Code Anno. §23-69-306 (2)).

It may not be withheld pending repayment of deductibles or reimbursements that are owed. Also you must allow 60 days to request and pay for the Optional Extended Reporting Period.
(AR Code Anno. § 23-79-306 (3)).

This provision must be offered and put into effect once premium is received upon termination of the policy for any reason, by the insurer or the insured, including non-payment of premium or deductibles or reimbursements that are owed (AR Code Anno. § 23-79-306 (3 & 4)).

Premium received in payment for the Optional Extended Reporting Period may not be first applied to premium owed on an expiring or terminating policy, or to deductible or reimbursements that are owed.

The limit for the optional Extended Reporting Period must be at least the greater of the remaining limit of liability for the terminating policy or reinstated to 50% of the annual aggregate limit of the terminating policy (AR Code Anno. § 23-79-306 (6)).

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Please feel free to contact me if you have questions.
 Sincerely,
 Edith Roberts

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 12/04/2007
 Submitted Date 12/04/2007

Dear Edith Roberts,

Comments:

Response 1

Comments: Please see the attached rule pages to include information regarding attaching the consent form and the minimum limits will be \$1,000,000.
 Also, please see the new form we are submitting for approval.

Changed Items:

No Supporting Documents changed.

Form Schedule Item Changes

| Form Name | Form Number | Edition Date | Form Type | Action | Action Specific Data | Readability Score | Attach Document |
|---|--------------|--------------|----------------------------------|--------|----------------------|-------------------|----------------------------------|
| Arkansas --Notice to policyholder--Defense Within Limits of Insurance | U-GL-1343 AR | (12/07) | Endorsement/Amendment/Conditions | New | | 0 | Arkansas Policyholder Notice.pdf |

Rate/Rule Schedule Item Changes

| Exhibit Name | Rule # or Page # | Rate Action | Previous State Filing # |
|--------------|------------------|-------------|-------------------------|
|--------------|------------------|-------------|-------------------------|

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Abusive Act Liability Rule 36 New
Coverage Form - U-GL-1251
Pastoral Counseling Liability Rule 36 New
Coverage Form

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Sincerely,
Cindy Schultz

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Amendment Letter

Amendment Date:
 Submitted Date: 03/07/2008

Comments:

Dear Ms Roberts,

Thank you for reopening this filing.

The forms list and the mock up that were submitted are state specific. The forms that I originally attached were countrywide forms.

Please see the state specific forms.

If you have any questions call.

Changed Items:

Form Schedule Item Changes:

| Form Name | Form Number | Edition Date | Form Type | Action | Replaced Form # | Previous Filing # | Readability Score | Attachments |
|-------------------------------------|----------------|--------------|-----------------------|----------|------------------------------|-------------------|-------------------|-----------------|
| Abusive Act Liability Coverage Form | U-GL-1251-B AR | (12/07) | Policy/C overage Form | Replaced | U-GL-1251-A AR (09/05)016694 | AR-PC-05-016694 | 0 | UGL1251AR B.pdf |

| Form Name | Form Number | Edition Date | Form Type | Action | Replaced Form # | Previous Filing # | Readability Score | Attachments |
|---|----------------|--------------|-----------------------|----------|------------------------------|-------------------|-------------------|------------------|
| Pastoral Counseling Liability Coverage Form | U-GL-1252-B AR | (12/07) | Policy/C overage Form | Replaced | U-GL-1252-A AR (09/05)016694 | AR-PC-05-016694 | 0 | UGL 1252AR B.pdf |

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Note To Reviewer

Created By:

Cindy Schultz on 02/08/2008 01:48 PM

Subject:

Re Open Filing

Comments:

Dear Ms. Roberts,

Can we please re-open this filing as I sent you the wrong forms. The forms that were approved are countrywide forms and not the AR forms. I also notice that the approved forms did not address your objection regarding the Extended Reporting Period and Optional Extended Reporting Period.

Please let me know.

Thank You

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Note To Reviewer

Created By:

Cindy Schultz on 12/11/2007 11:42 AM

Subject:

Re Open Filing

Comments:

Dear Ms. Roberts,

Can we please re-open this filing as I sent you the wrong forms. The forms that were approved are countrywide forms and not the AR forms. I also notice that the approved forms did not address your objection regarding the Extended Reporting Period and Optional Extended Reporting Period.

Please let me know.

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Form Schedule

| Review Status | Form Name | Form # | Edition Date | Form Type Action | Action Specific Data | Readability | Attachment |
|---------------|--|----------------|--------------|--------------------------------------|--|-------------|----------------------------------|
| Approved | Abusive Act Liability Coverage Form | U-GL-1251-B AR | (12/07) | Policy/Coverage Replaced | Replaced Form #:0.00 U-GL-1251-A AR (09/05) Previous Filing #: AR-PC-05-016694 | | UGL1251ARB.pdf |
| Approved | Pastoral Counseling Liability Coverage Form | U-GL-1252-B AR | (12/07) | Policy/Coverage Replaced | Replaced Form #:0.00 U-GL-1252-A AR (09/05) Previous Filing #: AR-PC-05-016694 | | UGL1252ARB.pdf |
| Approved | Arkansas --Notice to policyholder-- Defense Within Limits of Insurance | U-GL-1343 AR | (12/07) | Endorsement/Amendment/Conditions New | | 0.00 | Arkansas Policyholder Notice.pdf |



ZURICH

Abusive Act Liability Coverage Form

THIS FORM PROVIDES CLAIMS MADE COVERAGE AND DEFENSE EXPENSES ARE INCLUDED WITHIN THE LIMITS OF INSURANCE. PLEASE READ THE ENTIRE FORM CAREFULLY.

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **VI** – Definitions.

SECTION I – COVERAGES

ABUSIVE ACT LIABILITY

1. Insuring Agreement

- a.** We will pay "loss" because of "injury" resulting from an "abusive act" to which this insurance applies. We will have the right and duty to defend the insured against any "claim" for an "abusive act" to which this insurance applies. However, we will have no duty to defend the insured against any "claim" arising out of an "abusive act" to which this insurance does not apply. We may, at our discretion, settle any "claim" for an "abusive act". But:

- (1)** The amount we will pay for "loss" is limited as described in Section **III** – Limits Of Insurance; and
- (2)** Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of "loss". "Defense expenses" are included in the limit of insurance.

No other obligation or liability to pay "losses" or perform acts or services is covered unless explicitly provided for under Special Supplementary Payments.

- b.** This insurance applies to "loss" because of "injury" resulting from an "abusive act" only if:
- (1)** The "abusive act" did not occur before the Retroactive Date, if any, shown in the Special Liability Coverage Form Declarations or after the end of the "policy period"; and
 - (2)** A "claim" to pay "loss" because of "injury" resulting from an "abusive act" is first made against any insured, in accordance with Paragraph **c.** below, during the "policy period" or any "extended reporting period" we provide under Section **V** – Extended Reporting Period.
- c.** A "claim" by a person or organization seeking payment for "loss" because of "injury" resulting from an "abusive act" will be deemed to have been made when notice of such "claim" is received by any insured or by us, whichever comes first.

All "claims" seeking payment for "loss" because of "injury" to the same person, including "claims" for "loss" by any person or organization for care, loss of services, or death resulting at any time from the "loss", will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

- a. Any "claim" for any liability of the insured under any contract or agreement, except and then only to the extent that the insured would have been liable in the absence of such contract or agreement;
- b. Any "claim" brought by you or on your behalf or in the name or right of any insured, provided, however, this exclusion will not apply to any "claim" made by a "volunteer";
- c. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act" that was alleged in or formed the basis of any litigation that was pending at any time prior to the effective date of this Coverage Part;
- d. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act" of which any insured, other than any insured actually committing the "abusive act", has knowledge prior to the effective date of this Coverage Part;
- e. Any "claim" based upon, arising out of or attributable, in whole or in part, to any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or similar law;
- f. Any "abusive act" committed by an "employee" or "volunteer" with a prior criminal conviction for an "abusive act";
- g. Any person who actually or allegedly participated in, directed or knowingly allowed any "abusive act".

SPECIAL SUPPLEMENTARY PAYMENTS

We will reimburse you, only with respect to any "claim" for an "abusive act" to which this insurance applies, for the following expenses you incur:

1. Your reasonable expenses incurred in conducting an internal investigation of or counseling relating to allegations of an "abusive act"; and
2. Your reasonable expenses in retaining the services of a media consultant or public relations professional in response to allegations of an "abusive act".

These reimbursements will not reduce the limits of insurance. However, the most we will reimburse you for the sum of all such expenses, regardless of the number of "abusive acts", claimants, "claims" or insureds, is the Special Supplementary Payment Limit shown in the Special Liability Coverage Form Declarations. We have no obligation to arrange for any of these services or pay any of the service providers on your behalf.

SECTION II – WHO IS AN INSURED

Each of the following is an insured:

1. You, but only with respect to the conduct of your business described in the Special Liability Coverage Form Declarations;

2. Your "employees", directors, officers, trustees, clergy, wardens, deacons, elders, teachers, members of the vestry, members of the board of trustees, members of standing committees, members of the board of governors or members of the board of education, but only while any of these is performing duties in the conduct of your business described in the Special Liability Coverage Form Declarations; and
3. Any "volunteer", but only while performing, with your consent, duties in the conduct of your business described in the Special Liability Coverage Form Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Special Liability Coverage Form Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims".
2. The Aggregate Limit is the most we will pay for "loss" because of "injury" under this Coverage Part for all "claims" made in each "policy year", including the automatic "extended reporting period", regardless of the number of "abusive acts" or "claims". If this policy contains a Schedule of Insureds, a separate Aggregate Limit will apply to each Named Insured listed in that Schedule. "Defense expenses" are included within, and are not in addition to, the Limits of Insurance.
3. The Aggregate Limit for the optional "extended reporting period", if purchased, will be the Aggregate Limit remaining at the end of the "policy year" and automatic "extended reporting period" or 50% of the Aggregate Limit, whichever is greater.
4. Subject to Paragraphs 2. and 3. above, the Each Claim Limit is the most we will pay for "loss" because of "injury" for any one "claim". If this policy contains a Schedule of Insureds, a separate Each Claim Limit will apply to each Named Insured listed in that Schedule. We will only pay "loss" in excess of the Each Claim Retention shown in the Special Liability Coverage Form Declarations.
5. "Claims" based upon or arising out of or in any way involving the same or related "abusive acts", or the same or related series of "abusive acts", shall be deemed to be a single "claim", made at the time the first of those "claims" is made against any insured.

SECTION IV – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part. However, this provision shall not affect our ability to invoke any applicable statute of limitations, statute of repose or similar statute, common law principle or court rule on behalf of the insured.

2. Notice Of Facts, Circumstances Or Claims

- a. If, during the "policy period", an insured:
 - (1) Receives written notice from any party that it is the intention of such party to hold any insured responsible for an "abusive act"; or
 - (2) Becomes aware of any facts or circumstances which may subsequently give rise to a "claim" being made against an insured for an "abusive act",

and you give written notice thereof to us as soon as practicable and prior to the date of termination of the "policy period", specifying with particularity the "abusive act", the consequences which have resulted or may result therefrom and the circumstances by which the insured first became aware thereof, then any "claim" which may subsequently be made against the insured for such "abusive act" will be treated as a "claim" made during the "policy year" in which such notice was first given.

- b. You will, as a condition precedent to your rights under this Coverage Part, give to us notice in writing of any "claim" as soon as practicable, but in no event more than 30 days after the date of termination of the "policy period" (except for application of any "extended reporting period"), and you and any other involved insured must give us such information and cooperation as we may reasonably require.
- c. Following the furnishing of notice of "abusive act" or "claim", you and any other involved insured will, as soon as practicable, furnish us with copies of all reports, investigations, pleadings and all other papers and other information in connection therewith.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "claim" seeking "loss" from an insured; or
- b. To sue us on this Coverage Part unless all of its terms 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, but we will not be liable for any amount that is not payable under the terms of this Coverage Part or that is in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a "loss" covered under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary when no other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance.

b. Excess Insurance

Subject to Paragraph c. below, if other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance, this insurance is excess over that insurance. When this insurance is excess, we will have no duty to defend the insured against any "claim" if any other insurer has a duty to defend the insured against that "claim". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers. We will pay only our share of the amount of "loss", if any, that exceeds the total amount that all such other insurance would pay for the "loss" in the absence of this insurance.

At our request, you will provide us with detailed information regarding all other insurance policies that have been issued to you as well as all other policies under which you could potentially seek coverage if you chose to do so. Also, at our request, you will tender any "claim" that we designate to any insurer(s) that we designate, and cooperate with us in seeking coverage (including contribution and/or indemnification of any amounts that we pay under this policy) for such "claim" from such insurer(s).

c. Non-Cumulation Of Insurance

In no event may the Limit of Insurance available under this policy be combined in any manner with the limits of insurance of any other insurance written by us or any of our affiliates.

5. Representations

By accepting this policy, you agree the statements contained in the application and any documents or information submitted with it are true, accurate and complete, and that we have issued this Coverage Part in reliance upon those statements.

6. Separation Of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made.

7. Transfer Of Rights Of Recovery Against Others To Us

If the insured has the right to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after the "loss" to impair them. At our request, the insured will bring litigation or other proceedings, or transfer those rights to us and help us to enforce them.

8. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to you written notice of the non-renewal no less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - EXTENDED REPORTING PERIOD

If we cancel or fail or refuse to renew this Coverage Part for any reason or if you cancel or fail or refuse to renew this Coverage Part, you will have the right to an automatic "extended reporting period" and an optional "extended reporting period" as follows:

1. Automatic Extended Reporting Period

You will have the right to an extension of coverage otherwise provided under this Coverage Part with respect to any "claim" made during the period of 60 days after the effective date of such cancellation or nonrenewal (the automatic "extended reporting period"), but only with respect to any "abusive act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal.

2. Optional Extended Reporting Period

You will have the right, upon payment of the percentage of the annualized "total coverage part premium" shown in the Special Liability Coverage Form Declarations, to purchase an extension of the coverage otherwise provided under this Coverage Part with respect to any "claim" made during the optional "extended reporting period", but only with respect to any "abusive act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal. The right to purchase the "extended reporting period" will terminate unless written notice is given to us, together with payment of the additional premium, within 60 days after the effective date of nonrenewal or cancellation of the policy. The effective date of the optional "extended reporting period" will begin at the expiration of the automatic "extended reporting period". We will advise you of the earned premium due at the time of termination of the coverage.

The "extended reporting period" does not extend the "policy period" or change the scope of coverage provided. The Aggregate Limit for the optional "extended reporting period", if purchased, will be the Aggregate Limit remaining at the end of the "policy year" and automatic "extended reporting period" or 50% of the Aggregate Limit, whichever is greater. Once in effect, the "extended reporting period" may not be cancelled.

The offer by us of continued coverage under terms, conditions, limits of insurance or premiums different from those applicable to the expiring Coverage Part shall not constitute a refusal to renew.

SECTION VI – DEFINITIONS

1. "Abusive act" means any act or series of acts of actual or threatened abuse or molestation done to any person, resulting in "injury" to that person, including any act or series of acts of actual or threatened sexual abuse or molestation done to any person, resulting in "injury" to that person, by anyone who causes or attempts to cause the person to engage in a sexual act:
 - a. Without the consent of or by threatening the person, placing the person in fear or asserting undue influence over the person;
 - b. If that person is incapable of appraising the nature of the conduct or is physically incapable of declining participation in or communicating unwillingness to engage in the sexual act; or
 - c. By engaging in or attempting to engage in lewd exposure of the body done with intent to arouse or to satisfy the sexual desire of any person.

All interrelated or continuous "abusive acts" committed by one person or persons acting in concert, shall be deemed to be one "abusive act".

2. "Claim" means:
 - a. A written demand for monetary damages; or
 - b. A civil proceeding in which "loss" because of "injury" resulting from an "abusive act" to which this insurance applies is alleged, including any other alternative dispute resolution procedure, such as arbitration or mediation, to which the insured submits with our consent.
3. "Defense expenses" means reasonable costs, attorney's fees, charges and expenses incurred by us in the defense or appeal of a "claim" or investigation, including:
 - a. All court costs taxed against the insured by a court of law in a civil proceeding, but these court costs do not include attorney's fees or attorney's expenses taxed against the insured;
 - b. Prejudgment interest awarded against the insured on that part of the judgment we pay; provided, however, that if we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer;
 - c. All interest on the full amount of the judgment or award that accrues after entry of the judgment or award and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance; and
 - d. The costs of attachment or similar bonds, but only for bond amounts within the applicable limit of insurance

and excluding salaries, wages, overhead or benefit expenses associated with any insured and further excluding any amount paid by any other insurer. We do not have to furnish any bonds.

4. "Employee" means a person employed by the insured for compensation and includes a "leased worker". "Employee" does not include a "temporary worker".

5. "Extended reporting period" means the period of time after the effective date of cancellation or nonrenewal shown in the Special Liability Coverage Form Declarations.
6. "Injury" means physical injury, sickness, disease, mental anguish, mental injury, shock or fright or death of the person(s) who is the subject of an "abusive act".
7. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
8. "Loss" means those sums that the insured is legally obligated to pay as damages, plus "defense expenses"; provided, however, that "loss" will not include:
 - a. Taxes, fines or penalties;
 - b. Any damages awarded for punitive or exemplary purposes or any damages for which the amount is determined by the application of a multiplier, where such amounts are not insurable under applicable law; or
 - c. Any other sums that are uninsurable under the applicable law.
9. "Policy period" means the period of time from the effective date to the expiration date shown in the Special Liability Coverage Form Declarations or to any earlier date of termination.
10. "Policy year" means the period of one year following the effective date of this policy or any anniversary thereof or, if the time between the effective date or any anniversary thereof and the termination of the "policy period" is less than one year, such lesser period.
11. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
12. "Total coverage part premium" means the entire premium charged for this coverage, as the same may have been adjusted from time to time.
13. "Trial court" means a court of law in which civil or criminal litigation may be initiated.
14. "Volunteer" means a person who is not your "employee" and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.



ZURICH

Pastoral Counseling Liability Coverage Form

THIS FORM PROVIDES CLAIMS MADE COVERAGE AND DEFENSE EXPENSES ARE INCLUDED WITHIN THE LIMITS OF INSURANCE. PLEASE READ THE ENTIRE FORM CAREFULLY.

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section VI – Definitions.

SECTION I – COVERAGE

PASTORAL COUNSELING LIABILITY

1. Insuring Agreement

- a. We will pay "loss" because of "injury" resulting from a "pastoral counseling wrongful act" to which this insurance applies. We will have the right and duty to defend the insured against any "claim" for a "pastoral counseling wrongful act" to which this insurance applies. However, we will have no duty to defend the insured against any "claim" arising out of a "pastoral counseling wrongful act" to which this insurance does not apply. We may, at our discretion, settle any "claim" for a "pastoral counseling wrongful act". But:
 - (1) The amount we will pay for "loss" is limited as described in Section III – Limits Of Insurance; and
 - (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of "loss". "Defense expenses" are included in the limit of insurance.
- b. This insurance applies to "loss" because of "injury" resulting from a "pastoral counseling wrongful act" only if:
 - (1) The "pastoral counseling wrongful act" did not occur before the Retroactive Date, if any, shown in the Special Liability Coverage Form Declarations or after the end of the "policy period"; and
 - (2) A "claim" to pay "loss" because of "injury" resulting from a "pastoral counseling wrongful act" is first made against any insured, in accordance with Paragraph c. below, during the "policy period" or any "extended reporting period" we provide under Section V – Extended Reporting Period.
- c. A "claim" by a person or organization seeking payment for "loss" because of "injury" resulting from a "pastoral counseling wrongful act" will be deemed to have been made when notice of such "claim" is received by any insured or by us, whichever comes first.

All "claims" seeking payment for "loss" because of "injury" to the same person, including "claims" for "loss" by any person or organization for care, loss of services, or death resulting at any time from the "loss", will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

- a. Any "claim" based upon, arising out of or attributable, in whole or in part, to the rendering of services, counseling or treatments which are prohibited under any federal, state or municipal law or ordinance;
- b. Any "claim" based upon, arising out of or attributable, in whole or in part, to any counseling, referral, education or similar service provided on behalf of any entity other than a Named Insured;
- c. Any "claim" made against any "natural person" who qualifies as an insured and who has been determined by a "trial court":
 - (1) To have committed or been guilty of any criminal act or criminal omission; or
 - (2) To have committed any willful violation of the common law, any statute or any regulation

where that criminal act or criminal omission, or that willful violation, caused or contributed, in whole or in part, to the "injury" alleged in that "claim".

However, at our sole discretion and option, we may continue to pay "defense expenses" incurred on behalf of such an insured after the entry of such a determination against that insured.

The criminal act, criminal omission, or willful violation of the common law, any statute or any regulation by any insured shall not be imputed to any other insured for the purpose of determining the application of this exclusion;

- d. Any "claim" for any liability of the insured under any contract or agreement, except and then only to the extent that the insured would have been liable in the absence of such contract or agreement;
- e. Any "claim" brought by you or on your behalf or in the name or right of any insured, provided, however, that this exclusion will not apply to any "claim" made by an insured who is a "natural person" and who alleges a "pastoral counseling wrongful act" committed during the course of counseling;
- f. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "pastoral counseling wrongful act" that was alleged in or formed the basis of any litigation that was pending at any time prior to the effective date of this Coverage Part;
- g. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "pastoral counseling wrongful act" of which any insured, other than any insured actually committing the "pastoral counseling wrongful act", has knowledge prior to the effective date of this Coverage Part;
- h. Any "claim" based upon, arising out of or attributable, in whole or in part, to any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or similar law;
- i. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act".

SECTION II – WHO IS AN INSURED

Each of the following is an insured:

- 1. You, but only with respect to the conduct of your business described in the Special Liability Coverage Form Declarations;
- 2. Officially ordained or appointed clergy of a denomination, but only with respect to providing professional counseling services as described in the application; and
- 3. Officers, directors, trustees or members of your board of governors, or similar governing body.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Special Liability Coverage Form Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims".
2. The Aggregate Limit is the most we will pay for "loss" because of "injury" under this Coverage Part for all "claims" made in each "policy year", including the automatic "extended reporting period", regardless of the number of "pastoral counseling wrongful acts" or "claims". If this policy contains a Schedule of Insureds, a separate Aggregate Limit will apply to each Named Insured listed in that Schedule. "Defense expenses" are included within, and are not in addition to, the Limits of Insurance.
3. The Aggregate Limit for the optional "extended reporting period", if purchased, will be the Aggregate Limit remaining at the end of the "policy year" and automatic "extended reporting period" or 50% of the Aggregate Limit, whichever is greater.
4. Subject to Paragraphs 2. and 3. above, the Each Claim Limit is the most we will pay for "loss" because of "injury" for any one "claim". If this policy contains a Schedule of Insureds, a separate Each Claim Limit will apply to each Named Insured listed in that Schedule. We will only pay "loss" in excess of the Each Claim Retention shown in the Special Liability Coverage Form Declarations.
5. "Claims" based upon or arising out of or in any way involving the same or related "pastoral counseling wrongful acts", or the same or related series of "pastoral counseling wrongful acts", shall be deemed to be a single "claim", made at the time the first of those "claims" is made against any insured.

SECTION IV – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part. However, this provision shall not affect our ability to invoke any applicable statute of limitations, statute of repose or similar statute, common law principle or court rule on behalf of the insured.

2. Notice Of Facts, Circumstances Or Claims

a. If, during the "policy period", an insured:

- (1) Receives written notice from any party that it is the intention of such party to hold any insured responsible for a "pastoral counseling wrongful act"; or
- (2) Becomes aware of any facts or circumstances which may subsequently give rise to a "claim" being made against an insured for a "pastoral counseling wrongful act",

and you give written notice thereof to us as soon as practicable and prior to the date of termination of the "policy period" specifying with particularity the "pastoral counseling wrongful act", the consequences which have resulted or may result therefrom and the circumstances by which the insured first became aware thereof, then any "claim" which may subsequently be made against the insured for such "pastoral counseling wrongful act" will be treated as a "claim" made during the "policy year" in which such notice was first given.

b. You will, as a condition precedent to your rights under this Coverage Part, give to us notice in writing of any "claim" as soon as practicable, but in no event more than 30 days after the date of termination of the "policy period" (except for application of any "extended reporting period" coverage you may purchase), and you and any other involved insured must give us such information and cooperation as we may reasonably require.

- c. Following the furnishing of notice of a "pastoral counseling wrongful act" or "claim", you and any other involved insured will, as soon as practicable, furnish us with copies of all reports, investigations, pleadings and all other papers and other information in connection therewith.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "claim" seeking "loss" from an insured; or
- b. To sue us on this Coverage Part unless all of its terms 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, but we will not be liable for any amount that is not payable under the terms of this Coverage Part or that is in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a "loss" covered under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary when no other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance.

b. Excess Insurance

Subject to Paragraph **c.** below, if other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance, this insurance is excess over that insurance. When this insurance is excess, we will have no duty to defend the insured against any "claim" if any other insurer has a duty to defend the insured against that "claim". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers. We will pay only our share of the amount of "loss", if any, that exceeds the total amount that all such other insurance would pay for the "loss" in the absence of this insurance.

At our request, you will provide us with detailed information regarding all other insurance policies that have been issued to you as well as all other policies under which you could potentially seek coverage if you chose to do so. Also, at our request, you will tender any "claim" that we designate to any insurer(s) that we designate, and cooperate with us in seeking coverage (including contribution and/or indemnification of any amounts that we pay under this policy) for such "claim" from such insurer(s).

c. Non-Cumulation Of Insurance

In no event may the Limit of Insurance available under this policy be combined in any manner with the limits of insurance of any other insurance written by us or any of our affiliates.

5. Representations

By accepting this policy, you agree the statements contained in the application and any documents or information submitted with it are true, accurate and complete, and that we have issued this Coverage Part in reliance upon those statements.

6. Separation Of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made.

7. Transfer Of Rights Of Recovery Against Others To Us

If the insured has the right to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after the "loss" to impair them. At our request, the insured will bring litigation or other proceedings or transfer those rights to us and help us to enforce them.

8. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to you written notice of the nonrenewal no less than 60 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - EXTENDED REPORTING PERIOD

If we cancel or fail or refuse to renew this Coverage Part for any reason or if you cancel or fail or refuse to renew this Coverage Part, you will have the right to an automatic "extended reporting period" and an optional "extended reporting period" as follows:

1. Automatic Extended Reporting Period

You will have the right to an extension of coverage otherwise provided under this Coverage Part with respect to any "claim" made during the period of 60 days after the effective date of such cancellation or nonrenewal (the automatic "extended reporting period"), but only with respect to any "pastoral counseling wrongful act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal.

2. Optional Extended Reporting Period

You will have the right, upon payment of the percentage of the annualized "total coverage part premium" shown in the Special Liability Coverage Form Declarations, to purchase an extension of the coverage otherwise provided under this Coverage Part with respect to any "claim" made during the optional "extended reporting period", but only with respect to any "pastoral counseling wrongful act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal. The right to purchase the "extended reporting period" will terminate unless written notice is given to us, together with payment of the additional premium, within 60 days after the effective date of nonrenewal or cancellation of the policy. The effective date of the optional "extended reporting period" will begin at the expiration of the automatic "extended reporting period". We will advise you of the earned premium due at the time of termination of the coverage.

The "extended reporting period" does not extend the "policy period" or change the scope of coverage provided. The Aggregate Limit for the optional "extended reporting period", if purchased, will be the Aggregate Limit remaining at the end of the "policy year" and automatic "extended reporting period" or 50% of the Aggregate Limit, whichever is greater. Once in effect, the "extended reporting period" may not be cancelled.

The offer by us of continued coverage under terms, conditions, limits of insurance or premiums different from those applicable to the expiring Coverage Part shall not constitute a refusal to renew.

SECTION VI – DEFINITIONS

- 1. "Abusive act" means any act or series of acts of actual or threatened abuse or molestation done to any person, resulting in "injury" to that person, including any act or series of acts of actual or threatened sexual abuse or molestation done to any person, resulting in "injury" to that person, by anyone who causes or attempts to cause the person to engage in a sexual act:
 - a. Without the consent of or by threatening the person, placing the person in fear or asserting undue influence over the person;

- b. If that person is incapable of appraising the nature of the conduct or is physically incapable of declining participation in or communicating unwillingness to engage in the sexual act; or
 - c. By engaging in or attempting to engage in lewd exposure of the body done with intent to arouse or to satisfy the sexual desire of any person.
2. "Claim" means:
- a. A written demand for monetary damages; or
 - b. A civil proceeding in which "loss" because of "injury" resulting from a "pastoral counseling wrongful act" to which this insurance applies is alleged, including any other alternative dispute resolution procedure, such as arbitration or mediation, to which the insured submits with our consent.
3. "Defense expenses" means reasonable costs, attorney's fees, charges and expenses incurred by us in the defense or appeal of a "claim" or investigation, including:
- a. All court costs taxed against the insured by a court of law in a civil proceeding, but these court costs do not include attorney's fees or attorney's expenses taxed against the insured;
 - b. Prejudgment interest awarded against the insured on that part of the judgment we pay; provided, however, that if we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer;
 - c. All interest on the full amount of the judgment or award that accrues after entry of the judgment or award and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance; and
 - d. The costs of attachment or similar bonds, but only for bond amounts within the applicable limit of insurance
- and excluding salaries, wages, overhead or benefit expenses associated with any insured and further excluding any amount paid by any other insurer. We do not have to furnish any bonds.
4. "Extended reporting period" means the period of time after the effective date of cancellation or nonrenewal shown in the Special Liability Coverage Form Declarations.
5. "Injury" means physical injury, sickness, disease, mental anguish, mental injury, shock or fright or death of the person(s) who is the subject of a "pastoral counseling wrongful act".
6. "Loss" means those sums that the insured is legally obligated to pay as damages, plus "defense expenses"; provided, however, that "loss" will not include:
- a. Taxes, fines or penalties;
 - b. Any damages awarded for punitive or exemplary purposes or any damages for which the amount is determined by the application of a multiplier, where such amounts are not insurable under applicable law; or
 - c. Any other sums that are uninsurable under the applicable law.
7. "Natural person" means a human being.
8. "Pastoral counseling wrongful act" means any actual or alleged act, error, neglect, omission, misstatement, misleading statement or breach of duty by an insured committed or allegedly committed during the course of providing counseling.
9. "Policy period" means the period of time from the effective date to the expiration date shown in the Special Liability Coverage Form Declarations or to any earlier date of termination.

10. "Policy year" means the period of one year following the effective date of this policy or any anniversary thereof or, if the time between the effective date or any anniversary thereof and the termination of the "policy period" is less than one year, such lesser period.
11. "Total coverage part premium" means the entire premium charged for this coverage, as the same may have been adjusted from time to time.
12. "Trial court" means a court of law in which civil or criminal litigation may be initiated.



ZURICH

Arkansas -- Notice to Policyholder -- Defense Within Limits of Insurance

This policy contains a "defense within the limits" provision. The provision includes the insurer's costs for providing legal defense against a claim along with any claim settlement amount within the stated policy limits. Once the policy limit is reached, the insurer's responsibility to pay any further amounts for defense costs or for any damages that may be awarded ends.

I, _____, an authorized representative of the insured, do hereby acknowledge that I have read and understand the above notice.

SERFF Tracking Number: ZURC-125315512 State: Arkansas
 First Filing Company: American Zurich Insurance Company, ... State Tracking Number: AR-PC-07-026349
 Company Tracking Number: CW-PR-26302
 TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
 Product Name: CW-PR-26302 Proprietary Form Revision In Accordance with ISO's 2007 Changes
 Project Name/Number: CW-PR-26302 Proprietary Form Revision In Accordance with ISO's 2007 Changes /CW-GL-26302

Rate/Rule Schedule

| Review Status: | Exhibit Name: | Rule # or Page #: | Rate Action | Previous State Filing Attachments Number: |
|----------------|---|-------------------|-------------|---|
| Approved | Abusive Act Liability Coverage Form - U-GL-1251 | Rule 36 | New | 1251 rule page.pdf |
| Approved | Pastoral Counseling Liability Coverage Form | Rule 36 | New | 1252 rule page.pdf |

COMMERCIAL LINES MANUAL
DIVISION SIX - COMMERCIAL GENERAL LIABILITY
SPECIAL COVERAGES AND PROGRAMS
ABUSIVE ACT LIABILITY RATING PLAN
EXCEPTION PAGE

ARKANSAS

02/01/08 Document Edition
SECTION II
COVERAGE RULES

| | |
|--|--------------------------|
| | EFFECTIVE DATE: 02/01/08 |
| RULE 36. DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS | |
| Abusive Act Liability Coverage Form - U-GL-1251 | |
| The limits of liability for this product must be no less than \$1,000,000. Consent form U-GL-1343 AR must be signed by the insured and made part of the policy. | |
| The premium for the Abusive Act Liability Coverage Form, U-GL-1251, will be calculated uniquely for each individual risk on an (a) rate basis. Complete documentation, which will include the premium for the named insured and specific characteristics of the risk supporting the individual risk pricing, will be maintained in the underwriting file for possible review of statistics for future use. | |
| This applies only to the companies listed in this table: Zurich American Insurance Company American Guarantee and Liability Insurance Company American Zurich Insurance Company Zurich American Insurance Company of Illinois | |

COMMERCIAL LINES MANUAL
DIVISION SIX - COMMERCIAL GENERAL LIABILITY
SPECIAL COVERAGES AND PROGRAMS
PASTORAL COUNSELING LIABILITY RATING PLAN
EXCEPTION PAGE

ARKANSAS

02/01/08 Document Edition
SECTION II
COVERAGE RULES

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| EFFECTIVE DATE: 02/01/08 |
| RULE 36. DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS |
| Pastoral Counseling Liability Coverage Form - U-GL-1252 |
| The limits of liability for this product must be no less than \$1,000,000. Consent form U-GL-1343 AR must be signed by the insured and made part of the policy. |
| The premium for Pastoral Counseling Liability Coverage Form, U-GL-1252, will be calculated uniquely for each individual risk on an (a) rate basis. Complete documentation, which will include the premium for the named insured and specific characteristics of the risk supporting the individual risk pricing, will be maintained in the underwriting file for possible review of statistics for future use. |
| This applies only to the companies listed in this table: Zurich American Insurance Company American Guarantee and Liability Insurance Company American Zurich Insurance Company Zurich American Insurance Company of Illinois |

SERFF Tracking Number: ZURC-125315512 State: Arkansas
First Filing Company: American Zurich Insurance Company, ... State Tracking Number: AR-PC-07-026349
Company Tracking Number: CW-PR-26302
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: CW-PR-26302 Proprietary Form Revision In Accordance with ISO's 2007 Changes
Project Name/Number: CW-PR-26302 Proprietary Form Revision In Accordance with ISO's 2007 Changes /CW-GL-26302

Supporting Document Schedules

Bypassed -Name: Uniform Transmittal Document-Property & Casualty
Bypass Reason: SEE FORM SCHEDULE TAB
Comments:

Review Status: Approved 03/18/2008

Satisfied -Name: Mock up's
Comments:
Attachments:
UGL1251AR redlined.pdf
UGL 1252AR redlined.pdf

Review Status: Approved 03/18/2008

Satisfied -Name: Form List
Comments:
Attachment:
AR Forms List PR.pdf

Review Status: Approved 03/18/2008



ZURICH

Abusive Act Liability Coverage Form

THIS FORM PROVIDES CLAIMS MADE COVERAGE AND DEFENSE EXPENSES ARE INCLUDED WITHIN THE LIMITS OF INSURANCE. PLEASE READ THE ENTIRE FORM CAREFULLY.

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section VI – Definitions.

SECTION I – COVERAGES

ABUSIVE ACT LIABILITY

1. Insuring Agreement

- a. We will pay "loss" because of "injury" resulting from an "abusive act" to which this insurance applies. We will have the right and duty to defend the insured against any "claim" for an "abusive act" to which this insurance applies. However, we will have no duty to defend the insured against any "claim" arising out of an "abusive act" to which this insurance does not apply. We may, at our discretion, settle any "claim" for an "abusive act". But:

- (1) The amount we will pay for "loss" is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of "loss". "Defense expenses" are included in the limit of insurance.

No other obligation or liability to pay "losses" or perform acts or services is covered unless explicitly provided for under Special Supplementary Payments.

- b. This insurance applies to "loss" because of "injury" resulting from an "abusive act" only if:
 - (1) The "abusive act" did not occur before the Retroactive Date, if any, shown in the Special Liability Coverage Form Declarations or after the end of the "policy period"; and
 - (2) A "claim" to pay "loss" because of "injury" resulting from an "abusive act" is first made against any insured, in accordance with Paragraph c. below, during the "policy period" or any "extended reporting period" we provide under Section V – Extended Reporting Period.
- c. A "claim" by a person or organization seeking payment for "loss" because of "injury" resulting from an "abusive act" will be deemed to have been made when notice of such "claim" is received by any insured or by us, whichever comes first.

All "claims" seeking payment for "loss" because of "injury" to the same person, including "claims" for "loss" by any person or organization for care, loss of services, or death resulting at any time from the "loss", will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

- a. Any "claim" for any liability of the insured under any contract or agreement, except and then only to the extent that the insured would have been liable in the absence of such contract or agreement;
- b. Any "claim" brought by you or on your behalf or in the name or right of any insured, provided, however, this exclusion will not apply to any "claim" made by a "volunteer";
- c. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act" that was alleged in or formed the basis of any litigation that was pending at any time prior to the effective date of this Coverage Part;
- d. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act" of which any insured, other than any insured actually committing the "abusive act", has knowledge prior to the effective date of this Coverage Part;
- e. Any "claim" based upon, arising out of or attributable, in whole or in part, to any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or similar law;
- f. Any "abusive act" committed by an "employee" or "volunteer" with a prior criminal conviction for an "abusive act";
- g. Any person who actually or allegedly participated in, directed or knowingly allowed any "abusive act".

SPECIAL SUPPLEMENTARY PAYMENTS

We will reimburse you, only with respect to any "claim" for an "abusive act" to which this insurance applies, for the following expenses you incur:

1. Your reasonable expenses incurred in conducting an internal investigation of or counseling relating to allegations of an "abusive act"; and
2. Your reasonable expenses in retaining the services of a media consultant or public relations professional in response to allegations of an "abusive act".

These reimbursements will not reduce the limits of insurance. However, the most we will reimburse you for the sum of all such expenses, regardless of the number of "abusive acts", claimants, "claims" or insureds, is the Special Supplementary Payment Limit shown in the Special Liability Coverage Form Declarations. We have no obligation to arrange for any of these services or pay any of the service providers on your behalf.

SECTION II – WHO IS AN INSURED

Each of the following is an insured:

1. You, but only with respect to the conduct of your business described in the Special Liability Coverage Form Declarations;

2. Your "employees", directors, officers, trustees, clergy, wardens, deacons, elders, teachers, members of the vestry, members of the board of trustees, members of standing committees, members of the board of governors or members of the board of education, but only while any of these is performing duties in the conduct of your business described in the Special Liability Coverage Form Declarations; and
3. Any "volunteer", but only while performing, with your consent, duties in the conduct of your business described in the Special Liability Coverage Form Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Special Liability Coverage Form Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims".
2. The Aggregate Limit is the most we will pay for "loss" because of "injury" under this Coverage Part for all "claims" made in each "policy year", including the automatic "extended reporting period", regardless of the number of "abusive acts" or "claims". If this policy contains a Schedule of Insureds, a separate Aggregate Limit will apply to each Named Insured listed in that Schedule. "Defense expenses" are included within, and are not in addition to, the Limits of Insurance.
3. The Aggregate Limit for the optional "extended reporting period", if purchased, will be the Aggregate Limit remaining at the end of the "policy year" and automatic "extended reporting period" or 50% of the Aggregate Limit, whichever is greater.
4. Subject to Paragraphs 2. and 3. above, the Each Claim Limit is the most we will pay for "loss" because of "injury" for any one "claim". If this policy contains a Schedule of Insureds, a separate Each Claim Limit will apply to each Named Insured listed in that Schedule. We will only pay "loss" in excess of the Each Claim Retention shown in the Special Liability Coverage Form Declarations.
5. "Claims" based upon or arising out of or in any way involving the same or related "abusive acts", or the same or related series of "abusive acts", shall be deemed to be a single "claim", made at the time the first of those "claims" is made against any insured.

SECTION IV – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part. However, this provision shall not affect our ability to invoke any applicable statute of limitations, statute of repose or similar statute, common law principle or court rule on behalf of the insured.

2. Notice Of Facts, Circumstances Or Claims

- a. If, during the "policy period", an insured:
 - (1) Receives written notice from any party that it is the intention of such party to hold any insured responsible for an "abusive act"; or
 - (2) Becomes aware of any facts or circumstances which may subsequently give rise to a "claim" being made against an insured for an "abusive act",

and you give written notice thereof to us as soon as practicable and prior to the date of termination of the "policy period", specifying with particularity the "abusive act", the consequences which have resulted or may result therefrom and the circumstances by which the insured first became aware thereof, then any "claim" which may subsequently be made against the insured for such "abusive act" will be treated as a "claim" made during the "policy year" in which such notice was first given.

- b. You will, as a condition precedent to your rights under this Coverage Part, give to us notice in writing of any "claim" as soon as practicable, but in no event more than 30 days after the date of termination of the "policy period" (except for application of any "extended reporting period"), and you and any other involved insured must give us such information and cooperation as we may reasonably require.
- c. Following the furnishing of notice of "abusive act" or "claim", you and any other involved insured will, as soon as practicable, furnish us with copies of all reports, investigations, pleadings and all other papers and other information in connection therewith.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "claim" seeking "loss" from an insured; or
- b. To sue us on this Coverage Part unless all of its terms 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, but we will not be liable for any amount that is not payable under the terms of this Coverage Part or that is in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a "loss" covered under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary when no other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance.

b. Excess Insurance

Subject to [Paragraph c.](#) below, if other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance, this insurance is excess over that insurance. When this insurance is excess, we will have no duty to defend the insured against any "claim" if any other insurer has a duty to defend the insured against that "claim". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers. We will pay only our share of the amount of "loss", if any, that exceeds the total amount that all such other insurance would pay for the "loss" in the absence of this insurance.



At our request, you will provide us with detailed information regarding all other insurance policies that have been issued to you as well as all other policies under which you could potentially seek coverage if you chose to do so. Also, at our request, you will tender any "claim" that we designate to any insurer(s) that we designate, and cooperate with us in seeking coverage (including contribution and/or indemnification of any amounts that we pay under this policy) for such "claim" from such insurer(s).

c. Non-Cumulation Of Insurance

In no event may the Limit of Insurance available under this policy be combined in any manner with the limits of insurance of any other insurance written by us or any of our affiliates.

5. Representations

By accepting this policy, you agree the statements contained in the application and any documents or information submitted with it are true, accurate and complete, and that we have issued this Coverage Part in reliance upon those statements.

6. Separation Of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made.

7. Transfer Of Rights Of Recovery Against Others To Us

If the insured has the right to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after the "loss" to impair them. At our request, the insured will bring litigation or other proceedings, or transfer those rights to us and help us to enforce them.

8. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to you written notice of the non-renewal no less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - EXTENDED REPORTING PERIOD

If we cancel or fail or refuse to renew this Coverage Part for any reason or if you cancel or fail or refuse to renew this Coverage Part, you will have the right to an automatic "extended reporting period" and an optional "extended reporting period" as follows:

1. Automatic Extended Reporting Period

You will have the right to an extension of coverage otherwise provided under this Coverage Part with respect to any "claim" made during the period of 60 days after the effective date of such cancellation or nonrenewal (the automatic "extended reporting period"), but only with respect to any "abusive act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal.

2. Optional Extended Reporting Period

You will have the right, upon payment of the percentage of the annualized "total coverage part premium" shown in the Special Liability Coverage Form Declarations, to purchase an extension of the coverage otherwise provided under this Coverage Part with respect to any "claim" made during the optional "extended reporting period", but only with respect to any "abusive act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal. The right to purchase the "extended reporting period" will terminate unless written notice is given to us, together with payment of the additional premium, within 60 days after the effective date of nonrenewal or cancellation of the policy. The effective date of the optional "extended reporting period" will begin at the expiration of the automatic "extended reporting period". We will advise you of the earned premium due at the time of termination of the coverage.

The "extended reporting period" does not extend the "policy period" or change the scope of coverage provided. The Aggregate Limit for the optional "extended reporting period", if purchased, will be the Aggregate Limit remaining at the end of the "policy year" and automatic "extended reporting period" or 50% of the Aggregate Limit, whichever is greater. Once in effect, the "extended reporting period" may not be canceled.

The offer by us of continued coverage under terms, conditions, limits of insurance or premiums different from those applicable to the expiring Coverage Part shall not constitute a refusal to renew.

SECTION VI – DEFINITIONS

1. "Abusive act" means any act or series of acts of actual or threatened abuse or molestation done to any person, resulting in "injury" to that person, including any act or series of acts of actual or threatened sexual abuse or molestation done to any person, resulting in "injury" to that person, by anyone who causes or attempts to cause the person to engage in a sexual act:
- Without the consent of or by threatening the person, placing the person in fear or asserting undue influence over the person;
 - If that person is incapable of appraising the nature of the conduct or is physically incapable of declining participation in or communicating unwillingness to engage in the sexual act; or
 - By engaging in or attempting to engage in lewd exposure of the body done with intent to arouse or to satisfy the sexual desire of any person.

All interrelated or continuous "abusive acts" committed by one person or persons acting in concert, shall be deemed to be one "abusive act".

2. "Claim" means:
- A written demand for monetary damages; or
 - A civil proceeding in which "loss" because of "injury" resulting from an "abusive act" to which this insurance applies is alleged, including any other alternative dispute resolution procedure, such as arbitration or mediation, to which the insured submits with our consent.
3. "Defense expenses" means reasonable costs, attorney's fees, charges and expenses incurred by us in the defense or appeal of a "claim" or investigation, including:
- All court costs taxed against the insured by a court of law in a civil proceeding, but these court costs do not include attorney's fees or attorney's expenses taxed against the insured;
 - Prejudgment interest awarded against the insured on that part of the judgment we pay; provided, however, that if we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer;
 - All interest on the full amount of the judgment or award that accrues after entry of the judgment or award and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance; and
 - The costs of attachment or similar bonds, but only for bond amounts within the applicable limit of insurance

and excluding salaries, wages, overhead or benefit expenses associated with any insured and further excluding any amount paid by any other insurer. We do not have to furnish any bonds.

4. "Employee" means a person employed by the insured for compensation and includes a "leased worker". "Employee" does not include a "temporary worker".

5. "Extended reporting period" means the period of time after the effective date of cancellation or nonrenewal shown in the Special Liability Coverage Form Declarations.
6. "Injury" means physical injury, sickness, disease, mental anguish, mental injury, shock or fright or death of the person(s) who is the subject of an "abusive act".
7. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
8. "Loss" means those sums that the insured is legally obligated to pay as damages, plus "defense expenses"; provided, however, that "loss" will not include:
- Taxes, fines or penalties;
 - Any damages awarded for punitive or exemplary purposes or any damages for which the amount is determined by the application of a multiplier, where such amounts are not insurable under applicable law; or
 - Any other sums that are uninsurable under the applicable law.
9. "Policy period" means the period of time from the effective date to the expiration date shown in the Special Liability Coverage Form Declarations or to any earlier date of termination.
10. "Policy year" means the period of one year following the effective date of this policy or any anniversary thereof or, if the time between the effective date or any anniversary thereof and the termination of the "policy period" is less than one year, such lesser period.
11. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
12. "Total coverage part premium" means the entire premium charged for this coverage, as the same may have been adjusted from time to time.
13. "Trial court" means a court of law in which civil or criminal litigation may be initiated.
14. "Volunteer" means a person who is not your "employee" and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.



ZURICH

Pastoral Counseling Liability Coverage Form

THIS FORM PROVIDES CLAIMS MADE COVERAGE AND DEFENSE EXPENSES ARE INCLUDED WITHIN THE LIMITS OF INSURANCE. PLEASE READ THE ENTIRE FORM CAREFULLY.

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section VI – Definitions.

SECTION I – COVERAGE

PASTORAL COUNSELING LIABILITY

1. Insuring Agreement

a. We will pay "loss" because of "injury" resulting from a "pastoral counseling wrongful act" to which this insurance applies. We will have the right and duty to defend the insured against any "claim" for a "pastoral counseling wrongful act" to which this insurance applies. However, we will have no duty to defend the insured against any "claim" arising out of a "pastoral counseling wrongful act" to which this insurance does not apply. We may, at our discretion, settle any "claim" for a "pastoral counseling wrongful act". But:

(1) The amount we will pay for "loss" is limited as described in Section III – Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of "loss". "Defense expenses" are included in the limit of insurance.

b. This insurance applies to "loss" because of "injury" resulting from a "pastoral counseling wrongful act" only if:

(1) The "pastoral counseling wrongful act" did not occur before the Retroactive Date, if any, shown in the Special Liability Coverage Form Declarations or after the end of the "policy period"; and

(2) A "claim" to pay "loss" because of "injury" resulting from a "pastoral counseling wrongful act" is first made against an insured, in accordance with Paragraph c below, during the "policy period" or any "extended reporting period" we provide under Section V – Extended Reporting Period.

c. A "claim" by a person or organization seeking payment for "loss" because of "injury" resulting from a "pastoral counseling wrongful act" will be deemed to have been made when notice of such "claim" is received by any insured or by us, whichever comes first.

All "claims" seeking payment for "loss" because of "injury" to the same person, including "claims" for "loss" by any person or organization for bodily loss of service or death resulting at any time from the "loss" will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

- a. Any "claim" based upon, arising out of or attributable, in whole or in part, to the rendering of services, counseling or treatments which are prohibited under any federal, state or municipal law or ordinance;
- b. Any "claim" based upon, arising out of or attributable, in whole or in part, to any counseling, referral, education or similar service provided on behalf of any entity other than a Named Insured;
- c. Any "claim" made against any "natural person" who qualifies as an insured and who has been determined by a "trial court":

(1) To have committed or been guilty of any criminal act or criminal omission; or

(2) To have committed any willful violation of the common law, any statute or any regulation

where that criminal act or criminal omission, or that willful violation, caused or contributed, in whole or in part, to the "injury" alleged in that "claim".

However, at our sole discretion and option, we may continue to pay "defense expenses" incurred on behalf of such an insured after the entry of such a determination against that insured.

The criminal act, criminal omission, or willful violation of the common law, any statute or any regulation by any insured shall not be imputed to any other insured for the purpose of determining the application of this exclusion;

- d. Any "claim" for any liability of the insured under any contract or agreement, except and then only to the extent that the insured would have been liable in the absence of such contract or agreement;
- e. Any "claim" brought by you or on your behalf or in the name or right of any insured, provided, however, that this exclusion will not apply to any "claim" made by an insured who is a "natural person" and who alleges a "pastoral counseling wrongful act" committed during the course of counseling;
- f. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "pastoral counseling wrongful act" that was alleged in or formed the basis of any litigation that was pending at any time prior to the effective date of this Coverage Part;
- g. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "pastoral counseling wrongful act" of which any insured, other than any insured actually committing the "pastoral counseling wrongful act", has knowledge prior to the effective date of this Coverage Part;
- h. Any "claim" based upon, arising out of or attributable, in whole or in part, to any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or similar law;
- i. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act".

SECTION II – WHO IS AN INSURED

Each of the following is an insured:

- 1. You, but only with respect to the conduct of your business described in the Special Liability Coverage Form Declarations;
- 2. Officially ordained or appointed clergy of a denomination, but only with respect to providing professional counseling services as described in the application; and
- 3. Officers, directors, trustees or members of your board of governors, or similar governing body.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Special Liability Coverage Form Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims".
2. The Aggregate Limit is the most we will pay for "loss" because of "injury" under this Coverage Part for all "claims" made in each "policy year", including the automatic "extended reporting period", regardless of the number of "pastoral counseling wrongful acts" or "claims". If a policy contains a Schedule of Insureds, a separate Aggregate Limit will apply to each Named Insured listed in that Schedule. "Defense expenses" are included within, and are not in addition to, the Limits of Insurance.
3. The Aggregate Limit for the optional "extended reporting period", if purchased, will be the Aggregate Limit remaining at the end of the "policy year" and automatic "extended reporting period" or 50% of the Aggregate Limit, whichever is greater.
4. Subject to Paragraphs 2. and 3. above, the Each Claim Limit is the most we will pay for "loss" because of "injury" for any one "claim". If this policy contains a Schedule of Insureds, a separate Each Claim Limit will apply to each Named Insured listed in that Schedule. We will only pay "loss" in excess of the Each Claim Retention shown in the Special Liability Coverage Form Declarations.
5. "Claims" based upon or arising out of or in any way involving the same or related "pastoral counseling wrongful acts", or the same or related series of "pastoral counseling wrongful acts", shall be deemed to be a single "claim", made at the time the first of those "claims" made against any insured.

SECTION IV – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part. However, this provision shall not affect our ability to invoke any applicable statute of limitations, statute of repose or similar statute, common law principle or court rule on behalf of the insured.

2. Notice Of Facts, Circumstances Or Claims

- a. If, during the "policy period", an insured:
 - (1) Receives written notice from any party that it is the intention of such party to hold any insured responsible for a "pastoral counseling wrongful act"; or
 - (2) Becomes aware of any facts or circumstances which may subsequently give rise to a "claim" being made against an insured for a "pastoral counseling wrongful act",

and you give written notice thereof to us as soon as practicable and prior to the date of termination of the "policy period" specifying with particularity the "pastoral counseling wrongful act", the consequences which have resulted or may result therefrom and the circumstances by which the insured first became aware thereof, then any "claim" which may subsequently be made against the insured for such "pastoral counseling wrongful act" will be treated as a "claim" made during the "policy year" in which such notice was first given.

- b. You will, as a condition precedent to your rights under this Coverage Part, give to us notice in writing of any "claim" as soon as practicable, but in no event more than 30 days after the date of termination of the "policy period" (except for application of any "extended reporting period" coverage you may purchase), and you and any other involved insured must give us such information and cooperation as we may reasonably require.

- c. Following the furnishing of notice of a "pastoral counseling wrongful act" or "claim", you and any other involved insured will, as soon as practicable, furnish us with copies of all reports, investigations, pleadings and all other papers and other information in connection therewith.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "claim" seeking "loss" from an insured; or
- b. To sue us on this Coverage Part unless all of its terms 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, but we will not be liable for any amount that is not payable under the terms of this Coverage Part or that is in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a "loss" covered under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary when no other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance.

b. Excess Insurance

Subject to Paragraph c. below, if other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance, this insurance is excess over that insurance. When this insurance is excess, we will have no duty to defend the insured against any "claim" if any other insurer has a duty to defend the insured against that "claim". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers. We will pay only our share of the amount of "loss", if any, that exceeds the total amount that all such other insurance would pay for the "loss" in the absence of this insurance.

At our request, you will provide us with detailed information regarding all other insurance policies that have been issued to you as well as all other policies under which you could potentially seek coverage if you chose to do so. Also, at our request, you will tender any "claim" that we designate to any insurer(s) that we designate, and cooperate with us in seeking coverage (including contribution and/or indemnification of any amounts that we pay under this policy) for such "claim" from such insurer(s).

c. Non-Cumulation Of Insurance

In no event may the Limit of Insurance available under this policy be combined in any manner with the limits of insurance of any other insurance written by us or any of our affiliates.

5. Representations

By accepting this policy, you agree the statements contained in the application and any documents or information submitted with it are true, accurate and complete, and that we have issued this Coverage Part in reliance upon those statements.

6. Separation Of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made.

7. Transfer Of Rights Of Recovery Against Others To Us

If the insured has the right to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after the "loss" to impair them. At our request, the insured will bring litigation or other proceedings or transfer those rights to us and help us to enforce them.

8. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to you written notice of the nonrenewal no less than 60 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - EXTENDED REPORTING PERIOD

If we cancel or fail or refuse to renew this Coverage Part for any reason or if you cancel or fail or refuse to renew this Coverage Part, you will have the right to an automatic "extended reporting period" and an optional "extended reporting period" as follows:

1. Automatic Extended Reporting Period

You will have the right to an extension of coverage otherwise provided under this Coverage Part with respect to any "claim" made during the period of 60 days after the effective date of such cancellation or nonrenewal (the automatic "extended reporting period"), but only with respect to any "pastoral counseling wrongful act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal.

2. Optional Extended Reporting Period

You will have the right, upon payment of the percentage of the annualized "total coverage part premium" shown in the Special Liability Coverage Form Declarations, to purchase an extension of the coverage otherwise provided under this Coverage Part with respect to any "claim" made during the optional "extended reporting period", but only with respect to any "pastoral counseling wrongful act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal. The right to purchase the "extended reporting period" will terminate unless written notice is given to us, together with payment of the additional premium, within 60 days after the effective date of nonrenewal or cancellation of the policy. The effective date of the optional "extended reporting period" will begin at the expiration of the automatic "extended reporting period". We will advise you of the earned premium due at the time of termination of the coverage.

The "extended reporting period" does not extend the "policy period" or change the scope of coverage provided. The aggregate limit for the optional "extended reporting period", if purchased, will be the Aggregate Limit remaining at the end of the "policy year" and automatic "extended reporting period" or 50% of the aggregate limit, whichever is greater. Or, in effect, the "extended reporting period" may not be canceled.

The offer by us of continued coverage under terms, conditions, limits of insurance or premiums different from those applicable to the expiring Coverage Part shall not constitute a refusal to renew.

SECTION VI – DEFINITIONS

- 1. "Abusive act" means any act or series of acts of actual or threatened abuse or molestation done to any person, resulting in "injury" to that person, including any act or series of acts of actual or threatened sexual abuse or molestation done to any person, resulting in "injury" to that person, by anyone who causes or attempts to cause the person to engage in a sexual act:
 - a. Without the consent of or by threatening the person, placing the person in fear or asserting undue influence over the person;

- b. If that person is incapable of appraising the nature of the conduct or is physically incapable of declining participation in or communicating unwillingness to engage in the sexual act; or
 - c. By engaging in or attempting to engage in lewd exposure of the body done with intent to arouse or to satisfy the sexual desire of any person.
2. "Claim" means:
- a. A written demand for monetary damages; or
 - b. A civil proceeding in which "loss" because of "injury" resulting from a "pastoral counseling wrongful act" to which this insurance applies is alleged, including any other alternative dispute resolution procedure, such as arbitration or mediation, to which the insured submits with our consent.
3. "Defense expenses" means reasonable costs, attorney's fees, charges and expenses incurred by us in the defense or appeal of a "claim" or investigation, including:
- a. All court costs taxed against the insured by a court of law in a civil proceeding, but these court costs do not include attorney's fees or attorney's expenses taxed against the insured:
 - b. Prejudgment interest awarded against the insured on that part of the judgment we pay; provided, however, that if we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer;
 - c. All interest on the full amount of the judgment or award that accrues after entry of the judgment or award and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance; and
 - d. The costs of attachment or similar bonds, but only for bond amounts within the applicable limit of insurance
- and excluding salaries, wages, overhead or benefit expenses associated with any insured and further excluding any amount paid by any other insurer. We do not have to furnish any bonds.
4. "Extended reporting period" means the period of time after the effective date of cancellation or nonrenewal shown in the Special Liability Coverage Form Declarations.
5. "Injury" means physical injury, sickness, disease, mental anguish, mental injury, shock or fright or death of the person(s) who is the subject of a "pastoral counseling wrongful act".
6. "Loss" means those sums that the insured is legally obligated to pay as damages, plus "defense expenses"; provided, however, that "loss" will not include:
- a. Taxes, fines or penalties;
 - b. Any damages awarded for punitive or exemplary purposes or any damages for which the amount is determined by the application of a multiplier, where such amounts are not insurable under applicable law; or
 - c. Any other sums that are uninsurable under the applicable law.
7. "Natural person" means a human being.
8. "Pastoral counseling wrongful act" means any actual or alleged act, error, neglect, omission, misstatement, misleading statement or breach of duty by an insured committed or allegedly committed during the course of providing counseling.
9. "Policy period" means the period of time from the effective date to the expiration date shown in the Special Liability Coverage Form Declarations or to any earlier date of termination.

10. "Policy year" means the period of one year following the effective date of this policy or any anniversary thereof or, if the time between the effective date or any anniversary thereof and the termination of the "policy period" is less than one year, such lesser period.
11. "Total coverage part premium" means the entire premium charged for this coverage, as the same may have been adjusted from time to time.
12.   "Trial court" means a court of law in which civil or criminal litigation may be initiated.

Zurich North America
Forms Revised – 2007 ISO Changes

| | Old Form | Title | New Form | Title | Differences |
|----|---------------------------|--|---------------------------|--|--|
| 1. | U-GL-1251-A AR (09/05) | Abusive Act Liability Coverage Form | U-GL-1251-B AR (12/07) | Abusive Act Liability Coverage Form | The only major change is the clarification under the definition of Defense Expenses that court costs do not include attorney's fees or expenses taxed against the insured. |
| 2. | U-GL-1252-A AR (09/05) | Pastoral Counseling Liability Coverage Form | U-GL-1252-B AR (12/07) | Pastoral Counseling Liability Coverage Form | The definition of "defense expenses" was changed in 3.a. to state that court costs are included except for attorney's fees and expenses taxed against the insured. There was an error in the Limits section as it referred to "abusive acts" when it should have referenced "pastoral counseling wrongful acts". |

SERFF Tracking Number: ZURC-125315512 *State:* Arkansas
First Filing Company: American Zurich Insurance Company, ... *State Tracking Number:* AR-PC-07-026349
Company Tracking Number: CW-PR-26302
TOI: 17.1 Other Liability - Claims Made Only *Sub-TOI:* 17.1019 Professional Errors & Omissions Liability
Product Name: CW-PR-26302 Proprietary Form Revision In Accordance with ISO's 2007 Changes
Project Name/Number: CW-PR-26302 Proprietary Form Revision In Accordance with ISO's 2007 Changes /CW-GL-26302

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

| Original Date: | Schedule | Document Name | Replaced Date | Attach Document |
|-----------------------|-----------------|---|----------------------|------------------------|
| No original date | Form | Abusive Act Liability Coverage Form | 10/05/2007 | UGL1251BCW.pdf |
| No original date | Form | Pastoral Counseling Liability Coverage Form | 10/05/2007 | UGL1252BCW.pdf |



ZURICH

Abusive Act Liability Coverage Form

THIS FORM PROVIDES CLAIMS MADE COVERAGE AND DEFENSE EXPENSES ARE INCLUDED WITHIN THE LIMITS OF INSURANCE. PLEASE READ THE ENTIRE FORM CAREFULLY.

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **VI** – Definitions.

SECTION I – COVERAGES

ABUSIVE ACT LIABILITY

1. Insuring Agreement

- a.** We will pay "loss" because of "injury" resulting from an "abusive act" to which this insurance applies. We will have the right and duty to defend the insured against any "claim" for an "abusive act" to which this insurance applies. However, we will have no duty to defend the insured against any "claim" arising out of an "abusive act" to which this insurance does not apply. We may, at our discretion, settle any "claim" for an "abusive act".
But:

- (1)** The amount we will pay for "loss" is limited as described in Section **III** – Limits Of Insurance; and
- (2)** Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of "loss". "Defense expenses" are included in the limit of insurance.

No other obligation or liability to pay "losses" or perform acts or services is covered unless explicitly provided for under Special Supplementary Payments.

- b.** This insurance applies to "loss" because of "injury" resulting from an "abusive act" only if:
- (1)** The "abusive act" did not occur before the Retroactive Date, if any, shown in the Special Liability Coverage Form Declarations or after the end of the "policy period"; and
 - (2)** A "claim" to pay "loss" because of "injury" resulting from an "abusive act" is first made against any insured, in accordance with Paragraph **c.** below, during the "policy period" or any "extended reporting period" we provide under Section **V** – Extended Reporting Period.
- c.** A "claim" by a person or organization seeking payment for "loss" because of "injury" resulting from an "abusive act" will be deemed to have been made when notice of such "claim" is received by any insured or by us, whichever comes first.

All "claims" seeking payment for "loss" because of "injury" to the same person, including "claims" for "loss" by any person or organization for care, loss of services, or death resulting at any time from the "loss", will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

- a. Any "claim" for any liability of the insured under any contract or agreement, except and then only to the extent that the insured would have been liable in the absence of such contract or agreement;
- b. Any "claim" brought by you or on your behalf or in the name or right of any insured, provided, however, this exclusion will not apply to any "claim" made by a "volunteer";
- c. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act" that was alleged in or formed the basis of any litigation that was pending at any time prior to the effective date of this Coverage Part;
- d. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act" of which any insured, other than any insured actually committing the "abusive act", has knowledge prior to the effective date of this Coverage Part;
- e. Any "claim" based upon, arising out of or attributable, in whole or in part, to any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or similar law;
- f. Any "abusive act" committed by an "employee" or "volunteer" with a prior criminal conviction for an "abusive act";
- g. Any person who actually or allegedly participated in, directed or knowingly allowed any "abusive act".

SPECIAL SUPPLEMENTARY PAYMENTS

We will reimburse you, only with respect to any "claim" for an "abusive act" to which this insurance applies, for the following expenses you incur:

1. Your reasonable expenses incurred in conducting an internal investigation of or counseling relating to allegations of an "abusive act"; and
2. Your reasonable expenses in retaining the services of a media consultant or public relations professional in response to allegations of an "abusive act".

These reimbursements will not reduce the limits of insurance. However, the most we will reimburse you for the sum of all such expenses, regardless of the number of "abusive acts", claimants, "claims" or insureds, is the Special Supplementary Payment Limit shown in the Special Liability Coverage Form Declarations. We have no obligation to arrange for any of these services or pay any of the service providers on your behalf.

SECTION II – WHO IS AN INSURED

Each of the following is an insured:

1. You, but only with respect to the conduct of your business described in the Special Liability Coverage Form Declarations;
2. Your "employees", directors, officers, trustees, clergy, wardens, deacons, elders, teachers, members of the vestry, members of the board of trustees, members of standing committees, members of the board of governors or members of the board of education, but only while any of these is performing duties in the conduct of your business described in the Special Liability Coverage Form Declarations; and

3. Any "volunteer", but only while performing, with your consent, duties in the conduct of your business described in the Special Liability Coverage Form Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Special Liability Coverage Form Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims".
2. The Aggregate Limit is the most we will pay for "loss" because of "injury" under this Coverage Part for all "claims" made in each "policy year", including any "extended reporting period", if applicable, regardless of the number of "abusive acts" or "claims". If this policy contains a Schedule of Insureds, a separate Aggregate Limit will apply to each Named Insured listed in that Schedule. "Defense expenses" are included within, and are not in addition to, the Limits of Insurance.
3. Subject to Paragraph 2. above, the Each Claim Limit is the most we will pay for "loss" because of "injury" for any one "claim". If this policy contains a Schedule of Insureds, a separate Each Claim Limit will apply to each Named Insured listed in that Schedule. We will only pay "loss" in excess of the Each Claim Retention shown in the Special Liability Coverage Form Declarations.
4. "Claims" based upon or arising out of or in any way involving the same or related "abusive acts", or the same or related series of "abusive acts", shall be deemed to be a single "claim", made at the time the first of those "claims" is made against any insured.

SECTION IV – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part. However, this provision shall not affect our ability to invoke any applicable statute of limitations, statute of repose or similar statute, common law principle or court rule on behalf of the insured.

2. Notice Of Facts, Circumstances Or Claims

- a. If, during the "policy period", an insured:
 - (1) Receives written notice from any party that it is the intention of such party to hold any insured responsible for an "abusive act"; or
 - (2) Becomes aware of any facts or circumstances which may subsequently give rise to a "claim" being made against an insured for an "abusive act", and you give written notice thereof to us as soon as practicable and prior to the date of termination of the "policy period", specifying with particularity the "abusive act", the consequences which have resulted or may result therefrom and the circumstances by which the insured first became aware thereof, then any "claim" which may subsequently be made against the insured for such "abusive act" will be treated as a "claim" made during the "policy year" in which such notice was first given.
- b. You will, as a condition precedent to your rights under this Coverage Part, give to us notice in writing of any "claim" as soon as practicable, but in no event more than 30 days after the date of termination of the "policy period" (except for application of any "extended reporting period" coverage you may purchase), and you and any other involved insured must give us such information and cooperation as we may reasonably require.

- c. Following the furnishing of notice of "abusive act" or "claim", you and any other involved insured will, as soon as practicable, furnish us with copies of all reports, investigations, pleadings and all other papers and other information in connection therewith.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "claim" seeking "loss" from an insured; or
- b. To sue us on this Coverage Part unless all of its terms 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, but we will not be liable for any amount that is not payable under the terms of this Coverage Part or that is in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a "loss" covered under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary when no other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance.

b. Excess Insurance

Subject to Paragraph **c.** below, if other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance, this insurance is excess over that insurance. When this insurance is excess, we will have no duty to defend the insured against any "claim" if any other insurer has a duty to defend the insured against that "claim". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers. We will pay only our share of the amount of "loss", if any, that exceeds the total amount that all such other insurance would pay for the "loss" in the absence of this insurance.

At our request, you will provide us with detailed information regarding all other insurance policies that have been issued to you as well as all other policies under which you could potentially seek coverage if you chose to do so. Also, at our request, you will tender any "claim" that we designate to any insurer(s) that we designate, and cooperate with us in seeking coverage (including contribution and/or indemnification of any amounts that we pay under this policy) for such "claim" from such insurer(s).

c. Non-Cumulation Of Insurance

In no event may the Limit of Insurance available under this policy be combined in any manner with the limits of insurance of any other insurance written by us or any of our affiliates.

5. Representations

By accepting this policy, you agree the statements contained in the application and any documents or information submitted with it are true, accurate and complete, and that we have issued this Coverage Part in reliance upon those statements.

6. Separation Of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made.

7. Transfer Of Rights Of Recovery Against Others To Us

If the insured has the right to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after the "loss" to impair them. At our request, the insured will bring litigation or other proceedings, or transfer those rights to us and help us to enforce them.

8. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to you written notice of the non-renewal no less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - EXTENDED REPORTING PERIOD

If we cancel or fail or refuse to renew this Coverage Part for any reason other than nonpayment of premium or if you cancel or fail or refuse to renew this Coverage Part, you will have the right, upon payment of the percentage of the annualized "total coverage part premium" shown in the Special Liability Coverage Form Declarations, to purchase an extension of the coverage otherwise provided under this Coverage Part with respect to any "claim" made during the "extended reporting period", but only with respect to any "abusive act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal. The right to purchase the "extended reporting period" will terminate unless written notice is given to us, together with payment of the additional premium, within 30 days after the effective date of nonrenewal or cancellation of the policy.

The "extended reporting period" does not extend the "policy period", change the scope of coverage provided or reinstate or increase the Limits of Insurance. Once in effect, the "extended reporting period" may not be cancelled.

The offer by us of continued coverage under terms, conditions, limits of insurance or premiums different from those applicable to the expiring Coverage Part shall not constitute a refusal to renew.

SECTION VI – DEFINITIONS

1. "Abusive act" means any act or series of acts of actual or threatened abuse or molestation done to any person, resulting in "injury" to that person, including any act or series of acts of actual or threatened sexual abuse or molestation done to any person, resulting in "injury" to that person, by anyone who causes or attempts to cause the person to engage in a sexual act:
 - a. Without the consent of or by threatening the person, placing the person in fear or asserting undue influence over the person;
 - b. If that person is incapable of appraising the nature of the conduct or is physically incapable of declining participation in or communicating unwillingness to engage in the sexual act; or
 - c. By engaging in or attempting to engage in lewd exposure of the body done with intent to arouse or to satisfy the sexual desire of any person.

All interrelated or continuous "abusive acts" committed by one person or persons acting in concert, shall be deemed to be one "abusive act".

2. "Claim" means:
 - a. A written demand for monetary damages; or
 - b. A civil proceeding in which "loss" because of "injury" resulting from an "abusive act" to which this insurance applies is alleged, including any other alternative dispute resolution procedure, such as arbitration or mediation, to which the insured submits with our consent.
3. "Defense expenses" means reasonable costs, attorney's fees, charges and expenses incurred by us in the defense or appeal of a "claim" or investigation, including:
 - a. All court costs taxed against the insured by a court of law in a civil proceeding, but these court costs do not include attorney's fees or attorney's expenses taxed against the insured;
 - b. Prejudgment interest awarded against the insured on that part of the judgment we pay; provided, however, that if we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer;
 - c. All interest on the full amount of the judgment or award that accrues after entry of the judgment or award and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance; and
 - d. The costs of attachment or similar bonds, but only for bond amounts within the applicable limit of insurance and excluding salaries, wages, overhead or benefit expenses associated with any insured and further excluding any amount paid by any other insurer. We do not have to furnish any bonds.
4. "Employee" means a person employed by the insured for compensation and includes a "leased worker". "Employee" does not include a "temporary worker".
5. "Extended reporting period" means the period of time shown in the Special Liability Coverage Form Declarations after the effective date of cancellation or nonrenewal.
6. "Injury" means physical injury, sickness, disease, mental anguish, mental injury, shock or fright or death of the person(s) who is the subject of an "abusive act".
7. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
8. "Loss" means those sums that the insured is legally obligated to pay as damages, plus "defense expenses"; provided, however, that "loss" will not include:
 - a. Taxes, fines or penalties;
 - b. Any damages awarded for punitive or exemplary purposes or any damages for which the amount is determined by the application of a multiplier, where such amounts are not insurable under applicable law; or
 - c. Any other sums that are uninsurable under the applicable law.
9. "Policy period" means the period of time from the effective date to the expiration date shown in the Special Liability Coverage Form Declarations or to any earlier date of termination.
10. "Policy year" means the period of one year following the effective date of this policy or any anniversary thereof or, if the time between the effective date or any anniversary thereof and the termination of the "policy period" is less than one year, such lesser period.

11. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
12. "Total coverage part premium" means the entire premium charged for this coverage, as the same may have been adjusted from time to time.
13. "Trial court" means a court of law in which civil or criminal litigation may be initiated.
14. "Volunteer" means a person who is not your "employee" and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.



ZURICH

Pastoral Counseling Liability Coverage Form

THIS FORM PROVIDES CLAIMS MADE COVERAGE AND DEFENSE EXPENSES ARE INCLUDED WITHIN THE LIMITS OF INSURANCE. PLEASE READ THE ENTIRE FORM CAREFULLY.

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section VI – Definitions.

SECTION I – COVERAGE

PASTORAL COUNSELING LIABILITY

1. Insuring Agreement

- a. We will pay "loss" because of "injury" resulting from a "pastoral counseling wrongful act" to which this insurance applies. We will have the right and duty to defend the insured against any "claim" for a "pastoral counseling wrongful act" to which this insurance applies. However, we will have no duty to defend the insured against any "claim" arising out of a "pastoral counseling wrongful act" to which this insurance does not apply. We may, at our discretion, settle any "claim" for a "pastoral counseling wrongful act". But:
 - (1) The amount we will pay for "loss" is limited as described in Section III – Limits Of Insurance; and
 - (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of "loss". "Defense expenses" are included in the limit of insurance.
- b. This insurance applies to "loss" because of "injury" resulting from a "pastoral counseling wrongful act" only if:
 - (1) The "pastoral counseling wrongful act" did not occur before the Retroactive Date, if any, shown in the Special Liability Coverage Form Declarations or after the end of the "policy period"; and
 - (2) A "claim" to pay "loss" because of "injury" resulting from a "pastoral counseling wrongful act" is first made against any insured, in accordance with Paragraph c. below, during the "policy period" or any "extended reporting period" we provide under Section V – Extended Reporting Period.
- c. A "claim" by a person or organization seeking payment for "loss" because of "injury" resulting from a "pastoral counseling wrongful act" will be deemed to have been made when notice of such "claim" is received by any insured or by us, whichever comes first.

All "claims" seeking payment for "loss" because of "injury" to the same person, including "claims" for "loss" by any person or organization for care, loss of services, or death resulting at any time from the "loss", will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

- a. Any "claim" based upon, arising out of or attributable, in whole or in part, to the rendering of services, counseling or treatments which are prohibited under any federal, state or municipal law or ordinance;
- b. Any "claim" based upon, arising out of or attributable, in whole or in part, to any counseling, referral, education or similar service provided on behalf of any entity other than a Named Insured;
- c. Any "claim" made against any "natural person" who qualifies as an insured and who has been determined by a "trial court":
 - (1) To have committed or been guilty of any criminal act or criminal omission; or
 - (2) To have committed any willful violation of the common law, any statute or any regulation

where that criminal act or criminal omission, or that willful violation, caused or contributed, in whole or in part, to the "injury" alleged in that "claim".

However, at our sole discretion and option, we may continue to pay "defense expenses" incurred on behalf of such an insured after the entry of such a determination against that insured.

The criminal act, criminal omission, or willful violation of the common law, any statute or any regulation by any insured shall not be imputed to any other insured for the purpose of determining the application of this exclusion;

- d. Any "claim" for any liability of the insured under any contract or agreement, except and then only to the extent that the insured would have been liable in the absence of such contract or agreement;
- e. Any "claim" brought by you or on your behalf or in the name or right of any insured, provided, however, that this exclusion will not apply to any "claim" made by an insured who is a "natural person" and who alleges a "pastoral counseling wrongful act" committed during the course of counseling;
- f. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "pastoral counseling wrongful act" that was alleged in or formed the basis of any litigation that was pending at any time prior to the effective date of this Coverage Part;
- g. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "pastoral counseling wrongful act" of which any insured, other than any insured actually committing the "pastoral counseling wrongful act", has knowledge prior to the effective date of this Coverage Part;
- h. Any "claim" based upon, arising out of or attributable, in whole or in part, to any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or similar law;
- i. Any "claim" based upon, arising out of or attributable, in whole or in part, to any "abusive act".

SECTION II – WHO IS AN INSURED

Each of the following is an insured:

- 1. You, but only with respect to the conduct of your business described in the Special Liability Coverage Form Declarations;
- 2. Officially ordained or appointed clergy of a denomination, but only with respect to providing professional counseling services as described in the application; and
- 3. Officers, directors, trustees or members of your board of governors, or similar governing body.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Special Liability Coverage Form Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims".
2. The Aggregate Limit is the most we will pay for "loss" because of "injury" under this Coverage Part for all "claims" made in each "policy year" including any "extended reporting period", if applicable, regardless of the number of "pastoral counseling wrongful acts" or "claims". If this policy contains a Schedule of Insureds, a separate Aggregate Limit will apply to each Named Insured listed in that Schedule. "Defense expenses" are included within, and are not in addition to, the Limits of Insurance.
3. Subject to Paragraph 2. above, the Each Claim Limit is the most we will pay for "loss" because of "injury" for any one "claim". If this policy contains a Schedule of Insureds, a separate Each Claim Limit will apply to each Named Insured listed in that Schedule. We will only pay "loss" in excess of the Each Claim Retention shown in the Special Liability Coverage Form Declarations.
4. "Claims" based upon or arising out of or in any way involving the same or related "pastoral counseling wrongful acts", or the same or related series of "pastoral counseling wrongful acts", shall be deemed to be a single "claim", made at the time the first of those "claims" is made against any insured.

SECTION IV – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part. However, this provision shall not affect our ability to invoke any applicable statute of limitations, statute of repose or similar statute, common law principle or court rule on behalf of the insured.

2. Notice Of Facts, Circumstances Or Claims

- a. If, during the "policy period", an insured:
 - (1) Receives written notice from any party that it is the intention of such party to hold any insured responsible for a "pastoral counseling wrongful act"; or
 - (2) Becomes aware of any facts or circumstances which may subsequently give rise to a "claim" being made against an insured for a "pastoral counseling wrongful act",

and you give written notice thereof to us as soon as practicable and prior to the date of termination of the "policy period" specifying with particularity the "pastoral counseling wrongful act", the consequences which have resulted or may result therefrom and the circumstances by which the insured first became aware thereof, then any "claim" which may subsequently be made against the insured for such "pastoral counseling wrongful act" will be treated as a "claim" made during the "policy year" in which such notice was first given.

- b. You will, as a condition precedent to your rights under this Coverage Part, give to us notice in writing of any "claim" as soon as practicable, but in no event more than 30 days after the date of termination of the "policy period" (except for application of any "extended reporting period" coverage you may purchase), and you and any other involved insured must give us such information and cooperation as we may reasonably require.
- c. Following the furnishing of notice of a "pastoral counseling wrongful act" or "claim", you and any other involved insured will, as soon as practicable, furnish us with copies of all reports, investigations, pleadings and all other papers and other information in connection therewith.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "claim" seeking "loss" from an insured; or
- b. To sue us on this Coverage Part unless all of its terms 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, but we will not be liable for any amount that is not payable under the terms of this Coverage Part or that is in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a "loss" covered under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary when no other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance.

b. Excess Insurance

Subject to Paragraph **c.** below, if other valid and collectible insurance is available to the insured for a "loss" we cover under this insurance, this insurance is excess over that insurance. When this insurance is excess, we will have no duty to defend the insured against any "claim" if any other insurer has a duty to defend the insured against that "claim". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers. We will pay only our share of the amount of "loss", if any, that exceeds the total amount that all such other insurance would pay for the "loss" in the absence of this insurance.

At our request, you will provide us with detailed information regarding all other insurance policies that have been issued to you as well as all other policies under which you could potentially seek coverage if you chose to do so. Also, at our request, you will tender any "claim" that we designate to any insurer(s) that we designate, and cooperate with us in seeking coverage (including contribution and/or indemnification of any amounts that we pay under this policy) for such "claim" from such insurer(s).

c. Non-Cumulation Of Insurance

In no event may the Limit of Insurance available under this policy be combined in any manner with the limits of insurance of any other insurance written by us or any of our affiliates.

5. Representations

By accepting this policy, you agree the statements contained in the application and any documents or information submitted with it are true, accurate and complete, and that we have issued this Coverage Part in reliance upon those statements.

6. Separation Of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made.

7. Transfer Of Rights Of Recovery Against Others To Us

If the insured has the right to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after the "loss" to impair them. At our request, the insured will bring litigation or other proceedings or transfer those rights to us and help us to enforce them.

8. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to you written notice of the nonrenewal no less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - EXTENDED REPORTING PERIOD

If we cancel or fail or refuse to renew this Coverage Part for any reason other than nonpayment of premium or if you cancel or fail or refuse to renew this Coverage Part, you will have the right, upon payment of the percentage of the annualized "total coverage part premium" shown in the Special Liability Coverage Form Declarations, to purchase an extension of the coverage otherwise provided under this Coverage Part with respect to any "claim" made during the "extended reporting period", but only with respect to any "pastoral counseling wrongful act" committed on or after the Retroactive Date and before the effective date of such cancellation or nonrenewal. The right to purchase the "extended reporting period" will terminate unless written notice is given to us, together with payment of the additional premium, within 30 days after the effective date of nonrenewal or cancellation of the policy.

The "extended reporting period" does not extend the "policy period", change the scope of coverage provided or reinstate or increase the Limits of Insurance. Once in effect, the "extended reporting period" may not be cancelled.

The offer by us of continued coverage under terms, conditions, limits of insurance or premiums different from those applicable to the expiring Coverage Part shall not constitute a refusal to renew.

SECTION VI – DEFINITIONS

1. "Abusive act" means any act or series of acts of actual or threatened abuse or molestation done to any person, resulting in "injury" to that person, including any act or series of acts of actual or threatened sexual abuse or molestation done to any person, resulting in "injury" to that person, by anyone who causes or attempts to cause the person to engage in a sexual act:
 - a. Without the consent of or by threatening the person, placing the person in fear or asserting undue influence over the person;
 - b. If that person is incapable of appraising the nature of the conduct or is physically incapable of declining participation in or communicating unwillingness to engage in the sexual act; or
 - c. By engaging in or attempting to engage in lewd exposure of the body done with intent to arouse or to satisfy the sexual desire of any person.
2. "Claim" means:
 - a. A written demand for monetary damages; or
 - b. A civil proceeding in which "loss" because of "injury" resulting from a "pastoral counseling wrongful act" to which this insurance applies is alleged, including any other alternative dispute resolution procedure, such as arbitration or mediation, to which the insured submits with our consent.
3. "Defense expenses" means reasonable costs, attorney's fees, charges and expenses incurred by us in the defense or appeal of a "claim" or investigation, including:
 - a. All court costs taxed against the insured by a court of law in a civil proceeding, but these court costs do not include attorney's fees or attorney's expenses taxed against the insured;

- b.** Prejudgment interest awarded against the insured on that part of the judgment we pay; provided, however, that if we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer;
 - c.** All interest on the full amount of the judgment or award that accrues after entry of the judgment or award and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance; and
 - d.** The costs of attachment or similar bonds, but only for bond amounts within the applicable limit of insurance
- and excluding salaries, wages, overhead or benefit expenses associated with any insured and further excluding any amount paid by any other insurer. We do not have to furnish any bonds.
- 4.** "Extended reporting period" means the period of time shown in the Special Liability Coverage Form Declarations after the effective date of cancellation or nonrenewal.
 - 5.** "Injury" means physical injury, sickness, disease, mental anguish, mental injury, shock or fright or death of the person(s) who is the subject of a "pastoral counseling wrongful act".
 - 6.** "Loss" means those sums that the insured is legally obligated to pay as damages, plus "defense expenses"; provided, however, that "loss" will not include:
 - a.** Taxes, fines or penalties;
 - b.** Any damages awarded for punitive or exemplary purposes or any damages for which the amount is determined by the application of a multiplier, where such amounts are not insurable under applicable law; or
 - c.** Any other sums that are uninsurable under the applicable law.
 - 7.** "Natural person" means a human being.
 - 8.** "Pastoral counseling wrongful act" means any actual or alleged act, error, neglect, omission, misstatement, misleading statement or breach of duty by an insured committed or allegedly committed during the course of providing counseling.
 - 9.** "Policy period" means the period of time from the effective date to the expiration date shown in the Special Liability Coverage Form Declarations or to any earlier date of termination.
 - 10.** "Policy year" means the period of one year following the effective date of this policy or any anniversary thereof or, if the time between the effective date or any anniversary thereof and the termination of the "policy period" is less than one year, such lesser period.
 - 11.** "Total coverage part premium" means the entire premium charged for this coverage, as the same may have been adjusted from time to time.
 - 12.** "Trial court" means a court of law in which civil or criminal litigation may be initiated.