2027

PLF Primary Coverage Plan

OSB Professional Liability Fund

The Professional Liability Fund ("PLF") is an instrumentality of the Oregon State Bar created pursuant to powers delegated to it in ORS 9.080(2)(a). Pursuant to this statute, the Board of Governors of the Oregon State Bar created a professional liability fund (the Professional Liability Fund) not subject to state insurance law. The initial PLF Primary Coverage Plan ("Plan") developed to implement the Board of Governors' decision, and all subsequent changes to the Plan, are approved by both the Board of Directors of the Professional Liability Fund and the Board of Governors.

The Plan is not intended to cover all claims that can be made against licensees of the Oregon State Bar. The limits, exclusions, and conditions of the Plan are in place to enable the PLF to meet the statutory requirements and to meet the Mission and Goals set forth in Chapter One of the PLF Policies, including, "To provide the mandatory professional liability coverage consistent with a sound financial condition, superior claims handling, efficient administration, and effective loss prevention." The limits, exclusions, and conditions of the Plan are to be fairly and objectively construed for that purpose.

Because the Plan has limits and exclusions, licensees of the Oregon State Bar are encouraged to purchase excess malpractice coverage and coverage for excluded claims through general liability and other insurance policies. Licensees of the Oregon State Bar and their firms should consult with their own insurance agents as to available coverages. Excess malpractice coverage is also available through the PLF.

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INTRODUCTION

Effective 1.1.2027

Throughout this Professional Liability Fund ("PLF") Primary Coverage Plan ("Plan"): **You** and **Your** refer to the Named Party shown in the Declarations; **Plan Year** means the period of January 1 through December 31 of the calendar year for which this Plan was issued; and **Coverage Period** means the coverage period shown in the Declarations under the heading "Coverage Period."

When terms appear in bold, with the first letter capitalized, they have the defined meanings set forth in the Plan. A List and Index of Defined Terms is attached as an Appendix.

SECTION I – COVERAGE AGREEMENT

Subject to the terms, conditions, definitions, exclusions, and limitations set forth in this Plan and the applicable **Limit of Coverage** and **Claims Expense Allowance**, as defined in Section VII, the coverage provided by this Plan is as follows:

A. Indemnity

The PLF will pay all sums a **Covered Party** is **Legally Obligated** to pay as **Damages** as a result of a **Claim** arising from a **Covered Activity** to which this **Coverage Period** applies, as determined by the rules set forth in Section IV.

> A **Claim** means a demand for **Damages**, or written notice to a **Covered Party** of an intent to hold a **Covered Party** liable as a result of a **Covered Activity** if such notice might reasonably be expected to result in an assertion of a right to **Damages**.
>
> **Legally Obligated** to pay **Damages** means a **Covered Party** is required to make actual payment of monetary **Damages** and is not protected or absolved from actual payment of **Damages** by reason of any covenant not to execute, other contractual agreement of any kind, or a court order, preventing the ability of the claimant to collect money **Damages** directly from the **Covered Party**.
>
> **Damages** means monetary compensation a **Covered Party** must pay for loss and does not include:
>
> a. Fines, penalties, statutorily enhanced damages, or enhanced prevailing fees;
> b. Punitive or exemplary damages;
> c. The return, forfeiture, disgorgement, restitution, reduction, or offset of any fees, costs, expenses or disbursements paid to, charged by, or owed to any **Covered Party** or to any **Law Entity** with which any **Covered Party** was associated at the time any such fees, costs, expenses, or disbursements were paid, charged, or incurred, including but not limited to fees, costs, expenses, or disbursements alleged to be excessive, not earned, unnecessary, ill-advised, or caused, in whole or in part, by any alleged negligent advice;
> d. Rescission, injunctions, accountings, restitution, equitable relief;
> e. Any personal profit or advantage to a **Covered Party**; or
> f. Any award of attorney fees, costs, or interest arising from any claim referenced in (a) through (d) above, or from any excluded claim.
>
> The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to the scope of **Damages** covered under the Plan. In the event of any conflict between the intent of Section I, expressed in general terms, and the more specific intent illustrated by the following examples, the intent illustrated by the examples prevails.
>
> ***Example 1:*** *Covered Party A sues Client for unpaid fees; Client counterclaims for the return of fees already paid to Covered Party A, which allegedly were excessive. Because this is not a claim for* ***Damages****, it is not covered.*
>
> ***Example 2:*** *Covered Party B allows a default to be taken against Client, and bills an additional $2,500 in attorney fees incurred by Covered Party B in a successful effort to get the default set aside. Client pays the*

*bill but later sues Covered Party B to recover the fees paid. This is not a claim for **Damages**, as defined in the Plan. Therefore, it is not covered.*

***Example 3:** Covered Party C writes a demand letter to Client for unpaid fees and then files a lawsuit for collection of the fees. Client counterclaims for unlawful debt collection. Under the definition of **Damages**, there is no coverage for the claim. The same is true if Client is the plaintiff and sues for unlawful debt collection in response to the demand letter from Covered Party C.*

***Example 4:** Covered Party D negotiates a fee and security agreement with Client on behalf of Covered Party D's own firm. Other firm members, not Covered Party D, represent Client. Covered Party D later leaves the firm, Client disputes the fee and security agreement, and the firm sues Covered Party D for negligence in representing the firm. Under the definition of **Damages**, there is no coverage for the claim.*

***Example 5:** Covered Party E takes a security interest in stock belonging to Client as security for fees. Client fails to pay the fees, and Covered Party E executes on the stock and becomes the owner. Client sues for recovery of the stock and damages. Under the definition of **Damages**, there is no coverage for the claim. The same is true if Covered Party E receives the stock as a fee and is sued later for recovery of the stock or damages.*

***Example 6:** Covered Party F advises client to sue a third party, charging substantial fees to file and litigate the suit. Client receives a very small recovery and sues Covered Party F alleging that Covered Party F was negligent in advising Client to sue the third party. Client sues Covered Party F to recover the fees and costs Client spent or owes for pursuing the third-party claim. Client alleges Covered Party F should have realized the cost of pursuing the claim was not justified. This claim is not covered because the amounts sought by Client are not **Damages**. The same is true if Client claims that Covered Party F was negligent for not advising Client that Covered Party F, or another attorney, may have agreed to pursue the claim for a contingent fee.*

***Example 7:** Covered Party G fails to properly request attorney fees from an opposing party. As a result, Client sues Covered Party G because Client could have recovered fees if Covered Party G had properly pursued them. This claim seeks **Damages** covered under the Plan.*

B. Defense

1. The PLF will defend a **Covered Party** against any **Suit** seeking **Damages** to which this Plan applies until the **Claims Expense Allowance** and the **Limit of Coverage** are exhausted. The PLF is not bound by any **Covered Party's** agreement to resolve a dispute through arbitration or any other alternative dispute resolution proceeding and has no duty to defend or indemnify regarding any dispute handled or resolved in this manner without its consent.

   > **Suit** means a civil lawsuit. **Suit** also includes an arbitration or other alternative dispute resolution proceeding only if the PLF expressly consents to it.

2. The PLF has the sole right to select and appoint defense counsel, to control the defense and investigation of a **Claim** and, in its discretion, to settle any **Claim** to which this Plan applies. The PLF has no duty to contribute to the settlement of a **Claim** based on projected defense costs or on potential liability arising from uncovered claims. Subject to its sole discretion, the PLF may also elect to take steps, or make expenditures to investigate, prevent, mitigate, review, or repair any **Claim** or matter that may create the potential for a **Claim**.

3. The PLF will pay **Claims Expense** the PLF incurs.

   > **Claims Expense** means: fees and expenses charged by any attorney designated by the PLF; all other fees, costs, and expenses incurred by the PLF resulting from its investigation, adjustment, defense, prevention, mitigation, review, repair, or appeal of a **Claim**, or any matter that may create the potential for a **Claim**; or fees charged by any attorney designated by the **Covered Party** with the PLF's written consent. The PLF's costs for compensation of its regular employees are not considered **Claims Expense** and do not reduce the available **Limit of Coverage**.

4. Notwithstanding Exclusions 2 and 4 in Section VI, the PLF will defend **Claims** for which coverage is excluded under Exclusion 4, and **Claims** for malicious prosecution, abuse of process, and wrongful initiation of civil proceedings, provided such **Claims** arise out of **Your Covered Activities** and are not otherwise excluded by

other applicable exclusions in this Plan. The PLF, however, will not have any duty to indemnify regarding any matter it defends pursuant to this provision.

5. The PLF does not have a duty to defend any **Claim**, or the portion of any **Claim**, that is not a **Claim** for **Damages**, as defined in Section I A. In the event the PLF voluntarily agrees to defend any **Claim**, or any portion of a **Claim**, that does not seek **Damages**, it will be subject to the **Covered Party's** agreement that the **Covered Party** will cooperate with the PLF's attempt to settle or dismiss any alleged **Claim** for **Damages** that may also be alleged. Following any such dismissal or settlement, the PLF will have the right to withdraw from the defense of any remaining **Claim**.

C. Exhaustion of Limits

The PLF is not obligated to investigate, defend, pay, or settle any **Claim** after the applicable **Limit of Coverage** and **Claims Expense Allowance** have been exhausted.

D. No Prior Knowledge or Prior Coverage

This Plan applies only to a **Covered Activity** that occurred after the Retroactive Date shown in the Declarations and either: (a) during the **Coverage Period**, or (b) before the **Coverage Period** if (i) on the effective date of this Plan, **You** had no knowledge of any **Claim** having been asserted or of any facts or circumstances that **You** were aware, or reasonably should have been aware, could reasonably result in a **Claim** arising out of the **Covered Activity** and (ii) there is no prior Plan or policy that provides coverage for such liability or **Claim**, whether or not the available limits of such prior Plan or policy are sufficient to pay any liability or **Claim**.

E. Coverage Territory

This Plan applies to **Suits** brought in the United States, its territories, or possessions, within the jurisdiction of any Indian tribe in the United States, or to any **Suit** brought in Canada. It does not apply to **Suits** in any other jurisdiction, or to any **Suit** to enforce a judgment rendered in any other such jurisdiction.

SECTION II – WHO IS A COVERED PARTY?

Only the following are **Covered Parties** under this Plan:

A. The Individual OSB Licensee Named in the Declarations

You are a **Covered Party** under this Plan, or in the event of **Your** death, adjudicated incapacity, or bankruptcy, **Your** conservator, guardian, trustee in bankruptcy, or legal or personal representative, when acting in such capacity, is a **Covered Party**, regarding any **Claim** to which this Plan applies, provided, at the time of the error, omission, negligent act, or breach of duty on which such **Claim** is based: (1) **You** were engaged in **Private Practice**; (2) **You** were licensed to practice in Oregon; and (3) **Your Principal Office** was in Oregon.

> **Private Practice** means providing **Professional Legal Services** within the **OSB Licensee's** approved **Scope of Practice** or **Special Capacity Services** through a **Law Entity**. **Private Practice** does not include:
>
> **Your** work or conduct as an employee of any entity that is not a **Law Entity**, including but not limited to any private entity or any governmental body, subdivision, or agency, whether or not **You** are employed as a public official or employee, if **You** are subject to the direction and control of the non-**Law Entity** regarding the means and manner of providing services and are paid on a salaried basis, or hourly employee basis, as opposed to being retained as an independent contractor, paid on a fee for service or hourly fee basis; or
>
> **Your** work or conduct in any other capacity that comes within the defense and indemnity provisions of ORS 30.285 and 30.287, unless the public body rejects any duty to defend and indemnify **You**. If the public body

rejects **Your** defense and indemnity, the PLF will provide coverage, provided the **Claim** relates to a **Covered Activity** to which this Plan would otherwise apply, and the PLF will be subrogated to all **Your** rights against the public body.

For purposes of determining the location of **Your Principal Office**, a law office is a location held out to the public as **Your** law office. If **You** have only one law office, then that is the location of **Your Principal Office**. If **You** have two or more law offices and any of them is in Oregon, **Your Principal Office** is in Oregon if the total amount of time **You** spend engaged in **Private Practice** in such Oregon law office locations is greater than 50% of the time **You** engage in **Private Practice** in all law office locations when measured over the course of the 12 months prior to January 1st of each year. If **You** do not have a law office, **Your Principal Office** is in Oregon if: **You** reside in Oregon; or, if **You** reside outside Oregon but are not in active status with the bar of the jurisdiction where **You** reside.

B. Law Entities Legally Liable for Your Covered Activities

A **Law Entity** legally liable for any **Claim** against **You**, based on **Your Covered Activities** is also a **Covered Party** under this Plan. However, in the event the **Claim** also involves claims against other attorneys not covered under a PLF Plan, any defense or indemnity for the **Law Entity** under this Plan is limited to that portion of the **Law Entity's** legal liability that relates to **Your Covered Activities**.

A **Law Entity** means a professional corporation, partnership, limited liability partnership, limited liability company, or sole proprietorship that engages in the **Private Practice** of law in Oregon.

SECTION III – WHAT IS A COVERED ACTIVITY?

A. What Qualifies as a Covered Activity?

This Plan does not apply to all activities in which a **Covered Party** may engage while practicing law. To fall within coverage, a **Claim** must arise out of a **Covered Activity**, subject to the following definitions, restrictions, and limitations, and all applicable exclusions in this Plan.

A **Covered Activity** is an error, omission, negligent act, or breach of duty committed in the course of providing or failing to provide **Professional Legal Services** or **Special Capacity Services**, as limited below, by:

a. **You**;

b. Another **Covered Party** for whose conduct **You** are legally liable, in **Your** capacity as an attorney or **Licensed Paralegal**, but only if the other **Covered Party** was covered under a PLF Plan at the time of the act, error, omission, negligent act, or breach of duty; or

c. **Your Non-Licensed Employee**, for whose conduct **You** are legally liable in **Your** capacity as an attorney or **Licensed Paralegal**, but only to the extent such employee was assisting **You** in providing **Professional Legal Services** or **Special Capacity Services**.

Non-Licensed Employee includes employees who are not attorneys or **Licensed Paralegals**, as well as employees who have a law degree but are not engaged in providing **Professional Legal Services** in Oregon or any other state.

B. What Are Professional Legal Services?

Professional Legal Services are legal services or legal advice provided in a **Covered Party's** capacity as an **OSB Licensee** in **Private Practice**, including services a **Covered Party** provides as a mediator or arbitrator. **Professional Legal Services** do not include activities such as, but not limited to, the following:

a. Any conduct in carrying out the commercial or administrative activities associated with practicing law, including but not limited to activities such as: collecting fees or costs; guaranteeing a client will pay third party vendors or service providers such as court reporters; depositing, endorsing, or otherwise transferring negotiable instruments; depositing or withdrawing any money or other instruments into or from trust accounts or other bank accounts; any activities relating to or arising from the receipt, transmittal, or negotiation of counterfeit or fraudulent checks or instruments; or any activities that require no specialized skill or training, such as paying bills on time or not incurring unnecessary expenses;

b. Business-related activities or services, including operating, managing, or controlling any property, business property, business, or institution in a manner similar to an owner, officer, director, partner, or shareholder, whether as a trustee or otherwise;

c. Activities as an officer, director, partner, employee, shareholder, member, or manager of any entity except a **Law Entity**;

d. Activities on any board, including but not limited to serving on the board of trustees of a charitable, educational, or religious institution, or a real estate or other investment syndication;

e. Serving as trustee for the liquidation of any business or institution, or as trustee for the control of a union or other institution; or

f. Non-legal services such as architectural, engineering, accounting, lobbying, marketing, advertising, trade services, public relations, real estate appraisal, real estate development, brokerage services, or other such services.

C. Special Capacity Services

Special Capacity Services provided by a **Covered Party**, arising out of a **Special Capacity Relationship**, are **Covered Activities** but only with respect to a **Claim** made by or for the benefit of a beneficiary of the **Special Capacity Relationship** and provided such **Claim** does not arise as a result of a claim by a third party relating to business activities or services provided by the **Covered Party** in the course of the **Special Capacity Relationship**.

Special Capacity Relationship means the **Covered Party** is formally named or designated to act in the capacity of a Personal Representative, Administrator, Conservator, Executor, Guardian Ad Litem, Special Representative pursuant to ORS 130.120 or a successor statute, or a Trustee administering a formal trust instrument for the benefit of a beneficiary.

Special Capacity Services means certain services commonly provided by an attorney in the course of a **Special Capacity Relationship** for the purposes of administering an estate or trust in accordance with applicable law and/or performing the legally required duties and obligations owed to beneficiaries of **Special Capacity Relationships**. **Special Capacity Services** do not include:

a. Business-related services, including but not limited to operating, managing, or controlling any property, business property, business, or institution, whether owned by the estate or trust or otherwise, in a manner similar to an owner, officer, director, partner, or shareholder; or

b. Services provided by a **Covered Party** that generally fall within the scope of services commonly provided by another type of professional such as an accountant, tax professional, financial planner or advisor, appraiser, architect, engineer, surveyor, real estate agent, or other such professional, or by a person in another trade or occupation such as a contractor, landscaper, gardener, caregiver, caretaker, housekeeper, or similar service provider.

SECTION IV – WHAT IS THE APPLICABLE COVERAGE PERIOD?

A. Date of Claim

Subject to Subsection IV B, the **Coverage Period** in effect on the earliest of the following dates applies to a **Claim** or matter:

1. The date a lawsuit is first filed, or an arbitration or alternative dispute resolution proceeding is first initiated against a **Covered Party** under this Plan;
2. The date the PLF first becomes aware of a matter involving facts or circumstances that could reasonably result in a **Claim** against a **Covered Party** under this Plan;
3. The date any **Covered Party** under this Plan receives notice of a **Claim**;
4. The date the PLF receives notice of a **Claim** against a **Covered Party** under this Plan;
5. The date any **Covered Party** under this Plan first becomes aware, or reasonably should have become aware, that a claimant has made or intends to make a **Claim** against a **Covered Party** under this Plan. A **Claim** identified under this provision is deemed first made on that date, regardless of when the claimant formally asserts the **Claim**, when notice is given, and regardless of any delay by the claimant or any **Covered Party**; or
6. If Subsections 1 through 5 do not apply, the date the PLF opens a file in order to take steps and/or make expenditures, for the purpose of investigation, mitigation, review, or prevention of any potential **Claim** against a **Covered Party** under this Plan.

In the case of matters falling only within subsection 6, in the event there is any subsequent **Claim** against a **Covered Party** under this **Plan**, relating to or arising from such matter, the **Plan Year** is the year the **Claim** is asserted, but the **Limit of Coverage** and/or **Claims Expense Allowance** for the **Plan Year** applicable to such **Claim** is reduced by the amount the PLF spent on the matter.

B. Special Rule Regarding Coverage Period Applicable to Related Claims Against Associated Covered Parties

If any **Claim** against a **Covered Party** under this Plan is **Related** to one or more **Related Claim(s)** against any **Associated Covered Party**, the **Coverage Period** in effect on the earliest of the following dates applies to the **Claim**:

1. The date a lawsuit was first filed, or an arbitration or alternative dispute resolution proceeding was initiated with respect to the earliest of the **Related Claims**;
2. The date the PLF first became aware of facts or circumstances that could reasonably result in the earliest of the **Related Claims**;
3. The date any **Covered Party** under this Plan first became aware of facts or circumstances that could reasonably result in the earliest of the **Related Claims**;
4. The first date any **Associated Covered Party** first became aware of facts or circumstances that could reasonably result in the earliest of the **Related Claims**;
5. The date the PLF received notice of the earliest **Related Claim**;
6. The date any **Covered Party** under this Plan received notice of the earliest **Related Claim**; or
7. The first date any **Associated Covered Party** received notice of the earliest **Related Claim**.

> **Associated Covered Party** means any **Covered Party** or **Law Entity** who, at the time of the representation, advice, or activity at issue, or during any portion of such representation, advice, or activity: (a) was a member, partner, associate, of counsel, contract attorney, or **Licensed Paralegal** in the same **Law Entity** with **You**; or (b) worked in association with **You**, or as co-counsel with **You**, regarding the representation, advice, or activity that is the subject of the **Claim(s)**.

If **You** did not have a PLF Plan in effect on the date applicable to the earliest **Related Claim** pursuant to this subsection IV B, and **You** have no other insurance from any source that is applicable to the **Claim**, regardless of whether the available limits of such policy are sufficient to cover liability for the **Claim**, any applicable **Coverage Period** for the **Related Claim** against **You** is determined using the method set forth in Section IV A.

The **Plan Year** applicable to **Related Claims** against **Covered Parties** who are not **Associated Covered Parties** is determined pursuant to Section IV A.

The foregoing provisions regarding **Related Claims** involving **Associated Covered Parties** does not increase the $300,000 total maximum limit applicable to all **Related Claims**, whether against an **Associated Covered Party**, or against any other **Covered Party** or **Law Entity**.

SECTION V – WHAT ARE RELATED CLAIMS?

A. Related Claims

A **Claim** against **You** may be **Related** to another **Claim(s)** against **You** and/or to a **Claim(s)** against other **Covered Parties** covered under other PLF Plans. If **Claims** are **Related**, special rules, set forth in Section VII C, govern the total amount the PLF will pay in defense and indemnity of all such **Claims**.

Subject only to the exceptions set forth below, two or more **Claims** are **Related** when they are based on or arise out of facts, practices, circumstances, situations, transactions, occurrences, **Covered Activities**, damages, liabilities, or the relationships of the people or entities involved (including clients, claimants, attorneys, **Licensed Paralegals**, and/or other advisors) that are logically or causally connected or linked or share a common bond or nexus.

B. General Examples of Related Claims

Subject only to the exceptions set forth in Section V C, general examples of **Related Claims** include, but are not limited to:

1. **Claims** based on secondary or dependent liability, including vicarious liability, failure to supervise, or negligent referral;
2. Multiple **Claims** arising out of the same transaction or occurrence, or series of transactions or occurrences;
3. **Claims** arising from a method, pattern, or practice in fact used or adopted by one or more **Covered Parties** or **Law Entities** representing multiple clients in similar matters;
4. **Claims** arising from successive or collective errors each that cause or contribute to single or multiple clients' and/or claimants' harm, or cumulatively enhance their damages or losses; and
5. **Claims** alleged as part of a class action or purported class action.

C. Exceptions to Related Claims

A **Claim** that would otherwise fall within the definition in Section V A is not **Related** to another **Claim** if:

1. The **Claim** is made against **Covered Parties** and/or **Law Entities** who (a) acted independently of each other; and (b) represented different clients or groups of clients whose interests were adverse; and (c) the claimants do not rely on any common theory of liability or damage; or
2. The **Claim** is made against **Covered Parties** and/or **Law Entities**: (a) who are not **Associated Covered Parties**; (b) acted independently of **You** and/or **Your Law Entity**; (c) were engaged to provide legal services for the purpose of accomplishing an entirely separate and independent objective or set of objectives; and (d) the claimants do not rely on a common theory of liability or damage. Without limitation of this provision, successor

or appellate **Covered Parties** and/or **Law Entities** are not included in this exception and claims against them are **Related**. Any **Claim** comparable to any of the "Examples of Claims that ARE Related," below, are **Related** and not included in this exception.

> An **Associated Covered Party** means any **Covered Party** or **Law Entity** who, at the time of the representation, advice, or activity at issue, or during any portion of such representation, advice, or activity: (a) was a member, partner, associate, of counsel, contract attorney, or **Licensed Paralegal** in the same **Law Entity** with **You**; or (b) worked in association with **You**, or as co-counsel with **You**, regarding the representation, advice, or activity that is the subject of the **Claim(s)**.

D. Illustrative Examples

The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to which **Claims** are considered to be Related under the Plan. In the event of any conflict between the intent of Section V, expressed in general terms, and the more specific intent illustrated by the following examples, the intent illustrated by the examples prevails.

Examples of Claims that ARE Related:

Example 1: *Covered Party A of Firm X refers a client to Covered Party B of Firm Y. Covered Party B commits malpractice. Client asserts claims against Covered Party B, various attorneys who were partners in Firm Y at the time of the malpractice, and Firm Y. Client also asserts a claim against Covered Party A and Firm X for negligent referral. All claims for negligent referral are* ***Related*** *to the claim on which they are based. Therefore, the claims against Covered Party A and Firm X are* ***Related*** *to the claims against Covered Party B and Firm Y. The claims against Covered Party B and the partners in Firm Y are also* ***Related*** *because they are based on secondary or dependent liability. Even if some of the Covered Parties are at different firms at the time of the claims, all claims are* ***Related*** *and all Covered Parties share a single limit.*

Example 2: *Client wants to obtain investors for an investment fund and consults Covered Party A. Covered Party A writes a tax opinion for an investment offering. Covered Party B, in the same firm as Covered Party A, assembles the offering circular for the investment with the help of Covered Party C, who shares space with the firm and sometimes does contract work. One year later, Covered Party B joins a different firm and continues to work on the investment offering. Two years later, Investors 1 and 2 bring claims relating to the investment offering. Six months later, Investor 3 brings a claim. Claims against all Covered Parties, by all three investors, are* ***Related*** *within the meaning of Section V A and share a single limit. None of the exceptions in Section V C apply.*

Example 3: *Client wants to obtain investors for an investment fund. Covered Party A writes a tax opinion for an investment offering. One year later, Covered Parties B and C, with a different law firm, assemble the offering circular for the investment. Three years later Investors 1 and 2 bring claims relating to the offering. Six months later Investor 3 brings a claim. Claims against all Covered Parties and firms, by all three investors, are* ***Related*** *and share a single limit. The claims against A, B and C do not fall within the exception to* ***Related Claims*** *because even though the Covered Parties were at different firms and worked on different aspects of the offering, the same clients engaged all three of them to accomplish the same ultimate objective – making an investment offering.*

Example 4: *Covered Party A represents Client in filing for divorce. Client fires Covered Party A for failing to record a lis pendens on a residence. Client retains Covered Party B to continue litigating the divorce, but Covered Party B fails to obtain adequate discovery. Covered Party B brings in Covered Party C to handle the QDRO. Covered Party C also makes a mistake. The court in the divorce case makes an appealable error and Client retains Covered Party D to file an appeal. Covered Party D fails to file the notice of appeal on time. Client sues Covered Parties A, B, C, and D. All four Covered Parties were retained to accomplish the same objective – completing the divorce of the client. Therefore, the claims against all four Covered Parties are* ***Related*** *and subject to a single limit.*

Example 5: *An owner sells his company to its employees by selling shares to two employee benefit plans set up for that purpose. The plans and/or their members sue the company; Covered Party A, the company's outside corporate counsel; Covered Party B, the company's ERISA attorney; the owner of the company; Covered Party*

C, the owner's attorney; and Covered Party D, the plans' former attorney, contending there were improprieties in due diligence, the form of the agreements, and the amount and value of shares issued. The defendants file cross-claims. All claims against the four Covered Parties are ***Related*** *and share a single limit because they arise out of the same transactions or occurrences. Because all Covered Parties were working on the same objective for the client – the sale of the company to employees – the exception to* ***Related Claims*** *does not apply.*

Example 6: *Covered Party A represents a client who is seeking funds from investors to launch a real estate holding business and assists the client in providing information to prospective investors regarding the initial funding. Client then seeks additional investors for Fund #2, and Covered Party A provides some assistance with this offering as well. Client becomes unhappy with Covered Party A's advice, fires Covered Party A, and retains Covered Party B. Covered Party B continues the work on Fund #2 and assists the client in setting up Fund #3. Investors in Funds #1, #2, and #3 sue the client and both Covered Parties for securities violations, alleging they provided misleading information. Even though Covered Party A and Covered Party B worked independently and on different Funds, both because Covered Party B was a successor Covered Party and because they were engaged to carry out the same objective or set of objectives for the client, the claims are* ***Related*** *and share a single limit. Even if Covered Party B had not worked on Fund #2, the claims would still be* ***Related****.*

Example 7: *Covered Parties A, B, and C in the same firm represent a large number of asbestos clients over several years' time, using a firm-wide formula for evaluating large numbers of cases with minimum effort. They are sued by certain clients for improper evaluation. Plaintiffs do not allege a common scheme or plan, but because the firm in fact operated a firm-wide formula for handling the cases, these claims are* ***Related*** *and share a single limit based on the Covered Parties' own pattern or practice.*

Examples of Claims that ARE NOT Related:

Example 8: *Covered Parties A and B represent husband and wife, respectively, in a divorce. Husband sues Covered Party A for malpractice in litigating his prenuptial agreement. Wife sues Covered Party B for not getting her proper custody rights over the children. Although these claims arise out of the same set of circumstances, they are not* ***Related*** *because they are within Exception C 1. The two Covered Parties acted independently of each other, they represented clients whose interests were adverse, and the claimants rely on different theories of liability.*

Example 9: *Client retains Covered Party A to create a corporate entity and related documents. The corporate documents are ambiguous as to whether a departing shareholder is to be paid book value or fair market value. Years later, the corporation decides to force out one of the shareholders for alleged misconduct. The shareholder sues the corporation. Corporation retains Covered Party B, in a different firm, to represent it in the litigation with the shareholder. Covered Party B fails to respond to a Request for Admissions and they are deemed admitted. One of the requests asked for an admission that the agreement requires payment of the higher market value. Although these claims are logically connected, they fall within Exception C 2. Covered Party A and Covered Party B had different and unrelated objectives. Covered Party A formed the corporate entity and created the necessary documents. Covered Party B defended the shareholder suit. If Covered Party A and Covered Party B had been in the same firm, these claims would be* ***Related*** *because such claims against Associated Covered Parties are not within the exception to* ***Related Claims****.*

Example 10: *Covered Party A provides advice to Acme regarding a complex settlement of a lawsuit but negligently fails to obtain the release of an important party. That party sues Acme. Acme makes a malpractice claim against Covered Party A and retains Covered Party B to file suit against Covered Party A. Covered Party B files the malpractice suit too late and the suit is time barred. Acme sues Covered Party B for malpractice. Although these claims share a common bond or nexus, they are not* ***Related*** *because the legal services provided by the two Covered Parties were not aimed toward the same objective.*

Covered Party A was attempting to accomplish the complete settlement of the suit against Acme. Covered Party B had a different objective – attempting to recover from Covered Party A for malpractice. (Note, however, that if Acme retains Covered Party C to prosecute the malpractice claim against Covered Party B and Covered Party C also makes an error in pursuing the malpractice claim, the claims against Covered Party B and Covered Party C are ***Related*** *because both Covered Parties B and C were pursuing the same objective – recovery for malpractice.)*

Example 11: *Covered Party A, of Firm X, drafted a lease option agreement for Acme. The agreement is unclear regarding the date Acme had to give notice to exercise an option to renew the lease with Landowner. Arguably, because of the lack of clarity in the agreement, Acme did not exercise the option on time. Covered Party B, with Firm Y, represents Acme in suing to enforce the option to renew, but is negligent in responding to a summary judgment motion by Landlord. Acme sues Covered Party A for failing to make the contract unambiguous. Acme also sues Covered Party B for negligence in responding to the motion for summary judgment. Although these two claims share a common bond, in that they both caused or contributed to the harm, they are not* ***Related*** *because the Covered Parties are not associated and they were not engaged to accomplish a common objective. The purpose of retaining Covered Party A was to create an option agreement. The purpose of retaining Covered Party B was to pursue litigation to enforce an ambiguous provision in the agreement.*

Example 12: *Covered Party A sets up an LLC for a client to do business in an area in which there is fierce competition to hire skilled employees. Covered Party A also assists the LLC in preparing an employment manual. The manual contains provisions stating the LLC must follow specific procedures before it may terminate employment. Employee A is accused of unlawfully discriminating against Employee B and threatening him with bodily harm. The LLC immediately terminates Employee A without following any of the procedures set forth in the manual.*

Employee A sues the LLC for wrongful termination, claiming he is innocent and that the LLC failed to follow the procedures in the manual. Covered Party B, in a different law firm, represents the LLC in the employment action but fails to conduct an adequate investigation. Employee A prevails in his suit. The LLC makes a claim against Covered Party A for negligently failing to allow for exceptions to the termination provisions and Covered Party B for negligently defending the wrongful termination suit. Although these claims share a common bond, in that both alleged errors caused or contributed to the harm, they are not ***Related*** *because the two Covered Parties were not retained to provide legal services aimed at the same objective. If Covered Party A and Covered Party B had been in the same firm at the time of their errors, these claims would be* ***Related****.*

Example 13: *Covered Party A prepares a prenuptial agreement for Client. Covered Party A meets with both Client and his future wife to execute the agreement. Client's future wife recently came from a non-English speaking country. Client marries and, two years later, files for divorce. Husband retains Covered Party B, in a different firm, to represent him in the divorce. Wife tries to avoid the prenuptial agreement by claiming she thought Covered Party A also represented her and that she did not speak English very well at the time she signed the agreement. Client tells Covered Party B that very shortly after the wedding Wife told a friend, who is now very ill, that she understood the agreement and regretted having signed it. Friend dies before Covered Party B perpetuates her testimony. Wife successfully avoids the prenuptial agreement. Client sues Covered Party A for failing to advise him to take steps to be able to prove that Wife understood the agreement. Client also sues Covered Party B for failing to preserve the testimony of deceased friend. Although both errors caused or contributed to the harm, the claims are not* ***Related*** *because the two Covered Parties were retained to accomplish different objectives. If Covered Party A and Covered Party B had been in the same firm, these claims would be* ***Related****.*

SECTION VI – WHAT IS EXCLUDED FROM COVERAGE?

1. **Fraudulent Claims.** This Plan does not apply to any **Claim** in which any **Covered Party**, or in which anyone for whose conduct a **Covered Party** is legally liable, has participated in any fraud or collusion with respect to the **Claim**.

2. **Wrongful Conduct.** This Plan does not apply to any **Claim** based on or arising out of:

    a. any criminal act or conduct;

    b. any knowingly wrongful, dishonest, fraudulent, or malicious act or conduct;

    c. any intentional tort; or

    d. any knowing or intentional violation of the Oregon Rules of Professional Conduct (ORPC) or other applicable code of ethics.

    Exclusion 2 applies even if the **Covered Party** did not intend to cause harm or damages.

This Exclusion 2 does not apply to **You** if **You**: did not commit or participate in any acts or conduct set forth in subsections (a) through (d); had no knowledge of any such acts or conduct at the time they occurred; and did not acquiesce or remain passive after becoming aware of such acts or conduct.

Exclusion 2 does not apply to any **Law Entity** covered under this Plan unless a member of the **Control Group** of the **Law Entity**:

(1) committed or participated in any acts or conduct set forth in subsections (a) through (d); or

(2) had knowledge of any such acts and acquiesced in them or failed to take, or attempt to take, corrective action.

> **Control Group** includes all persons who are managers or officers of the **Law Entity**, and/or all persons with authority to act, make decisions, or enter into agreements on behalf of the **Law Entity**.

3. **Disciplinary Proceedings.** This Plan does not apply to any investigation or disciplinary proceeding by the Oregon State Bar or any similar entity.

4. **Punitive Damages, Sanctions, or Certain Fee Awards.** This Plan does not apply to:

   a. The part of any **Claim** seeking punitive, exemplary, or statutorily enhanced damages against any **Covered Party**, or against anyone for whose conduct a **Covered Party** is legally liable;

   b. Any **Claim** for or arising out of the imposition of attorney fees, costs, fines, penalties, or remedies imposed as sanctions under any federal or state statute, administrative rule, court rule, or case law. However, with respect to any sanction awarded only against the client, this subsection (b) does not apply if: the **Covered Party** establishes that the sanction was caused by mere negligence on the part of the **Covered Party** and on the part of anyone for whose conduct a **Covered Party** is legally liable; and the sanction was not based, in whole or in part, on a finding of bad faith, malicious conduct, dishonest conduct, or misrepresentation on the part of the **Covered Party**, or on the part of anyone for whose conduct a **Covered Party** is legally liable; or

   c. Any attorney fees or costs owed as a result of any statute making any **Covered Party** liable or responsible for fees or costs owed by a client.

5. **Failure to Pay Lien.** This Plan does not apply to any **Claim** based on or arising out of the nonpayment of a valid and enforceable lien if actual notice of such lien was provided to any **Covered Party** or to anyone for whose conduct a **Covered Party** is legally liable, prior to the payment of the funds to a client or any person or entity other than the rightful lienholder.

6. **Business Interests.** This Plan does not apply to any **Claim** by a business enterprise:

   a. In which **You** have an **Ownership Interest**; or in which **You** are a general partner, managing member, or employee; or in which **You** control, operate or manage, either individually or a fiduciary capacity, any property that is owned, managed or maintained by the business enterprise; or

   b. At the time of the alleged acts, errors or omissions on which the **Claim** is based: **You** had an **Ownership Interest** in the business enterprise; **You** were a general partner, managing member, or employee of the business enterprise; or **You** controlled, operated or managed, either individually or a fiduciary capacity, any property that was owned, managed or maintained by the business enterprise.

   > **Ownership Interest** means **You** individually or **You** in combination with:
   >
   > - Those controlled by **You**,
   > - **Your** spouse, parent, stepparent, child, stepchild, sibling, any member of **Your** household, and/or
   > - Those with whom **You** are regularly engaged in the practice of law own more than 10% of the business enterprise or owned more than 10% of the business enterprise at the time of the alleged acts, errors or omissions on which the **Claim** is based.

7. **Partner and Employee Exclusion.** This Plan does not apply to any **Claim** made by:

    a. A present, former, or prospective law partner, employer, or employee of a **Covered Party**, or anyone for whose conduct a **Covered Party** is legally liable; or

    b. A present, former, or prospective owner, shareholder, member, partner, manager, director, officer, or employee of any entity or sole proprietorship in which a **Covered Party**, or in which any **Covered Party** for whose conduct a **Covered Party** is legally liable, is or was an owner, shareholder, member, partner, manager, director, officer, or employee.

    This Exclusion 7 applies except when the **Claim** arises solely out of conduct in an attorney-client capacity for a person or entity listed in subsections (a) and (b), and the **Claim** arises fully independently of the **Covered Party's** role as an officer, director, general counsel, business advisor, or fiduciary of such parties.

    The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to the scope of Exclusion 7:

    Example 1: *Covered Party A is a shareholder at law firm and represents Client X in a personal injury action. Client X is an employee of law firm. Client X brings a claim against Covered Party A alleging malpractice in the personal injury action. The claim against Covered Party A is not excluded by Exclusion 7.*

    Example 2: *Covered Party B is a shareholder at law firm and represents Client Y in a personal injury action. Client Y is also a shareholder at law firm. Client Y brings a claim against Covered Party B alleging malpractice in the personal injury action. The claim against Covered Party B is not excluded by Exclusion 7.*

    Example 3: *Covered Party C is a shareholder at law firm and also serves as in-house counsel for law firm. Claimant Z is a former employee of law firm and asserts a claim against law firm and Covered Party C alleging employment-based claims. There is no coverage for this claim under Exclusion 7.*

    Example 4: *Covered Party D and Covered Party E are both shareholders in law firm. Covered Party D sues Covered Party E for a breach of the operating agreement. There is no coverage for this claim under Exclusion 7.*

8. **Business Transaction with Client.** This Plan does not apply to any **Claim** based on or arising out of any business transaction in which any **Covered Party**, or in which anyone for whose conduct a **Covered Party** is legally liable, participated with a client unless any written disclosure required by ORPC 1.8(a), or its equivalent, was properly executed prior to the transaction.

9. **Investment Advice.** This Plan does not apply to any of the following **Claims** or excluded activities, whether or not they are the sole cause, or a contributing cause, of any resulting loss or damage:

    a. Any **Claim** for investment losses, or for any damages arising from or relating to such losses, as a result of any **Covered Party**, or any person for whose conduct any **Covered Party** is legally liable: advising any person or entity respecting the value of a particular investment; recommending investing in, purchasing, or selling a particular investment; providing any economic analysis of any investment; inducing any person or entity to make any particular investment; making any warranty or guarantee regarding any investment; or making a financial decision or investment choice on behalf of any other person or entity regarding the purchase or selection of any particular investment. This subsection (a) does not apply, however, to **Claims** made by a purchaser of securities for losses that arise only from **Professional Legal Services** provided to a seller of securities, provided no **Covered Party**, nor any attorney or employee for whose conduct a **Covered Party** is legally liable, provided any advice or services, or made any representations, falling within this exclusion, directly to such purchaser.

    b. Any **Claim** arising from any **Covered Party**, or any person for whose conduct any **Covered Party** is legally liable: advising or failing to advise any person in connection with the borrowing of any funds or property by any **Covered Party** for the **Covered Party** or for another; acting as a broker for a borrower or a lender; or giving advice of any nature when the compensation for such advice is, in whole or in part, contingent or dependent on the success or failure of a particular investment.

c. Managing an investment, or buying or selling an investment for another, except to the limited extent such activities fall within the common and ordinary scope of **Special Capacity Services**.

10. **Law Practice Business Activities or Benefits Exclusion.** This Plan does not apply to any **Claim**:

    Arising from or relating to the negotiation, securing, or collection of fees, costs, or disbursements owed or claimed to be owed to any **Covered Party**, or any **Law Entity** with which any **Covered Party** is now associated, or was associated at the time of the conduct giving rise to the **Claim**.

    The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to the scope of Exclusion 10:

    Example 1: *Covered Party A writes a demand letter to Client for unpaid fees and then files a lawsuit for collection of the fees. Client counterclaims for unlawful debt collection. Under Exclusion 10, there is no coverage for the claim. The same is true if Client is the plaintiff and sues for unlawful debt collection in response to the demand letter from Covered Party A.*

    Example 2: *Covered Party B is owed fees for work performed for a client and files a lien against property in order to secure payment of the fees. The property owner sues Covered Party B, claiming the lien is improperly asserted. The claim against Covered Party B is not covered.*

11. **Family Member and Ownership Exclusion.** This Plan does not apply to any **Claim** based on or arising from any **Covered Party**, or anyone for whose conduct a **Covered Party** is legally liable, having provided or failed to provide:

    a. **Professional Legal Services** to any person or entity that is the **Covered Party's** own **Family Member** or **Family Business** at the time any such services are provided or fail to be provided; or

    b. **Special Capacity Services** to a trust or estate: (i) if the **Covered Party**, or person for whose conduct a **Covered Party** is legally liable, is a beneficiary of the trust or estate; or (ii) if at the time any such **Special Capacity Services** are provided, or fail to be provided, any **Family Member** or **Family Business** of that **Covered Party**, or of the person for whose conduct a **Covered Party** is legally liable, is a beneficiary of the trust or estate.

    > **Family Member(s)** means spouse, parent, adoptive parent, parent-in-law, stepparent, grandparent, child, adopted child, stepchild, grandchild, son-in-law, daughter-in-law, sibling, adopted sibling, stepsibling, half sibling, brother-in-law, sister-in-law, or any member of the **Covered Party's** household and, if the household member is a spousal equivalent of the **Covered Party**, the **Family Members** of any such person.
    >
    > **Family Business** means a business entity in which the **Covered Party**, or person for whose conduct a **Covered Party** is legally liable, and/or the **Family Members** of such **Covered Party**, or person for whose conduct a **Covered Party** is legally liable, collectively or individually, have a controlling interest.

    This Exclusion 11 does not apply to **Professional Legal Services** or **Special Capacity Services** a **Covered Party** provides to another **Covered Party's Family Member** or **Family Business**.

12. **Benefit Plan Fiduciary Exclusion.** This Plan does not apply to any **Claim** arising out of any **Covered Party**, or anyone for whose conduct a **Covered Party** is legally liable, having acted as a fiduciary under any employee retirement, deferred benefit, or other similar plan.

13. **Notary Exclusion.** This Plan does not apply to any **Claim** arising out of any witnessing of a signature or any acknowledgment, verification upon oath or affirmation, or other notarial act without the physical appearance before such witness or notary public unless the notarial act has been performed in full compliance with any applicable law allowing for remote notarization.

14. **Loss of Funds or Property/Certain Disbursements.** This Plan does not apply to any **Claim** against any **Covered Party**, or against anyone for whose conduct a **Covered Party** is legally liable, relating to or arising from: conversion of any funds or property; misappropriation of any funds or property; improper commingling; negligent supervision of client funds or trust account property, including loss or reduction in the value of such funds or property; or the disbursement of funds, checks, or other similar instruments deposited to a trust, escrow, or other similar account in which the deposit was not irrevocably credited to such account.

15. **General Tortious Conduct.** This Plan does not apply to any **Claim** for:

    a. Bodily injury, sickness, disease, mental anguish, emotional distress, or death of any person, except to the limited extent any such harm or injury is directly caused by an error, omission, negligent act, or breach of duty in providing or failing to provide **Professional Legal Services** or **Special Capacity Services**; or

    b. Injury to, loss of, loss of use of, or destruction of any real, personal, tangible, or intangible property of any kind, except to the limited extent the loss or destruction of any such property materially and adversely affects the provision of **Professional Legal Services** or **Special Capacity Services**.

    The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to the scope of Exclusion 15:

    Example 1: *Client gives Covered Party A important documents relevant to a legal matter being handled by Covered Party A. Following the completion of the matter, the documents are lost or destroyed. Client makes a claim for loss of the documents, reconstruction costs, and consequential damages due to future inability to use the documents. There is no coverage for this claim because the loss of documents did not adversely affect the professional services, which had already been completed.*

    Example 2: *Client gives Covered Party B a defective ladder from which Client fell, to be used as critical evidence in his personal injury case. Covered Party B loses the ladder and cannot use it as evidence, causing a defense verdict. A claim for the value of the lost personal injury case would not be excluded.*

    Example 3: *A client makes a claim for bodily injury or emotional distress based on allegations that a Covered Party engaged in sexual contact with the client, that the client suffered injury while riding in a Covered Party's car, or that the client slipped on the floor in a Covered Party's office. As an initial matter, none of these claims arise out of a Covered Activity. They are also excluded by Exclusion 15 a, and may also be subject to other exclusions.*

    Example 4: *A Covered Party negligently fails to inform a client of a court date in a criminal matter. As a result, the client fails to appear and is arrested, jailed, and injured by another inmate. A claim against the Covered Party alleging damages arising from bodily injury and emotional distress is not excluded by Exclusion 15 a.*

16. **Harassment and Discrimination.** This Plan does not apply to any **Claim** based on or arising out of harassment or discrimination by any **Covered Party** on the basis of race, creed, age, religion, sex, sexual orientation, sexual identity, disability, pregnancy, national origin, marital status, or any basis protected by law.

    This Exclusion 16 shall not apply to **Claims** alleging aiding and abetting liability such as ORS 659A.030(1)(h) or similar statute where the **Covered Party** was providing **Professional Legal Services** to a client and did not personally engage in harassment or discrimination.

    The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to the scope of Exclusion 16:

    Example 1: *Legal Assistant is employed by Covered Party A's law firm (Firm). Legal Assistant files a lawsuit for discrimination in the course of employment with Firm. Legal Assistant sues Firm and Covered Party A individually. There would be no coverage under the PLF Plans for this claim under Exclusion 16 and Section III, Definition of Covered Activity.*

    Example 2: *Client B hires Covered Party C to represent her in a divorce case. Covered Party C sexually harasses Client B during the course of representation. Client B files a lawsuit for sexual harassment and makes no allegations of legal malpractice. There would be no coverage under the PLF Plans for this claim under Exclusion 16 and also under Section III, Definition of Covered Activity.*

    Example 3: *Covered Party D represents Employer in providing employment advice. Employer seeks legal advice from Covered Party D about Employee. Employee later brings a lawsuit alleging discrimination in the course of employment with Employer. Employee sues Employer for discrimination claims and also sues Covered Party D alleging Covered Party D aided and abetted Employer in the discrimination that is the subject of the lawsuit. This claim is not excluded by Exclusion 16.*

17. **Patent Exclusion.** This Plan does not apply to any **Claim** based upon or arising out of any **Covered Party**, or anyone for whose conduct a **Covered Party** is legally liable, having prosecuted a patent without being registered with the U.S. Patent and Trademark Office at the time any such services were provided.

18. **Contractual Obligation Exclusion.** This Plan does not apply to any **Claim**:

    a. Based on or arising out of any bond or any surety, guaranty, warranty, joint control, or similar agreement, or any assumed obligation to indemnify another, whether signed or otherwise agreed to by a **Covered Party,** or by someone for whose conduct any **Covered Party** is legally liable, unless the **Claim** arises out of **Special Capacity Services**, and the **Covered Party**, or person for whose conduct a **Covered Party** is legally liable, signed the bond or agreement solely in a representative capacity arising from the **Special Capacity Relationship**;

    b. For liability based on an agreement or representation, if the **Covered Party** would not have been liable in the absence of the agreement or representation; or

    c. To the extent the **Claim** is based on an actual or alleged promise to obtain a certain outcome or result if the **Covered Party** would not have been liable in the absence of such a promise.

    The following illustrative examples, not intended to be exhaustive, are provided to assist a **Covered Party** or court in interpreting the PLF's intent as to the scope of Exclusion 18:

    Example 1: *Covered Party A personally guarantees that a client will secure funding for a real estate development. Any claim against Covered Party A arising from the guarantee is not covered.*

    Example 2: *Covered Party B enters into an agreement with a client that if there is any dispute arising from the representation, the prevailing party will be able to recover attorney fees. The client sues Covered Party B for malpractice and prevails. The contractually based attorney fee award is not covered because it would not exist in the absence of the agreement.*

    Example 3: *Covered Party C promises a plaintiff that he will recover at least $200,000 in a lawsuit but does not achieve this result. To the extent the client bases any claim against Covered Party C solely on a promise to obtain a particular outcome, rather than on negligence in failing to meet the applicable standard of care, there is no coverage for the breach of contract claim.*

    Example 4: *Covered Party D signs a contract with a social services organization to provide legal services to people who are being evicted. The contract provides that Covered Party D will indemnify, defend, and hold the social services organization harmless from all liability, obligations, damages, losses, claims, suits, or actions of whatever nature that are related to or arise out of Covered Party D's work. Covered Party D files an action against the wrong landlord based on erroneous information provided by the social services organization regarding the address of a person who is being evicted. Landlord successfully defends this suit and sues both Covered Party D and the social services organization for wrongful initiation of legal proceedings. The social services organization invokes the defense and indemnity agreement and demands that Covered Party D defend and indemnify it regarding the mistaken filing of suit. Any liability imposed on Covered Party D that would not have been imposed in the absence of the indemnity agreement is not covered.*

    Example 5: *Covered Party E signs a contract with a client to provide various legal services. The contract provides that Covered Party E will indemnify, defend, and hold the client harmless from all liability, obligations, damages, losses, claims, suits, or actions of whatever nature that are related to or arise out of Covered Party E's work. Covered Party E institutes a tort claim against a third party on behalf of the client. The third party successfully defends this suit and sues both Covered Party E and the client for malicious prosecution. It is discovered that the client failed to disclose important documents to the Covered Party regarding merits of the underlying suit that would have affected Covered Party E's advice. Client nevertheless invokes the defense and indemnity agreement and demands that Covered Party defend and indemnify it regarding the malicious prosecution suit. Any liability imposed on Covered Party E that would not have been imposed in the absence of the indemnity agreement is not covered.*

19. **Bankruptcy Trustee Exclusion.** This Plan does not apply to any **Claim** arising out of activity as a bankruptcy trustee.

20. **Confidential or Private Information/Computer Systems.** This Plan does not apply to any **Claim** arising from:

    a. Any loss of **Personally Identifiable Non-Public Information** or **Third Party Corporate Information**, or any access or potential access or potential access by third parties, disclosure to third parties, or publication of **Personally Identifiable Non-Public Information** or **Third Party Corporate Information**, whether or not such information was in electronic form or in paper form;

    b. Any violation of a federal, state, or foreign statute or regulation requiring the protection and/or security of information referenced in subsection (a), including but not limited to failure to report the loss of such information; or

    c. Any loss of, loss of use of, damage to, corruption of, inability to access, inability to manipulate, compromise of, or breach of any electronically stored information or data; the receipt or transmission of malware or malicious code or other harm resulting from transmission by a computer system to the computer system of a third party; or actual or attempted extortion by anyone who has gained or claims to have gained access to or control of any electronic devices, electronic data systems, electronically stored data, or access to or control of any confidential or private information or data, whether or not it is stored electronically.

    Personally Identifiable Non-Public Information means any personal information that is not public and that may not be disclosed without proper authorization and/or notice pursuant to any federal, state, or foreign law or regulation, if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual's financial account or medical record information. This includes, but is not limited to, certain medical or health care information, driver's license or state identification information, Social Security numbers, credit information, or financial account information.

    Third Party Corporate Information means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report, or other item of information of a third party that is not available to the general public.

21. **Cyber Loss Exclusion.** This Plan does not apply to any **Claim** arising from any **Cyber Loss** meaning any loss, damage, liability, claim, cost, or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any **Cyber Act** or **Cyber Incident** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act** or **Cyber Incident** and including any such loss, damage, liability, claim, cost, or expense regardless of whether the **Covered Party** had custody or control of the affected data or **Computer System** and regardless of any allegation that the **Covered Party** failed to prevent, supervise, safeguard against, secure, or protect against the **Cyber Act** or **Cyber Incident** or its consequences.

    > **Cyber Act** means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any **Computer System**. **Cyber Act** includes any act of fraud, deception, or impersonation that is transmitted, facilitated, or effectuated through any **Computer System**, including fraudulent electronic communications, business email compromise, email spoofing, phishing, and any scheme in which a **Computer System** is used to impersonate or misrepresent the identity or authority of any person or entity, regardless of whether such act involves unauthorized access to any **Computer System**.
    >
    > **Cyber Incident** means: any error, omission, malfunction, or failure in the operation, security, or integrity of any **Computer System**, including any partial or total unavailability or failure to access, process, use, or operate any **Computer System**; provided, however, that a **Cyber Incident** does not include a **Covered Party's** professional error or omission in the content or substance of **Professional Legal Services** or **Special Capacity Services** merely because such services were performed using a **Computer System**.
    >
    > **Computer System** means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the foregoing devices and including any associated input, output, data storage device, networking equipment or back up facility, regardless of whether such system or device is owned, leased, operated, controlled by, or in the custody of the **Covered Party** or any other person or entity (including any vendor, expert, consultant, investigator, agent, co-counsel, client, or other third party.

This Exclusion 21, however, does not apply to a **Claim** to the limited extent it arises primarily out of immediate inability to provide **Professional Legal Services** or **Special Capacity Services** caused by the sudden and unexpected loss of documents or information necessary to such services provided: (i) such loss materially and adversely affected the ability to provide such services; and (ii) following the discovery of any such loss of documents or information, the **Covered Party**, at the **Covered Party's** own expense, took any and all reasonable and necessary steps as were possible to restore, recover, replace, or obtain such documents or information before the time the services had to be provided. For purposes of this exception, "immediate" means arising as a direct and proximate consequence of the loss of documents or information, without regard to the time elapsed between the loss and the inability to provide services. Nothing in this paragraph shall be construed to relieve a **Covered Party** of the obligation under clause (ii) above to take reasonable steps to restore, recover, replace, or obtain documents or information, and the costs of such steps shall remain the responsibility of the **Covered Party** regardless of whether coverage otherwise applies under this Plan.

If the PLF agrees to defend a **Suit** that includes a **Claim** falling within this Exclusion 21, and/or a **Claim** falling within the exception set forth in the preceding paragraph, the PLF will not pay any costs such as those relating to privacy notification, credit monitoring, forensic investigation, computer reprogramming, computer security experts, computer services of any kind, call center support costs, public relations costs, or any similar costs.

22. **Escrow/Holding Exclusion.** This Plan does not apply to any **Claim** arising from a **Covered Party** entering into an express or implied agreement with two or more parties to a transaction that, in order to facilitate the transaction, the **Covered Party** will hold documents, money, instruments, titles, or property of any kind until certain terms and conditions are satisfied, or a specified event occurs. This exclusion does not apply to a **Claim** based on: (a) a **Covered Party's** distribution of settlement funds received from the **Covered Party's** client, or from an opposing party, in order to close a settlement; or (b) a **Covered Party's** distribution of funds pursuant to and consistent with a limited or general judgment in a domestic relations proceeding.

    The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to the scope of Exclusion 22:

    Example 1: *Covered Party is hired to act as a neutral third party to hold money in a transaction between non-clients. The parties do not provide written instructions, but agree that the Covered Party should determine when it is appropriate to release the money and deliver it to one of the parties. Claims arising from this engagement are excluded. Even if the parties agreed upon and provided the Covered Party with written instructions regarding when the money should be delivered, the claims are excluded.*

    Example 2: *Covered Party represents one party to a transaction with another party and, pursuant to instructions from both parties, holds money or other property to disburse in accordance with those instructions. Claims arising from this engagement, including the wrongful disbursement or withholding of money or property, are excluded.*

    Example 3: *Covered Party represents one party in a dispute and, upon settlement of the dispute, receives settlement proceeds from the adverse party's lawyer with instructions not to distribute the funds until various contingencies have occurred. Because of an innocent mistake, Covered Party incorrectly believes all contingencies are satisfied and distributes the settlement funds prematurely. Exclusion 22 does not apply to a claim based on this distribution. (But note that Exclusions 2 and 14 would apply to knowingly wrongful distributions or conversion of settlement funds.)*

    Example 4: *Covered Party represents the trustee of a trust and is holding money to be distributed to the trust beneficiaries pending the payment of debts owed by the trust. After payment of the debts, and distribution to the beneficiaries, one of the beneficiaries claims the Covered Party negligently paid a debt that was not owed. This Claim is not excluded by Exclusion 22 because the Covered Party has not "entered into an express or implied agreement with two or more parties to a transaction" within the intended meaning of Exclusion 22.*

SECTION VII – LIMIT OF COVERAGE, CLAIMS EXPENSE ALLOWANCE, AND SPECIAL LIMITS REGARDING RELATED CLAIMS

A. Limit of Coverage

The **Limit of Coverage** for the **Coverage Period** of this Plan is $300,000. This is a maximum aggregate limit applicable to any and all **Claims** or matters to which this Plan applies. The making of multiple claims or claims against more than one **Covered Party** will not increase the **Limit of Coverage**, which is reduced by the following payments arising from **Claims** or matters to which the **Coverage Period** of this Plan applies:

1. All **Claims Expense** paid by the PLF on behalf of any **Covered Party** under this Plan that is in excess of any applicable **Claims Expense Allowance**; and

2. The PLF's payment, on behalf of any **Covered Party** under this Plan, of any and all amounts relating to settlements, judgments, or any other indemnity payments arising from any and all **Claims**, or matters that may have the potential to create or result in **Claims**, against any **Covered Party** under this Plan.

B. Claims Expense Allowance

In addition to the **Limit of Coverage**, this Plan also provides a separate **Claims Expense Allowance**, meaning an additional allowance in the maximum aggregate amount of $75,000, applicable to the investigation and/or defense of any and all **Claims** against all **Covered Parties** under this Plan, subject to Section VII C below. The **Claims Expense Allowance** may be applied only to **Claims Expenses**, and not to any settlements, judgments, or any other indemnity payments.

C. Special Rules and Limits for Related Claims

If **Your** Plan and one or more other Plans issued by the PLF to other **Covered Parties** apply to **Claims** that are **Related**, then regardless of the number of claims, claimants, clients, **Covered Parties**, or **Law Entities** involved, the PLF will not pay more than a maximum total of $300,000, plus a maximum of one $75,000 **Claims Expense Allowance** to defend and/or indemnify all parties covered under this or any other PLF Plan regarding all such **Related Claims**. This is subject only to the exception stated below regarding **Claims Expense Allowances**. In addition, the portion of this total maximum **Related Claim** limit available to **You** cannot exceed the amount of the available remaining limit of **Your** Plan in effect during the **Coverage Period** that applies to the **Related Claim(s)** against **You**.

The total maximum limit applicable to **Related Claims** is reduced as the PLF makes expenditures on **Related Claims**, whether on **Your** behalf, or on behalf of other **Covered Parties** or **Law Entities** against whom **Related Claims** are made.

After the total applicable limit for **Related Claims** and any **Claims Expense Allowance** available to **You** has been exhausted, the PLF is not obligated to investigate, defend, pay, or settle any **Related Claim** against **You**.

Under the following circumstances, the PLF may grant more than one **Claims Expense Allowance** with respect to **Related Claims**: (1) the **Related Claims** allegedly arise from **Covered Activities** by two or more **Law Entities**; (2) the **Law Entities** were separate entities at the time of the alleged errors, omissions, negligent acts, or breaches of duty; and (3) a **Covered Party** requests and, in the sole judgment of the PLF, should be entitled to separate defense counsel. Not more than one separate **Claims Expense Allowance** per **Law Entity**, or group of **Law Entities** practicing together as a single firm, will be granted. Any such separate allowance may be used only for the defense of **Claims** arising from the **Covered Activities** of the **Law Entity** or group of Entities to which the separate allowance applies. If the **Claims Expense Allowance** for the applicable **Coverage Period** has already been depleted or exhausted by other **Claims** or matters, the amount of the **Claims Expense Allowance** will be limited to whatever remains of the **Claims Expense Allowance** for that **Coverage Period**.

The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to the meaning of Section VII C:

Example 1: *In 2013, Covered Party A, with Firm 1, assists a client in setting up an LLC to obtain investors for real estate development projects, also advising the client as to applicable securities laws requirements. In 2015, Covered Parties B and C, with Firm 2, assemble information the LLC provides to investors. In 2020, Investor W brings securities claims against Covered Parties B and C. The Applicable Plan Year for the* ***Related Claims*** *against Covered Parties B and C is 2020. Under the 2020 Plan, the* ***Claims Expense Allowance*** *was $50,000. The PLF incurs $50,000 in Claims Expense relating to Investor W's Claims against Covered Parties B and C and settles the Claims against them for a total of $250,000 – $125,000 for Covered Party B and $125,000 for Covered Party C.*

In 2022, Investor X brings a securities claim against Covered Parties A, B, and C regarding Investor X's investment in the same LLC. The Claims by Investor X are Related to the previous Claims against Covered Parties B and C. Because Covered Parties B and C are Associated Covered Parties, this Claim relates back to the 2020 Plans issued to Covered Parties B and C. Therefore, the applicable Plan Year for the claim by Investor X, as it relates to Covered Parties B and C, is 2020. However, because Covered Party A acted independently of Covered Parties B and C, and is not an Associated Covered Party, the applicable Plan Year for the Claim against Covered Party A is 2022, the year Investor X first alleged a Claim against Covered Party A.

There was another completely unrelated Claim against Covered Party A in 2022, but the PLF successfully defended Covered Party A, using his entire $75,000 ***Claims Expense Allowance*** *for 2022. Although Covered Party A has not used his $300,000 limit for 2022, because the PLF has already spent $250,000 settling* ***Related Claims*** *against Covered Parties B and C, all the Covered Parties collectively now have a total limit of $50,000 to respond to the Claim by Investor X.*

Because Covered Party A has already used his ***Claims Expense Allowance*** *for 2022, he does not have another* ***Claims Expense Allowance*** *for this Claim. There is no additional* ***Claims Expense Allowance*** *available for Covered Parties B and C, because they are entitled to only one shared* ***Claims Expense Allowance*** *regarding the* ***Related Claims****, and this was already spent on the* ***Related Claim*** *by Investor W.*

Example 2: *Same facts as in Example 1, except that the previous unrelated 2022 Claim against Covered Party A was not successfully defended. The PLF spent Covered Party A's $75,000* ***Claims Expense Allowance****, plus $275,000 settling the unrelated 2022 Claim against Covered Party A. Under this scenario, there is a total maximum limit of $25,000 for Covered Party A to respond to the Claim by Investor X. Although the $50,000 left after settling the Claim by Investor W is available collectively to A, B, and C, no more than $25,000 of this amount can be used for Covered Party A because that is all that is remaining of his 2022 limit. Assuming $25,000 is spent to settle the Investor X Claim against Covered Party A, there is $25,000 remaining to defend or indemnify Covered Parties B and C against Investor X.*

Example 3: *Same facts as in Example 1, except that $200,000 is spent settling Investor W's claim against Covered Parties B and C. Covered Parties B and C have exhausted their 2020* ***Claims Expense Allowance*** *applicable to this* ***Related Claim****. Covered Party A has already spent $10,000 of his 2022* ***Claims Expense Allowance*** *to defend an unrelated Claim, but he has not spent anything on indemnity in 2022. Covered Party A has $65,000 of his 2022* ***Claims Expense Allowance*** *to defend against the Investor X claim. Covered Parties B and C have exhausted their applicable* ***Claims Expense Allowance****. Collectively, all three Covered Parties have $100,000 for defense and/or indemnity relating to the claim by Investor X.*

Example 4: *Same facts as Example 1, except the PLF settles Investor W's Claim against Covered Parties B and C for $30,000, without incurring any Claims Expense for them. Covered Party A has used all but $5,000 of his 2022 limit, as well as his* ***Claims Expense Allowance****, for an earlier unrelated Claim. Under this scenario, there is a maximum total limit of $270,000 to respond to the Claim by Investor X against all three Covered Parties, but only $5,000 of this amount is available to Covered Party A because that is the limit remaining under his 2022 Plan. Covered Party A has no* ***Claims Expense Allowance*** *remaining. Covered Parties B and C, however, have a shared $50,000* ***Claims Expense Allowance*** *for their defense against the 2020 claim by Investor X.*

Example 5: *Same facts as Example 1, except Covered Party A already spent both his entire 2022* ***Claims Expense Allowance****, plus his entire 2022 limit on an unrelated Claim. Covered Party A has no coverage for the Claim by Investor X under the PLF Primary Coverage Plan.*

Example 6: *Covered Party A performed Covered Activities for a client while Covered Party A was at two different law firms. Client sues A and both firms. Both firms request separate counsel, each one contending most of the alleged errors took place while A was at the other firm. The defendants are collectively entitled to a maximum of one $300,000 Limit of Coverage and two* ***Claims Expense Allowances****. For purposes of this provision, Covered Party*

A (or, if applicable, her professional corporation) is not a separate Law Entity from the firm at which she worked. Accordingly, two, not three, ***Claims Expense Allowances*** *are potentially available.*

Example 7: *Covered Party A is a sole practitioner, practicing as an LLC, but also working as of counsel for a partnership of B and C. While working as of counsel, Covered Party A undertook a case that he concluded involved special issues requiring the expertise of Covered Party D from another firm. Covered Parties D and C work together in representing the client and commit errors in handling the case. Two* ***Claims Expense Allowances*** *are potentially available. There are only two separate firms – the Covered Parties BC partnership and Covered Party D's firm.*

Example 8: *Covered Party performed Covered Activities for a client while Covered Party was employed at two different Law Entities. Client sues Covered Party and both firms. Both firms request separate counsel, each one contending most of the alleged errors took place while Covered Party was at the other firm. The defendants are collectively entitled to a maximum of one $300,000 Limit of Coverage and may be granted two* ***Claims Expense Allowances****.*

Example 9: *Covered Party is a sole practitioner practicing as an LLC, but also working as a contractor for a law firm. Covered Party worked with the law firm on a large domestic relations case and errors were committed in the handling of the case. Client brings a claim against Covered Party, the LLC, and the law firm. Covered Party and the two entities share a maximum indemnity limit of $300,000. However, two* ***Claims Expense Allowances*** *are potentially available.*

SECTION VIII – DUTIES OF COVERED PARTIES

A. Notice of Claims, Suits, and Circumstances

1. The **Covered Party** must immediately notify the PLF of any **Suit** filed against the **Covered Party** and deliver to the PLF every demand, notice, summons, or other process received.

2. If the **Covered Party** receives notice of a **Claim**, or becomes aware of facts or circumstances that reasonably could be expected to be the basis of a **Claim** for which coverage may be provided under this Plan, the **Covered Party** must give written notice to the PLF as soon as practicable of: the specific act, error, or omission; any damages or other injury that has resulted or may result; and the circumstances by which the **Covered Party** first became aware of such act, error, or omission.

3. If the PLF opens a suspense or claim file involving a **Claim** or potential **Claim** that otherwise would require notice from the **Covered Party** under subsection 1 or 2 above, the **Covered Party's** obligations under those subsections will be considered satisfied for that **Claim** or potential **Claim**.

B. Assistance and Cooperation in Defense

As a condition of coverage under this Plan, the **Covered Party** will, without charge to the PLF, cooperate with the PLF and will:

1. Provide to the PLF, within 30 days after written request, narrative statements or sworn statements providing full disclosure concerning any **Claim** or any aspect thereof;

2. Attend and testify when requested by the PLF;

3. Furnish to the PLF, within 30 days after written request, all files, records, papers, and documents that may relate to any **Claim** against the **Covered Party**;

4. Execute authorizations, documents, papers, loan receipts, releases, or waivers when requested by the PLF;

5. Submit to arbitration of any **Claim** when requested by the PLF;

6. Permit the PLF to cooperate and coordinate with any excess or umbrella insurance carrier as to the investigation, defense, and settlement of all **Claims**;

7. Not communicate with any person, other than the PLF or an insurer for the **Covered Party**, regarding any **Claim** that has been made against the **Covered Party**, after notice to the **Covered Party** of such **Claim**, without the PLF's written consent; and

8. Assist, cooperate, and communicate with the PLF in any other way necessary to investigate, defend, repair, settle, or otherwise resolve any **Claim** against the **Covered Party**.

C. No Voluntary Payments, Admissions, or Representations

No **Covered Party** can bind or prejudice the PLF with voluntary payments or admissions or representations. If a **Covered Party**, without the advance written consent of the PLF, voluntarily makes any payment, assumes any obligation or incurs any expense with respect to a **Claim**, makes any representation to a claimant that the claimant will be indemnified, or makes any representation as to the value or potential value of the **Claim**, any payment, obligation, expense, obligation to pay, or obligation to pay the represented amount will be the sole obligation of the **Covered Party**, to be paid or satisfied at the sole cost and expense of the **Covered Party**.

D. Protection of Subrogation Rights

To the extent the PLF makes any payment under this Plan, it will be subrogated to any **Covered Party's** rights against third parties to recover all or part of these sums. No **Covered Party** will take any action to destroy, prejudice, or waive any right of subrogation the PLF may have, and will, if requested, assist the PLF in bringing any subrogation action or similar claim. The PLF's subrogation or similar rights will not be asserted against any **Non-Licensed Employee** of a **Covered Party** who was acting in the course and scope of employment, except for claims arising from intentional, dishonest, fraudulent, or malicious conduct of such person.

E. Assistance and Cooperation in Coverage Issues

1. Any party claiming coverage under this Plan has a duty and obligation to timely provide, upon the request of the PLF, accurate, complete, and truthful information relevant to any claimed right to coverage under this Plan.

2. In the event the PLF proposes, in writing, a settlement to be funded by the PLF but subject to the **Covered Party's** being obligated to reimburse the PLF if it is later determined that the Plan did not cover all or part of the **Claim** settled, the **Covered Party** must advise the PLF in writing that the **Covered Party** either agrees or objects to the PLF's proposal. The written response must be made by the **Covered Party** as soon as practicable and, in any event, must be received by the PLF no later than one business day (and at least 24 hours) before the expiration of any time-limited demand for settlement. A failure to respond, or a response that fails to unequivocally object to the PLF's written proposal, constitutes an agreement to the PLF's proposal. The **Covered Party's** objection to the settlement waives any right to assert that the PLF should have settled the **Claim**.

SECTION IX – ACTIONS BETWEEN THE PLF AND COVERED PARTIES OR OTHERS

1. No legal action in connection with this Plan may be brought against the PLF unless all **Covered Parties** have fully complied with all the terms and conditions of the Plan.

2. Absent the PLF's express written consent, the PLF will not be obligated to make any indemnity payments until after the **Covered Party** has been held liable in a **Suit** on the merits, and all applicable coverage issues have been determined by Declaratory Judgment.

3. The bankruptcy or insolvency of a **Covered Party** does not relieve the PLF of its obligations under this Plan, nor deprive the PLF of any of its rights under this Plan.

4. In the event of exceptional circumstances in which the PLF, at the PLF's option, has paid a portion or all of the **Limit of Coverage** toward settlement of a **Claim** before all applicable coverage issues have been finally determined, then resolution of the coverage dispute as set forth in this Section will occur as soon as reasonably practicable following the PLF's payment. In the event it is determined that this Plan is not applicable to the **Claim**, or only partially applicable, then judgment will be entered in Multnomah County Circuit Court in the PLF's favor and against the **Covered Party** (and all others on whose behalf the PLF's payment was made) in the amount

of any payment the PLF made on an uncovered portion of the **Claim**, plus interest at the rate applicable to judgments from the date of the PLF's payment. Nothing in this Section creates an obligation by the PLF to pay a portion or all of the PLF's **Limit of Coverage** before all applicable coverage issues have been fully determined.

5. This Plan is governed by the laws of Oregon, regardless of any conflict-of-law principle that would otherwise result in the laws of any other jurisdiction governing this Plan. Any disputes as to the applicability, interpretation, or enforceability of this Plan, or any other issue pertaining to or arising out of any duties or provision of benefits under this Plan, between any **Covered Party** (or anyone claiming through a **Covered Party** or based on any actual or alleged right of direct action) and the PLF, whether any claim against the PLF is based in tort or in contract, is subject to Oregon law and will be tried in the Multnomah County Circuit Court of the State of Oregon, which will have exclusive jurisdiction and venue of such disputes at the trial level.

6. No person or entity may recover consequential damages for the PLF's breach of any provision in this Plan. Any damages recoverable for any such breach are strictly limited to those amounts a court rules would have been payable by the PLF, under the provisions of this Plan, if there had been no such breach.

7. The PLF has a right of subrogation and may bring a legal action to recover from a **Covered Party** under this Plan for damages it has paid regarding a **Claim** against another **Covered Party** or entity covered under this or another PLF Plan, subject to the following conditions:

    a. If not for the PLF's right of subrogation, the **Covered Party** against whom recovery is sought could be responsible for contribution, indemnity, or otherwise to the person or entity on whose behalf the PLF's payment was made; and

    b. The PLF's right of subrogation can be alleged based on a theory or theories for which there would not be coverage under this Plan for the **Covered Party** against whom recovery is sought.

    In the circumstances outlined in this subsection 7, the PLF reserves the right to sue the **Covered Party**, either in the PLF's name or in the name of the person or entity on whose behalf the PLF has paid, to recover such amounts as the PLF determines appropriate, up to the full amount the PLF has paid under one or more other Plans issued by the PLF. However, this subsection will not entitle the PLF to sue the **Covered Party** if the PLF's alleged rights against the **Covered Party** are premised on a theory of recovery that would entitle the **Covered Party** to indemnity under this Plan if the PLF's action were successful.

    The following illustrative examples, not intended to be exhaustive, are provided for the purpose of assisting a **Covered Party** or court in interpreting the PLF's intent as to the scope of Section IX. In the event of any conflict between the intent of Section IX, expressed in general terms, and the more specific intent illustrated by the following examples, the intent illustrated by the examples prevails.

    Example 1: *Covered Party A engages in intentionally wrongful conduct in representing Client X. Covered Party A's partner, Covered Party B, does not know of, or acquiesce in, Covered Party A's wrongful conduct. Client X sues both Covered Parties A and B. Covered Party A has no coverage for the Claim under his Plan, but Covered Party B has coverage for her liability under her Plan. If the PLF pays the Claim under Covered Party B's Plan, it has a right to sue Covered Party A for the damages it paid.*

    Example 2: *Same facts as the prior example, except that the PLF lends funds to Covered Party B under terms that obligate Covered Party B to repay the loan to the extent she recovers damages from Covered Party A in an action for indemnity. The PLF has the right, pursuant to such an arrangement with Covered Party B, to participate in her action against Covered Party A.*

SECTION X – SUPPLEMENTAL ASSESSMENTS

This Coverage Plan is assessable. Each **Plan Year** is accounted for and assessable using reasonable accounting standards and methods of assessment. If the PLF determines that a supplemental assessment is necessary to pay for **Claims**, **Claims Expense**, or other expenses arising from or incurred during either this **Plan Year** or a previous **Plan Year**, **You** agree to pay **Your** supplemental assessment to the PLF within 30 days of request. The PLF is authorized to

make additional assessments against **You** for this **Plan Year** until all the PLF's liability for this **Plan Year** is terminated, whether or not **You** are a **Covered Party** under a Plan issued by the PLF at the time the assessment is imposed.

SECTION XI – RELATION OF PLF COVERAGE TO INSURANCE COVERAGE OR OTHER COVERAGE

If a **Covered Party** has valid and collectible insurance coverage or other source of indemnification that also applies to any loss or **Claim** covered by this Plan, the PLF will not be liable under the Plan until the limits of the **Covered Party's** insurance or other source of indemnification, including any applicable deductible, have been exhausted, unless such insurance or other source of indemnification is written only as specific excess coverage over the **Claims Expense Allowance** and **Limit of Coverage** of this Plan.

SECTION XII – WAIVER AND ESTOPPEL

Notice to or knowledge of the PLF's representative, agent, employee, or any other person will not effect a waiver, constitute an estoppel, or be the basis of any change in any part of this Plan, nor will the terms of this Plan be waived or changed except by written endorsement issued and signed by the PLF's authorized representative.

SECTION XIII – AUTOMATIC EXTENDED REPORTING COVERAGE

1. If **You** terminate **Your** PLF coverage during this **Plan Year**, or do not obtain PLF coverage as of the first day of the next year following the expiration of this **Plan Year**, as of **Your** last day of PLF coverage, and until the date specified in subsection 2, **You** will automatically have extended reporting coverage under this Plan for future **Claims** made against **You**, provided such **Claims** are not based on activities that occurred after **Your** last day of PLF coverage. **Your** extended reporting coverage does not provide **You** with a renewed **Limit of Coverage** or **Claims Expense Allowance**. The remaining **Limit of Coverage** and **Claims Expense Allowance** available under this Plan, after subtracting all amounts spent by the PLF regarding any **Claims** or matters to which this Plan applied or applies, as of the date any such future **Claim** is made, will be the maximum amount available for the defense and indemnity of any such **Claim**.

2. If **You** terminate **Your** PLF coverage during this **Plan Year** and return to PLF coverage later in the same year, the extended reporting coverage granted to **You** under subsection 1 will automatically terminate as of the date **You** return to PLF coverage, the coverage provided under this Plan will be reactivated, and **You** will not receive a new **Limit of Coverage** or **Claims Expense Allowance** on **Your** return to coverage.

SECTION XIV – ASSIGNMENT

No **Covered Party** may assign, transfer, or otherwise convey any rights or duties under this Plan, whether arising before or after any actual or alleged act, error, or omission, without the express written consent of the PLF. Any assignment or attempted assignment in violation of this provision is void and of no effect, and coverage under this Plan shall be null and void as to any purported assignee.

SECTION XV – NO THIRD-PARTY BENEFICIARY RIGHTS

Nothing in this Plan, express or implied, shall create any rights or remedies in any third parties who are not defined as a **Covered Party** under this Plan. No individual or entity other than those defined as **Covered Parties** under this plan shall have any right to enforce any term or condition of this Plan or to bring any cause of action under this Plan. Nothing in this Plan is intended to create any donee or creditor third-party beneficiaries.

APPENDIX A – INDEX OF DEFINED TERMS

1. **Associated Covered Party** means any **Covered Party** or **Law Entity** who, at the time of the representation, advice, or activity at issue, or during any portion of such representation, advice, or activity: (1) was a member, partner, associate, of counsel, contract attorney, or **Licensed Paralegal** in the same **Law Entity** with **You**; or (2) worked in association with **You**, or as co-counsel with **You**, regarding the representation, advice, or activity that is the subject of the **Claim(s)**. (Section IV B7, p. 6)

2. **Claim** means a demand for **Damages**, or written notice to a **Covered Party** of an intent to hold a **Covered Party** liable as a result of a **Covered Activity**, if such notice might reasonably be expected to result in an assertion of a right to **Damages**. (Section I A, p. 1)

3. **Claims Expense** has the meaning set forth in Section I B 3. (p. 2)

4. **Claims Expense Allowance** means the separate allowance for aggregate **Claims Expense** for all **Claims** as provided for in Section VII B. (p. 18)

5. **Computer System** means any computer, hardware, software, communications system, electronic device (including, but not limited to, smartphone, laptop, tablet, wearable device), server, cloud or microcontroller, including any similar system or any configuration of the foregoing devices and including any associated input, output, data storage device, networking equipment, or backup facility, regardless of whether such system or device is owned, leased, operated, controlled by, or in the custody of the **Covered Party** or any other person or entity (including any vendor, expert, consultant, investigator, agent, co-counsel, client, or other third party. (Section VI 21, p. 16)

6. **Control Group** includes all persons who are managers or officers of the **Law Entity**, and/or all persons with authority to act, make decisions, or enter into agreements on behalf of the **Law Entity**. (Section VI 2, p. 11)

7. **Coverage Period** means the coverage period shown in the Declarations under the heading, “Coverage Period.” (Introduction, p. 1)

8. **Covered Activity** has the meaning set forth in Section III A. (p. 4)

9. **Covered Party** means any person or **Law Entity** qualifying as such under Section II. (p. 3)

10. **Cyber Act** means an unauthorized, malicious or criminal act or series of related unauthorized; malicious or criminal acts, regardless of time and place; or the threat or hoax thereof, involving access to, processing of, use of or operation of any **Computer System**. **Cyber Act** includes any act of fraud, deception, or impersonation that is transmitted, facilitated, or effectuated through any **Computer System**, including fraudulent electronic communications, business email compromise, email spoofing, phishing, and any scheme in which a **Computer System** is used to impersonate or misrepresent the identity or authority of any person or entity, regardless of whether such act involves unauthorized access to any **Computer System**. (Section VI 21, p. 16)

11. **Cyber Incident** means: any error, omission, malfunction, or failure in the operation, security, or integrity of any **Computer System**, including any partial or total unavailability or failure to access, process, use, or operate any **Computer System**; provided, however, that a **Cyber Incident** does not include a **Covered Party's** professional error or omission in the content or substance of **Professional Legal Services** or **Special Capacity Services** merely because such services were performed using a **Computer System**. (Section VI 21, p. 16)

12. **Damages** means monetary compensation a **Covered Party** must pay for harm or loss and does not include:
    a. Fines, penalties, statutorily enhanced damages, or enhanced prevailing fees;
    b. Punitive or exemplary damages;
    c. The return, forfeiture, disgorgement, restitution, reduction, or offset of any fees, costs, expenses or disbursements paid to, charged by, or owed to any **Covered Party** or to any **Law Entity** with which any **Covered Party** was associated at the time any such fees, costs, expenses, or disbursements were paid, charged, or incurred, including but not limited to fees, costs, expenses or disbursements alleged to be excessive, not earned, unnecessary, ill-advised, or caused, in whole or in part, by any alleged negligent advice;
    d. Rescission, injunctions, accountings, restitution, equitable relief;
    e. Any personal profit or advantage to a **Covered Party**; and
    f. Any award of attorney fees, costs, or interest arising from any claim referenced in (a) through (d) above, or from any excluded claim. (Section I A, p. 1)

13. **Family Business** has the meaning set forth in Exclusion 11. (p. 13)

14. **Family Member(s)** has the meaning set forth in Exclusion 11. (p. 13)

15. **Law Entity** means a professional corporation, partnership, limited liability partnership, limited liability company, or sole proprietorship that engages in the **Private Practice** of law in Oregon. (Section II B, p. 4)

16. **Legally Obligated** has the meaning set forth in Section I A. (p. 1)

17. **Licensed Paralegal** means an associate licensee of the Oregon State Bar practicing within the associate licensee's approved **Scope of Practice**.

18. **Limit of Coverage** has the meaning set forth under Section VII A. (p. 18)

19. **Non-Licensed Employee** includes employees who are not attorneys or **Licensed Paralegals**, as well as employees who have a law degree but are not engaged in the practice of law in Oregon or any other state. (Section III A, p. 4)

20. **OSB Licensee** means a licensee of the Oregon State Bar or an associate licensee of the Oregon State Bar practicing law within the licensee's approved scope of practice.

21. **Ownership Interest** means either **You** individually or **You** in combination with:
    - Those controlled by **You**,
    - **Your** spouse, parent, stepparent, child, stepchild, sibling, any member of **Your** household, and/or
    - Those with whom **You** are regularly engaged in the practice of law own more than 10% of the business enterprise or owned more than 10% of the business enterprise at the time of the alleged acts, errors or omissions on which the **Claim** is based. (Section VI, 6 (b), p. 11)

22. **Personally Identifiable Non-Public Information** has the meaning set forth in Exclusion 20. (p. 16)

23. **Plan Year** means the period of January 1 through December 31 of the calendar year for which this Plan was issued. (Introduction, p. 1)

24. **Private Practice** has the meaning set forth in Section II A. (p. 3)

25. **Principal Office** has the meaning set forth in Section II A. (p. 4)

26. **Professional Legal Services** has the meaning set forth under Section III B. (p. 4)

27. **Related Claims** has the meaning set forth in Section V. (p. 7)

28. **Scope of Practice** means the limited legal services permitted to be provided by a **Licensed Paralegal** within the endorsed area of practice without the supervision of an attorney as defined within Section 11 of the Rules for Licensing Paralegals.

29. **Special Capacity Relationship** has the meaning set forth in Section III C. (p. 5)

30. **Special Capacity Services** has the meaning set forth in Section III C. (p. 5)

31. **Suit** means a civil lawsuit. **Suit** also includes an arbitration or alternative dispute resolution proceeding only if the PLF expressly consents to it. (Section I B, p. 2)

32. **Third Party Corporate Information** has the meaning set forth in exclusion 20. (p. 16)

33. **You** and **Your** refer to the Named Party shown in the Declarations. (Introduction, p. 1)



OSB Professional Liability Fund

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