

"These clauses are purely illustrative. Different policy conditions may be agreed. The specimen clauses are available to any interested person upon request. In particular:
(a) in relation to any clause which excludes losses from the cover, insurers may agree a separate insurance policy covering such losses or may extend the clause to cover such events;
(b) in relation to clauses making cover of certain risks subject to specific conditions each insurer may alter the said conditions".

24/05/12



SPECIAL TERMINATION CLAUSE (INSOLVENCY OR RATING DOWNGRADE)

(For liability insurance on a "claims made" basis)

If during the Period of this Contract:

- (1) an Insurer underwriting this Contract becomes insolvent or is placed into liquidation or receivership (whether voluntary or involuntary), or there is instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy or other agent known by whatever name, to take possession of its assets or control its operations, or
- (2) the AM Best Financial Strength Rating of an Insurer underwriting this Contract is assigned or downgraded below A -, or
- (3) the Standard and Poor's Insurer Financial Strength rating of an Insurer underwriting this Contract is assigned or downgraded below A -,

then the Named Insured may terminate the participation in this Contract of the Insurer concerned by giving notice in writing by certified or registered mail stating when, not less than 30 days after that date, the termination shall be effective. In respect of Lloyd's syndicates the applicable rating in (2) or (3) above shall be that of Lloyd's as a whole.

In the event of such termination the liability of the Insurer under this Contract shall cease upon the effective date and hour stated in the notice from the Insured, except in respect of:

- A. any claims first made against the Insured prior to such date of termination, or
- B. any circumstances which could give rise to a claim which have been notified to the Insurer prior to such date of termination,

where notification of such has been given to and accepted by the Insurer in accordance with the terms and conditions of this Contract, but for which settlement remains outstanding.

The Insurer shall be entitled to receive or retain premium pro rata as to time of the Full Premium, except where notification of any claims or circumstances has been given to and accepted by the Insurer when the Insurer shall be entitled to receive or retain the Full Premium.

For the purpose of this Clause Full Premium shall mean the fully adjusted premium that would have been earned by the Insurer for the period of this Contract had it not been terminated, taking into account any minimum premium condition.

In the event of such termination, nothing in this Clause or the event giving rise to the notice of termination shall increase the definitive proportion of liability ("signed line") of any other Insurer on this Contract:

- (i) for claims made against the Insured prior to the date of termination or for circumstances which could give rise to a claim of which the Insured first became aware before the date of termination, or
- (ii) for claims made against the Insured after the date of termination or for circumstances which could give rise to a claim of which the Insured first becomes aware after the date of termination, unless the other Insurer has expressly agreed to increase its definitive proportion of liability, and then only to the extent of such agreed increase and from the date and time at which it has agreed that its increased participation will take effect.

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