

RULES

PAMIA LIMITED

Registered in England No. 2418817

Managers
Thomas Miller Professional Indemnity
90 Fenchurch Street
London
EC3M 4ST

Telephone: 020 7283 4646

Facsimile: 020 7283 5988

www.pamia.co.uk

www.thomasmiller.com

RULE NUMBERS & HEADINGS

Rule Number	Heading	Page
1	Application for Insurance	1
2	Premium	3
3	Deductible	3
4	Reinsurance of the Association's Risks	3
5	Reinsurance of the Risks of Others	4
6	Notices of Claims, Intention to Claim, or Circumstances likely to give rise to Claims	4
7	Admissions/Settlement	5
8	Costs and other Expenses	5
9	Claims Settlement and Recoveries	6
10	Legal and Other Assistance	6
11	False or Fraudulent Claims	7
12	Membership	7
13	Period of Insurance	9
14	Cesser of Insurance and Cancellation	9
15	Effect of Cesser of Insurance and Cancellation	11
16	Calls	14
17	Advance Calls	15
18	Supplementary Calls	16
19	Payment of Calls	16
20	Reserves	17
21	Closing of Policy Years	19
22	Release from Calls	20
23	Investment	21
24	Managers' Remuneration	21
25	Delegation	21
26	Set-Off	22
27	Notices	22
28	Disputes	22
29	Law of Contract	23
30	General	23
31	Interpretation	23
32-39	Not allocated	

Rule Number	Heading	Page
40	Claims Made	27
41	Limit of Liability of the Association	27
42	Risks Insured	27
43	Risks Insurable in the Association	27
43A	Disciplinary Proceedings	29
44	Additional Risks Insurable	29
45	Territorial Ambit	31
46	Omnibus Rule	31
47	General Exclusions	32
48	Optional Exclusions	33
49	Non-Disclosure and Misrepresentation	34
50	Duty to Mitigate	34
51	Double Insurance	34
52	Rights to Subrogation against Employees	35
53	Payment of Calls	35

1 APPLICATION FOR INSURANCE

1.1.1 Any person within one or more of the following categories:

- (a) A Contributor;
- (b) An Associated Company or a business of a Contributor whose business is, in the view of the Managers, predominantly Intellectual Property Business, and which is presently insured under the same arrangements as such Contributor, or which becomes insurable under the same arrangements as such Contributor;
- (c) Computer Patent Annuities;
- (d) A Partnership or a sole practitioner's practice fulfilling all three of the following criteria: (a) the sole practitioner is or at least half the Partners are U.K. Chartered Patent Attorneys or U.K. Registered Patent Agents or Members of I.T.M.A. or Irish Registered Patent Agents and (b) whose work is, in the opinion of the Managers, predominantly patent or trade mark work, and (c) at least half of whose work is, in the opinion of the Managers, carried out in the U.K., Isle of Man, Channel Islands, Republic of Ireland, European Union, European Economic Area, Hong Kong and Singapore;
- (e) A Company or Limited Liability Partnership fulfilling all three of the following criteria: (a) at least half the Directors or members respectively are U.K. Chartered Patent Attorneys or U.K. Registered Patent Agents or Members of I.T.M.A. or Irish Registered Patent Agents and such Directors or members own at least half the Company's Equity Securities or at least half of the equity in the Limited Liability Partnership respectively, and (b) whose work is, in the view of the Managers, predominantly patent or trade mark work, and (c) at least half of whose work is, in the view of the Managers, carried out in the U.K., Isle of Man, Channel Islands, Republic of Ireland, European Union, European Economic Area, Hong Kong and Singapore; or
- (f) A sole practitioner, Partnership, Company or Limited Liability Partnership not fulfilling all of the above criteria but whose practice at least 75% of the Association's Directors present at a Board Meeting where the non-qualifying applicant's application for membership is considered in their absolute discretion nevertheless consider is compatible with the practices of the generality of the Members;
- (g) Any Reinsured (whose insured comes wholly within one or more of the above categories) which desires to be insured or reinsured or to renew an existing Insurance with the Association shall make application in such form and supply all such material particulars and such information as may be required by the Directors.

- 1.1.2 In the case of any applicant which has not previously supplied detailed data, the Managers shall consider whether from an underwriting perspective there is compatibility between the conduct of the applicant's Intellectual Property Business and that of the generality of the Members, and make such recommendations as to compatibility to the Directors as the Managers in their absolute discretion think fit.
- 1.1.3 On or before the acceptance of any application for Insurance, the Managers shall tender in writing the terms and conditions that will apply to such Insurance, including the Premium to be paid to the Association in respect of such Insurance.
- 1.2 The Directors shall be entitled, in their discretion and without assigning any reason, to accept or refuse any such application or, with the agreement of the Firm or the Reinsured, to vary or modify any such application whether or not the Firm or the Reinsured is insured by the Association at the time of the application.
- 1.3 Save where otherwise agreed between the Association and a Firm or a Reinsured and save as otherwise provided in these Rules, all particulars and information given in the course of applying for Insurance shall, if the application for Insurance of the Firm or the Reinsured be accepted, be deemed to form part of the contract of Insurance between the Firm or the Reinsured and the Association and it shall be a condition precedent of such Insurance that all such particulars and information are true so far as the same are within the Firm's or the Reinsured's knowledge or could with reasonable diligence have been ascertained by the Firm or the Reinsured.
- 1.4 Prior to each Firm's or Reinsured's Renewal Date each year the Managers will invite such Firm or Reinsured to complete a renewal application form.
 - 1.4.1 The Directors shall not accept any application to renew unless and until a renewal application form satisfactory to the Managers is received by the Managers.
 - 1.4.2 If the Firm or the Reinsured fails to submit a satisfactory renewal application form prior to the Renewal Date, Insurance with the Association will cease with effect from the expiry of the period of Insurance ending immediately prior to the Renewal Date.
- 1.5 In the case of a first application for Insurance by a Firm or a Reinsured, the Directors shall not accept such application unless it is accompanied by a legally binding undertaking from such Firm or such Reinsured to make further applications for insurance with the Association in such minimum amounts as the Directors may determine from time to time as being applicable to all Firms and Reinsureds for a period of three successive years from the date of the commencement of the first Period of Insurance of such Firm or such Reinsured with the Association.

- 1.6 As soon as reasonably practical after the acceptance of any such application, the Association shall issue a Certificate of Insurance in such form as the Directors may from time to time prescribe, stating *inter alia* (i) the name and address of the Firm or the Reinsured, (ii) the risks insured by the Association, (iii) the sum insured by the Association and the limits of liability of the Association, (iv) Exclusions, (v) the Period of Insurance, (vi) the Deductible (vii) the Premium (viii) the Policy number or title, (ix) the number of Qualified Members of Staff as defined in the Articles, and (x) any special terms agreed between the Firm or the Reinsured and the Association. This Certificate of Insurance shall evidence the contract or contracts of Insurance between the Association and the Firm or the Reinsured.
- 1.7 The Firm or Reinsured shall notify the Association forthwith of any changes which might cause it to cease to come within one or more of the categories in Rule 1.1.1 above, whereupon the Directors shall be entitled, in their absolute discretion, to terminate the Insurance.

2 PREMIUM

When or before an application for or to renew Insurance is accepted, the Firm or Reinsured and the Managers shall agree the Premium. In deciding upon the Premium, the Managers may take into account all matters which they may consider relevant including (without prejudice to the generality of the foregoing) the degree of risk estimated to be involved in the proposed Insurance.

3 DEDUCTIBLE

The contract of Insurance between the Firm or Reinsured and the Association shall be subject to such Deductible as the Managers shall have agreed and specified in the Certificate of Insurance. Unless otherwise agreed such Deductible shall apply to any and every claim made by the Firm or Reinsured upon the Association pursuant to any contract of Insurance between such Firm or Reinsured and the Association.

4 REINSURANCE OF THE ASSOCIATIONS RISKS

The Managers on behalf of the Association may reinsure or cede the whole or any part or proportion of any risks insured or reinsured by the Association with or to such reinsurers and on such terms as the Managers on behalf of the Association shall consider appropriate.

5 REINSURANCE OF THE RISKS OF OTHERS

- 5.1 Save insofar as expressly prohibited by these Rules, the Association may enter into contracts of reinsurance with any person whereby the Association agrees to reinsure, whether the whole or in part, risks relating to any policy of Insurance which, if any application were made by a Firm in relation to such policy under Rule 1.1 in respect of liabilities, loss and damage and costs and expenses (subject always to the exclusions and conditions applicable thereto set out in these Rules) the Directors would have been entitled to accept. The consideration payable to the Association and the terms and conditions on which such reinsurance is accepted by the Association shall be such as are agreed between the Directors and such other person. Save where otherwise agreed in writing, the Reinsured shall be in every respect subject to and bound by the provisions of these Rules and his contract with the Association shall for all purposes take effect as though it were a Firm in connection with which the relevant risks arose in the course of his Intellectual Property Business and had applied as a Firm for insurance.
- 5.2 It shall be a condition of any such contract of reinsurance that the Reinsured shall do all things reasonably within its power that the Association may require to exercise rights of recovery, subrogation or indemnity or any similar rights.

6 NOTICES OF CLAIMS. INTENTION TO CLAIM, OR CIRCUMSTANCES LIKELY TO GIVE RISE TO CLAIMS

- 6.1 A Firm or a Reinsured, in relation to any contract of Insurance with the Association to which it is a party, shall give notice in writing in such form as may be required by the Directors as soon as practicable to the Association of:-
- 6.1.1 any claim made against such Firm or Reinsured during the Period of Insurance relating to such contract; or
- 6.1.2 the receipt, by such Firm or Reinsured during the Period of Insurance relating to such contract, of notice from any person of any intention to make a claim against such Firm or Reinsured.
- 6.2 A Firm or a Reinsured, shall give, in relation to any contract of Insurance with the Association to which it is a party, notice in writing to the Association of any circumstances of which it shall become aware during the period of Insurance relating to such contract which may give rise to a claim against any Firm or Reinsured included in such contract of Insurance.
- 6.3 Where notice has been given to the Association under Rules 6.1 or 6.2, the relevant Firm or Reinsured shall provide such further information as the Managers may require.

- 6.4 Where the Association receives a notice under Rules 6.1 or 6.2 of an intention to make a claim or of circumstances which may give rise to a claim, any claim subsequently made arising from such intention or circumstances shall be deemed to have been made at the date such notice was received.
- 6.5 The Firm or Reinsured shall forward to the Association immediately on receipt every claim, writ, summons or process.
- 6.6 In the event that a Firm or Reinsured commits any breach of its obligations under Rule 6, the Directors may in their absolute discretion reject any claim by the Firm or Reinsured arising out of the event or matter in respect of which the breach was committed, or reduce the sum payable by the Association in respect thereof by such a sum as the Directors in their absolute discretion may determine.
- 6.7 For the purposes of Rule 6 claim shall include Disciplinary Proceedings and Firm or Reinsured shall include Insured Professional.

7 ADMISSIONS/SETTLEMENT

A Firm or Reinsured shall not admit liability to pay or settle a claim for a sum in excess of the Deductible without the written consent of the Association. Unless the Managers otherwise agree in writing, a Firm or Reinsured shall not waive any rights of recourse.

8 COSTS AND OTHER EXPENSES

- 8.1 If any claim against a Firm or Reinsured exceeds or appears likely to exceed the Deductible, no costs or expenses shall be incurred by the Firm or Reinsured in the defence or settlement of any such claim without the written consent of the Managers (which consent shall not be unreasonably withheld).
- 8.2 The Association shall pay such costs or expenses to the extent that it is liable to do so under the relevant contract of Insurance between the Association and the Firm or the Reinsured.
- 8.3 The Directors may resolve to pay the whole or any part of the costs and expenses incurred by the Firm or Reinsured in connection with any claim in circumstances where the Association is not liable under the relevant contract of Insurance.

9 CLAIMS SETTLEMENT AND RECOVERIES

- 9.1 Claims against the Association under these Rules may if the Directors so decide, be paid before the full extent of the Firm's or Reinsured's loss in respect of which all or part is indemnified by the Association has been ascertained.

9.2 If, after the settlement of a claim brought by a Firm or Reinsured against the Association, any recovery is made or payment received or benefit by way of set-off is obtained in relation to the liability of the Firm or Reinsured:-

9.2.1 such recovery, payment or benefit shall be treated as reducing the loss suffered by the Firm or Reinsured;

9.2.2 the claim against the Association shall be reassessed as if it related to such reduced loss; and

9.2.3 the Firm or the Reinsured shall repay to the Association on demand the amount (if any) by which the original claim or settlement exceeds the amount of the reassessed claim.

10 LEGAL AND OTHER ASSISTANCE

10.1 Without prejudice to any other provision of these Rules and without waiving any of the Association's rights, the Association may appoint and employ on behalf of the Firm lawyers or other persons for the purpose of dealing with any matter likely to give rise to a claim by the Firm upon the Association, including investigating or advising upon any such matter, and (in conjunction with or independently of lawyers or other persons appointed or employed by any other insurers) taking or defending legal or other proceedings in connection therewith.

10.2 All lawyers and other persons appointed by the Association on behalf of the Firm, or appointed by the Firm with the prior consent of the Association, shall be deemed to have been appointed and employed on the terms that they have been instructed by the Firm to give advice and to report to the Association in connection with the matter without prior reference to the Firm and to produce to the Association without prior reference to the Firm any documents or information in their possession or power relating to such matter, all as if such person had been appointed to act and had at all times been acting on behalf of the Association.

10.3 The Association shall be entitled to take over and conduct in the name of the Firm the defence or settlement of any claim or to prosecute in the name of the Firm for its own benefit any claim and shall have full discretion in the conduct of any proceedings and the settlement of any claim.

11 FALSE OR FRAUDULENT CLAIMS

If a Firm or a Reinsured shall bring any claim against the Association under or relating to a contract of Insurance knowing the same to be false or fraudulent as regards amount or in any other way whatsoever, all contracts of Insurance between such Firm or such Reinsured and the Association, whenever such contracts may have been made, shall thereupon become void and the Association shall not be or become liable for any outstanding claims made under any such contracts (including claims for which the Association has admitted liability) provided that:-

- 11.1 all claims by the Association in respect of such contracts of Insurance shall remain enforceable; and
- 11.2 the Directors may, upon such terms as they think fit, admit either in whole or in part any claim for which the Association is under no liability by virtue of the foregoing provisions of this Rule or by virtue of any other rule of law.

12 MEMBERSHIP

- 12.1 Any application for Insurance by a Firm or a Reinsured shall be deemed also to constitute an application by such person (or in the case of a Firm which is a partnership, by the Representative Partner of such Firm) to become a member of the Association, and any acceptance of such application for Insurance shall be deemed also to be an acceptance of such deemed application for membership.
- 12.2 On the first occasion that a Firm which is a partnership makes an application pursuant to Rule 1.1.1 it shall, together with such application, make such nomination and provide such declaration of trust as is specified in Article 4(B) of the Articles.
- 12.3 If the Representative Partner shall cease to be a Partner of his Firm or if he shall cease for any reason to be a member of the Association, but there shall continue to be a subsisting contract of Insurance between his Firm and the Association, the Firm shall forthwith notify the Association and make a further nomination in compliance with Article 4(D) of the Articles.
- 12.4 A Firm or its Representative Partner or a Reinsured who is not already a Member may become a Member at or after the commencement of the Policy Year during which it is anticipated that such Firm's or such Reinsured's Period of Insurance will commence upon making an irrevocable commitment to make the application in accordance with Rule I , supplying such information as the Directors may require prior to the commencement of the Period of Insurance and complying with such conditions as the Directors may determine, including, but not limited to, payment of all or part of an estimate of the Advance Call likely to be payable at the commencement of the Period of Insurance. If the Directors subsequently exercise their right under Rule 1.2 to refuse the application for insurance before the said Period commences, any payments made in accordance with the foregoing shall be reimbursed by the Association to the Firm or the Reinsured, without interest unless the Directors otherwise determine, and such Firm or Representative Partner or Reinsured shall have no claim against the Association, its Directors or Managers, or any of their respective employees or agents.
- 12.5 If the Directors in pursuance of their power under Rule 1.2 refuse any application for Insurance, or if a Firm or a Reinsured shall cease to be insured by the Association by virtue of Rule 1.4.1, or if the Insurance of a Firm or a Reinsured is cancelled in accordance with Rule 14.2, the Firm or Reinsured shall thereupon be released from its

obligations to make further applications for Insurance pursuant to the undertaking referred to in Rule 1.5. Nothing in the foregoing, however, shall be deemed to reduce or waive the liabilities of any Firm or any Reinsured set out in Rule 15 below or elsewhere in these Rules.

- 12.6 The partners from time to time of a Firm (being a partnership) shall be jointly and severally liable in respect of any liability or obligations of the Firm or its Representative Partner arising under the Memorandum or the Articles as if each of such partners were a member of the Association but shall be entitled to the benefit of any right conferred on the Firm or its Representative Partner by the Memorandum or the Articles.

13 PERIOD OF INSURANCE

- 13.1 Subject as otherwise provided in these Rules or as may be agreed between the Managers on behalf of the Association and a Firm or a Reinsured, any Insurance provided by the Association shall be for the period specified in the relevant Certificate of Insurance.
- 13.2 All applications to renew an existing contract of Insurance with the Association on the expiry of such Certificate of Insurance must be made at least one month prior to the date of such expiry, although the Managers may at their discretion accept a lesser period.
- 13.3 Subject to its obligations under the undertaking referred to in Rule 1.5, a Firm or a Reinsured which does not wish to renew an existing contract of Insurance with the Association on its expiry shall give notice to that effect to the Association not later than four months prior to the date of such expiry, although the Managers may at their discretion accept a lesser period.
- 13.4 Each Period of Insurance and all claims which, under the Policy and these Rules, are made or notified or deemed to be made or notified during such Period of Insurance shall, unless the Directors otherwise agree, attach to the Policy Year in which the date of commencement of the said Period of Insurance falls.

14 CESSER OF INSURANCE AND CANCELLATION

- 14.1 A Firm or a Reinsured shall forthwith cease to be insured by the Association:-

14.1.1 in the case of a partnership,

- (a) if it is dissolved;
- (b) if it ceases to carry on its Practice;
- (c) if an order is made for its dissolution by the Court;
- (d) if an order is made for the appointment by the Court of a receiver of the Firm;
- (e) if it makes any composition or arrangement with its creditors; or

- (f) if it ceases to come within any of the categories in Rule 1.1.1 and the Directors so determine.

14.1.2 in the case of a sole practitioner,

- (a) save as provided in Rule I 4.4, upon his death;
- (b) if he ceases to carry on his Practice;
- (c) if a receiving order is made against him;
- (d) if he becomes bankrupt;
- (e) if he makes any composition or arrangement with his creditors generally;
- (f) if he becomes incapable by reason of mental disorder of managing or administering his property and affairs; or
- (g) if he ceases to come within any of the categories in Rule 1.1.1 and the Directors so determine.

14.2 Where a Firm or a Reinsured has failed to pay, either in whole or in part, any amount due to the Association, after notice pursuant to Rule 19.2 the Managers may give notice in writing requiring payment of such amount by any date specified in such notice, not being less than seven days from the date on which such notice is despatched. If a Firm or a Reinsured fails to make such payment in full on or before the date so specified, the Insurance of that Firm or that Reinsured and of any person who is named on any Certificate of Insurance issued or which should have been issued to such Firm or such Reinsured shall be cancelled forthwith without further notice or other formality.

14.3 For the purposes of determining whether any (and, if so what) sum is due for the purposes of Rule 14.2, or otherwise under these Rules, no account shall be taken of any amount due or alleged to be due by the Association to the Firm or the Reinsured on any grounds whatever, and no set-off of any kind (including set-off which might otherwise have arisen by reason of the bankruptcy of the Firm or the Reinsured) shall be allowed against such sum (whether or not any set-off has been allowed at any time in the past), except to the extent (if any) to which any sum demanded by the Managers as due and required to be paid may have already allowed for a set-off or credit in favour of the Firm or the Reinsured.

14.4 If, following the death of a sole practitioner, his personal representatives determine to carry on his Practice and give notice thereof to the Association within one month of the date of death, the Directors may determine that the Association shall (unless such Insurance ceases or is cancelled for any other reason) continue to insure the personal representatives on the same terms and conditions (save as provided below) as applied to the contract of Insurance between the Association and the sole practitioner for a period not exceeding 12 months from the date of death ("the Extension Period"). If during the

Extension Period the period of Insurance specified in the relevant Certificate of Insurance expires and the personal representatives wish to renew the contract of Insurance, the Association shall upon application made in accordance with the Rules renew such contract for a period not exceeding the Extension Period on the same terms and conditions, save as to Premium and Calls and as provided below, as applied to the expired contract. The Directors may, as a condition of the continuation or renewal of the Insurance, require that the Practice shall be carried on subject to the appointment of an appropriately professionally qualified supervisor approved by the Association, who shall be appointed by the personal representatives at their expense and on such terms as the Directors may approve.

15 EFFECT OF CESSER OF INSURANCE AND CANCELLATION

15.1 When a Firm or a Reinsured ceases to be insured by virtue of Rule 14.1: -

15.1.1 such Firm or such Reinsured shall be and remain liable for all Calls (including Calls which have not been made at the date of such cessation) and other sums which are or may be payable by such Firm or such Reinsured in respect of (a) the whole of the Period of Insurance in which the date of cessation occurs and in respect of the Policy Year to which it attaches; and (b) every preceding Policy Year in respect of which such Firm or such Reinsured was insured by the Association; and

15.1.2 the Association shall have no further liability to such Firm or such Reinsured of whatsoever nature save to the extent that it may be liable under any contract of Insurance to such Firm or such Reinsured under any such contract for all claims in respect of which notice has been given in accordance with these Rules prior to the date of cessation.

15.1.3 the Association may provide run-off cover on such terms and for such period as the Directors in their absolute discretion may decide.

15.2 When the Insurance of a Firm or a Reinsured is cancelled in accordance with Rule 14.2: -

15.2.1 such Firm or such Reinsured shall be and remain liable for all Calls (including Calls which have not been made at the time of such cessation) and other sums payable by such Firm or such Reinsured in respect of (a) the whole of the Period of Insurance in which cancellation occurs and in respect of the Policy Year to which it attaches; and (b) every preceding Policy Year in respect of which such Firm or such Reinsured was insured by the Association; and

15.2.2 the Association shall with effect from the date of cancellation have no liability to such Firm or such Reinsured of whatsoever nature and, without prejudice to the generality of the foregoing, shall have no liability under any contract of Insurance to such Firm or such Reinsured for any claims of whatsoever kind under the Insurance provided by the Association:-

- (a) irrespective of whether such claims arise out of any claim made against the Firm or Reinsured or matter notified to the Association at any time prior to the date of cancellation including any time within a previous Period of Insurance;
- (b) irrespective of whether such claims arise by reason of any claim made against the Firm or Reinsured or matter notified to the Association after the date of cancellation;
- (c) irrespective of whether the Association may have admitted liability for such claims;
- (d) irrespective of whether the Association at the date or prior to the date of cancellation knew that such claims might or would arise,

and as from the date of cancellation any liability of the Association for such claims shall terminate retrospectively and the Association shall be under no liability to such Firm or such Reinsured for any such claims or on any account whatsoever;

Provided always that:-

- (1) The Directors may, upon such terms as they think fit including but not restricted to terms as to the payment of Calls or other sums, admit either in whole or in part any claim for which the Association is under no liability by virtue of Rules 1 5.1 or 1 5.2, whether such claim has arisen before or arises after the date of cessation or the date of cancellation as the case may be, or remit either in whole or in part any payment of Calls or other sums due to the Association.

(2) Where an application for Insurance by the Association is received from a Firm (hereinafter called a "Successor Firm") which succeeds to the whole or part of the business of a Firm (hereinafter called a "Predecessor Firm") whose Insurance has ceased under Rule 14.1 the Directors may, in their discretion and to such extent as they think fit, take into account any Calls paid or payable by the Predecessor Firm in respect of the Period of Insurance in which such cessation occurred and, if appropriate, the period during which Insurance was provided by the Association to such Predecessor Firm in determining the Premium of the Successor Firm for the same or any subsequent Period of Insurance.

- 15.3 The Directors may determine that the whole or any part of Rules 1 4 and 1 5 shall not apply generally to Firms or Reinsureds which are or were insured by the Association or specifically to Firms or Reinsureds which are or were so insured, and the Directors may decide that such determination applies retrospectively.

16 CALLS

- 16.1 The Firms and the Reinsureds insured or to be insured by the Association in respect of any Policy Year (not being a Closed Policy Year) shall provide by way of Calls all funds which, in the opinion of the Directors, are required; -1 6.1.1 to meet the claims, expenses and outgoings (whether incurred, accrued or anticipated) of the Insurance business of the

Association in respect of such Policy Year;

- 16.1.1 to meet such of the general expenses of the Association as the Directors may from time to time think fit to charge against the Insurance business of the Association in respect of such Policy Year;
- 16.1.2 to meet such of the general expenses of the Association as the Directors may from time to time think fit to charge against the Insurance business of the Association in respect of such Policy Year;
- 16.1.3 for such transfers to the reserves of the Association (as referred to in Rule 20) and for subsequent application for the purposes of such reserves or otherwise as the Directors may think expedient; or
- 16.1.4 for such transfers as the Directors may think proper to meet any deficiency which has occurred or may be thought likely to occur in respect of any Closed Policy Year.
- 16.2 Calls shall be levied by means of Advance Calls and, when necessary or appropriate, Supplementary Calls in accordance with the provisions of Rules 17 and 18.
- 16.3 Every person who is a partner in a Firm (being a partnership) at the commencement of any relevant Period of Insurance and every person who during such Period becomes a partner in such Firm shall be jointly and severally liable for any Calls payable by such Firm in respect of or by reference to such Period of Insurance provided that the Directors may at their discretion and on such terms as they think fit release any person who ceases to be a partner by reason of death, retirement or otherwise (and his estate or legal representatives) from liability for any Calls made after the date of such cessation.

17 ADVANCE CALLS

- 17.1 Before the commencement of each Policy Year, the Directors shall decide:
 - 17.1.1 the general percentage, which shall be the same for each Firm or Reinsured, to be applied to the Premium of each Firm or Reinsured in respect of the Period of Insurance of such Firm or Reinsured commencing within such Policy Year; and
 - 17.1.2 the abatement percentage, if any, which shall be the same for each Firm or Reinsured, to be applied to the Premium of each Firm or Reinsured which has been insured by the Association for such specified minimum period as the Directors shall determine from time to time, in respect of the Period of Insurance of such Firm or Reinsured which is due to commence within such Policy Year.
- 17.2 A Firm or a Reinsured shall be bound to pay by way of Advance Call in respect of each Period of Insurance a sum ascertained by multiplying the Premium of such Firm or such Reinsured by the percentage decided by the Directors under Rule 17.1.1 in respect of such Policy Year less, in the case of a Firm or a Reinsured to which Rule 17.1.2 applies,

the amount obtained by multiplying such ascertained sum by any abatement percentage decided by the Directors under Rule 17.1.2 in respect of such Policy Year.

- 17.3 If the Directors so decide, they may, in relation to any Policy Year other than a Closed Policy Year, require those Firms or those Reinsured which have paid an Advance Call which has been calculated after applying any abatement percentage as aforesaid to pay a further Advance Call or Calls. In relation to each of such Firms or such Reinsureds, the amount of such further Call or, if more than one is made, the aggregate amount of such further Calls, shall not exceed the difference between the amount of the original Advance Call calculated after deducting the amount obtained by applying any abatement percentage under Rule 17.2 and the amount that the original Advance Call would have been if no such deduction had been made.
- 17.4 The Directors may decide, before the commencement of but not during any Policy Year, that the Advance Call shall be subject to such rebates and/or deferrals as they shall determine, which shall be granted upon such terms and conditions as the Directors in their sole discretion may specify.

18 SUPPLEMENTARY CALLS

- 18.1 At any time during or after the end of each Policy Year (but not after such Policy Year has been closed) the Directors may decide to levy in respect of that year one or more Supplementary Calls provided that a Supplementary Call may not be made until all Calls referred to in Rule 17 have been made (whether or not all such Calls shall have been fully paid).
- 18.2 Any Supplementary Call on a Firm or a Reinsured shall be expressed as a percentage of the total of all Advance Calls made in respect of a Policy Year and a Firm or a Reinsured shall be bound to pay by way of Supplementary Call a sum ascertained by multiplying such percentage by the amount of all Advance Calls paid or payable by that Firm in respect of such Policy Year.
- 18.3 The Directors may at any time assist Firms or Reinsureds to estimate their financial commitment for any Policy Year by indicating the percentage of the Advance Call or Calls at which it is expected that any Supplementary Call or Calls will be levied. If any such indication shall be given to any Firm or any Reinsured, it shall be without prejudice to the right of the Directors to levy Supplementary Calls for the relevant Policy Year in accordance with these Rules at a greater or lesser percentage than that so indicated and neither the Association, the Directors, the Managers nor any of their servants or agents shall in any circumstances be under any liability in respect of any indication so given or in respect of any error, omission or inaccuracy contained therein.
- 18.4 In the event that the Directors decide to levy any Supplementary Call in respect of a Policy Year in which the Advance Call has been subject to any deferral or deferrals, the

Directors shall levy a special call on all Members granted any such deferral or deferrals of any amount up to the total of such deferral or deferrals prior to making a Supplementary Call on all the Members pursuant to Rules 18.1, 18.2 and 18.3.

19 PAYMENT OF CALLS

- 19.1 Subject to these Rules, every Advance or Supplementary Call shall be payable at such rate or in such amount, in such instalments and on such dates as the Directors may determine from time to time.
- 19.2 As soon as reasonably practicable after the rate or amount of any Advance or Supplementary Call shall have been so fixed, the Managers shall notify each Firm and each Reinsured concerned: -
- 19.2.1 of such rate or amount;
- 19.2.2 of the amount payable by such Firm or such Reinsured; and
- 19.2.3 of the date on which the Call concerned is payable or, if such Call is payable by instalments, of the amounts of such instalments and the respective dates on which they are payable.
- 19.3 No claim of any kind whatsoever by a Firm or Reinsured against the Association shall constitute any set-off against the Calls or other sums of whatsoever nature due to the Association or shall entitle a Firm or a Reinsured to withhold or delay payment of any such sum.
- 19.4 Without prejudice to the rights and remedies of the Association under any of these Rules, if any Call or instalment or part thereof or any other sum of whatsoever nature due from any Firm or any Reinsured is not paid by such Firm or such Reinsured on or before the date specified for payment thereof, such Firm or such Reinsured shall on demand pay interest on the amount not so paid from and including the date so specified down to the date of payment at such compound or other rate and together with such administration charge, in each case as the Directors may determine from time to time.
- 19.5 If any Call or other payment due from a Firm or a Reinsured to the Association in relation to a Policy Year is not paid and if the Directors decide that payment cannot be obtained, the sums required to make good any resulting shortfall or deficiency in the funds of the Association shall be deemed to be expenses of the Association and to meet such expenses the Directors may either apply the reserves thereto in accordance with Rule 20, or make a further Call in accordance with Rule 20, or make a further Call in accordance with Rule 16 upon those Firms and those Reinsureds liable to pay Calls in respect of such Policy Year, or adopt any combination thereof.

20 RESERVES

- 20.1 The Association may establish and maintain such reserve funds or other reserve accounts for such contingencies or purposes as the Directors think fit.
- 20.2 Without prejudice to the generality of Rule 20.1, the Directors may establish and maintain reserves to provide a source of funds which may be applied for any general purpose of the Association including the following:-
 - 20.2.1 to stabilise the level of Supplementary Calls and to eliminate or reduce the need to levy an Advance Call under Rule 1 7.3 or a Supplementary Call in respect of any Policy Year, past, present or future;
 - 20.2.2 to eliminate or reduce a deficiency which has occurred or may be thought likely to occur in respect of any Closed Policy Year;
 - 20.2.3 to protect the Association against any actual or potential losses in connection with its investments.
- 20.3 The Directors may apply the sums standing to the credit of any reserve for any of the purposes for which the reserve was maintained even though such sums are paid in respect of any different Policy Year from that from which the funds originated. The Directors may also apply the sums standing to the credit of any reserve for any other or different purposes whenever the Directors determine this to be in the interest of the Association. The Directors may also at any time decide to transfer sums from one reserve to another.
- 20.4 The funds required to establish such reserves or accounts may be raised in either or both of the following ways: -
 - 20.4.1 The Directors, when deciding on the rate of any Advance or Supplementary Call for any Policy Year, may resolve that any specified amount or proportion of such Call shall be transferred to and applied for the purposes of any such reserve or account;
 - 20.4.2 The Directors may on the closing of any Policy Year or at any time or times thereafter resolve that any specified amount or proportion of the funds standing to the credit of that Policy Year shall be transferred to and applied for the purposes of any such reserve or account.
- 20.5 If the Directors shall resolve as set out in Rule 20.4.1, then the Association shall inform the Firms and the Reinsureds who are liable to pay Calls in respect of such Policy Year

on or before the time that payment is demanded.

21 CLOSING OF POLICY YEARS

- 21.1 The Directors shall, with effect from such date after the end of each Policy Year as they think fit, declare that such Policy Year shall be closed.
- 21.2 After any Policy Year shall have been closed, no further Calls may be levied in respect of that Policy Year.
- 21.3 The Directors may decide that any Policy Year be closed notwithstanding that it is known or anticipated that there are in existence or may in the future arise claims, expenses or outgoings in respect of such Policy Year which have not yet accrued or whose validity, extent or amount have yet to be established.
- 21.4 If upon or after the closing of any Policy Year or of any Policy Years which, pursuant to Rule 21.6, are treated as a single Closed Policy Year it shall appear to the Directors that the whole of the Calls and other receipts in respect of such Policy Year (and of all transfers from reserves and provisions made for the credit or in respect of such Policy Year) are unlikely to be required to meet the claims, expenses and outgoings arising in respect of that Policy Year (as referred to in Rules 16.1.1 and 16.1.2), then the Directors may decide to dispose of any excess which in their opinion is not so required in one or both of the following ways:-
- 21.4.1 by transferring the excess or any part thereof to the reserves of the Association in accordance with Rule 20; or
- 21.4.2 by returning the excess or any part thereof to those Firms and those Reinsureds who were liable to pay Calls in respect of such Policy Year in accordance with Rule 21.7.
- 21.5 If at any time after a Policy Year shall have been closed, it shall appear to the Directors that the claims, expenses and outgoings arising in respect of that Policy Year (as referred to in Rules 16.1.1 and 16.1.2) exceed or are likely to exceed the totality of the Calls and other receipts in respect of such Policy Year (and of all transfers from reserves and provisions made for the credit of or in respect of such Policy Year), then the Directors may decide to provide for such deficiency in any one or more of the following ways:-
- 21.5.1 by transferring funds from the reserves of the Association;
- 21.5.2 by transferring funds standing to the credit of any different Closed Policy Year;
- 21.5.3 by making an Advance or Supplementary Call in respect of any Policy Year (other than a Closed Policy Year) with the intention (as permitted by Rule 16.1.4) of applying a part

thereof to meet any such deficiency. If the Directors shall so resolve then the Association shall inform the Firms *and* Reinsureds who are liable to pay Calls in respect of such Policy Year on or before the time that payment is demanded,

- 21.6 At any time after any Policy Year shall have been closed, the Directors may resolve to amalgamate the accounts of any two or more Closed Policy Years concerned shall for all purposes be treated as though they constituted a single Closed Policy Year to which all the Firms and Reinsureds who paid Calls in respect of the two or more Closed Policy Years concerned shall be deemed to have contributed.
- 21.7 Any amount which the Directors may decide to return to those Firms and those Reinsureds in accordance with Rule 21.4.2 shall be returned to them in proportion to the Calls paid by them in respect of such Policy Year, provided that no return shall be made to any Firm or any Reinsured whose liability for Calls has been assessed or which has been released in accordance with the provisions of Rule 22.

22 RELEASE FROM CALLS

- 22.1 Upon a Firm or a Reinsured ceasing to be insured by the Association for any reason, the Directors may:-
- 22.1.1 release the Firm or the Reinsured from further Calls, wholly or partly, upon such terms as the Directors may decide;
- 22.1.2 whether or not negotiations have taken place with a view to the application of Rule 22.1.1, assess as at the date upon which the Firm or the Reinsured so ceased to be insured by the Association, an amount which the Directors in their discretion consider represents the likely liability of the Firm or the Reinsured for further Calls.
- 22.2 If the Directors shall exercise their Powers under Rule 22.1 then the Firm or the Reinsured shall be under no liability for any Calls which the Directors may decide to levy after the date of a release given under Rule 22.1.1 or after the date of an assessment made under Rule 22.1.1 and the Firm or the Reinsured shall have no right to share in any return of Calls or other receipts which the Directors may thereafter decide to make in accordance with Rule 21.

23 INVESTMENT

- 23.1 The funds of the Association may (subject to the general supervision of the Directors) be invested by means of the purchase of such stocks, shares, bonds, debentures or other securities or the purchase of such currencies, commodities, or other real or personal property, or by means of being deposited in such accounts as the Directors may decide. The funds of the Association may also be invested by such other method as the Directors may approve.
- 23.2 Unless the Directors otherwise decide, all the funds standing to the credit of any Policy

Year or of any reserve or of any account shall be pooled and invested as one fund.

- 23.3 When funds are pooled as provided in Rule 23.2 the investment income arising on the pooled funds (taking into account any capital gains or losses and any gains or losses made on conversion from one currency to another) shall be apportioned among and between the different Policy Years, reserves and accounts from which the fund or funds so invested originated, in such manner as to ensure so far as possible that each is credited with a proportion of such income corresponding to the proportion which the amount standing to the credit of the Policy Year, reserve or account over the period during which the income arose, bears to the total of the pooled funds over the same period.
- 23.4 Without prejudice to Rule 23.3 the Directors may direct that, after the closing of any Policy Year, that Year shall not be credited with any share of the apportionments made under Rule 23.3 and that its share shall instead be credited to any reserve or account maintained by the Association.

24 MANAGERS REMUNERATION

The Managers shall be remunerated by the Association on such basis as may be approved from time to time by the Directors.

25 DELEGATION

Whenever any power, duty or discretion is stated in these Rules to be vested in the Association or in the Directors, such power, duty or discretion shall be exercisable by the Directors unless the same shall have been delegated to any committee of the Directors or to the Managers in accordance with the provisions as regards delegation contained in the Articles, in which event the power, duty or discretion may be exercised by any person to whom the same shall have been so delegated.

26 SET-OFF

Without prejudice to any other provision of these Rules, the Association may set off any amount due from a Firm or a Reinsured against any amount due to such Firm or such Reinsured or any person who is or was specified in a Certificate of Insurance issued to such Firm or such Reinsured.

27 NOTICE

- 27.1 A notice required under these Rules to be served on the Association may be served by sending it through the post in a prepaid letter or by facsimile transmission addressed to the Association at the Association's registered office or to the Managers at the Managers' registered office or by personal delivery to either of such addresses.
- 27.2 A notice required under these Rules to be served on a Firm or a Reinsured may be served by sending it through the post in a prepaid letter, or by facsimile transmission addressed

to the Firm or the Reinsured at its address as appearing in the last Certificate of Insurance issued to such Firm or such Reinsured or at the address which is its last known address to the knowledge of the Association or by personal delivery to whichever of such addresses is appropriate.

- 27.3 Any such notice if served by post shall be deemed to have been served on the day after it was posted, and if served by facsimile transmission shall be deemed to have been served on the day on which it was transmitted.

28 DISPUTES

If any difference or dispute shall arise between the Association and any Firm or Reinsured our of or in connection with these Rules or any contract between them or as to the rights or obligations of the Association or the Firm or the Reinsured thereunder or in connection therewith,

(a) the Firm or the Reinsured shall request in writing the Directors to consider or reconsider the difference or dispute and the Directors shall so consider or reconsider and respond in writing within a reasonable time of receipt of such request,

(b) if the Firm or the Reinsured is dissatisfied with such response such difference or dispute shall be referred to the sole arbitration of a person, to be appointed (failing agreement between them) by the President of The Law Society for the time being, whose decision shall be final and binding upon both parties or may, at the election of the Firm or the Reinsured, be determined only by the High Court of Justice in England.

29 LAW OF CONTRACT

These Rules and any contract of Insurance between the Association and any Firm or Reinsured shall be governed by and construed in accordance with English Law and each of the parties to any such contract shall be taken to have agreed to submit to the non-exclusive jurisdiction of the English Courts.

30 GENERAL

- 30.1 In the event of any inconsistency between any specific provision of the Rules and the Memorandum and the Articles, the Memorandum and Articles shall prevail.

- 30.2 Subject to the Articles and as stated herein, the Rules govern the conduct of business of the Association and apply to and are incorporated or deemed to be incorporated in every Insurance given by the Association. Each Firm and Reinsured shall be deemed to have full knowledge of these Rules and to have agreed that it is in every respect subject to and bound by them and the Memorandum and the Articles.

- 30.3 The Directors may determine that no claim by a Firm or a Reinsured shall be met by the Association unless and until such Firm or such Reinsured shall have paid all outstanding Calls in accordance with the Rules.

- 30.4 Where under the Rules the Directors are entitled to make or pass any decision, determination, declaration or resolution they shall have absolute discretion to make such decision, determination, declaration or resolution as they think fit and shall not be under any obligation to give any reason therefor.
- 30.5 These Rules shall be subject to alteration as provided from time to time in accordance with the Articles.

31 INTERPRETATION

In these Rules, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite them respectively in the second column thereof, if not inconsistent with the subject or context;

Advance Call	A Call payable pursuant to Rule 17 including, but not limited to, any Call made pursuant to Rule 17.3.
Agent	Any person or Firm including any Sub-Consultant directly appointed by the Firm or the Predecessor Firm to act on their behalf.
Articles	The Articles of Association for the time being of the Association.
Associated Company	As defined in S.416(1) of the Income and Corporation Taxes Act 1988.
Association	PAMIA Limited.
Call	A sum payable to the Association by a Firm or a Reinsured pursuant to Rules 16 to 19 inclusive.
Certificate of Insurance	A certificate issued by the Association pursuant to Rule 1.6 including all endorsements thereon.
Closed Policy Year	A Policy Year of the Association which the Directors shall have resolved shall be closed.
Contributor	Anyone who contributed financially to the costs of the Mutual Insurance Scheme for Intellectual Property Practitioners feasibility study prior to the commencement of the Association's provision of cover.
Deductible	In respect of any contract of Insurance between a Firm or a Reinsured and the Association, the amount for which the Firm or Reinsured is responsible under such contract of Insurance in respect of any one claim made against the Firm or Reinsured for damages, costs and expenses, or such other amount which a Firm or a Reinsured may agree with the

Managers as its Deductible in respect of such contract.

Disciplinary Proceedings	Any proceedings or charges brought or made against the Firm or an Insured Professional by a Regulator alleging a breach of the rules of professional conduct imposed upon the Firm or Insured Professional by the Regulator.
Documents	All (a) documents (excluding bearer bonds, coupons, bank or currency notes or other negotiable instruments);(b) computer system records; the property of the Firm or Reinsured or for which the Firm or Reinsured is responsible.
Directors	The Board of Directors for the time being of the Association.
Employee	Any person including any trainee or consultant under a contract of service with the Firm at the time of any neglect, error or omission giving rise to a claim.
Equity Securities	As defined in S.94(2) of the Companies Act 1985 but to include subscriber and bonus shares.
Firm	A person or persons, being a sole practitioner or a body corporate or a partnership or a Limited Liability Partnership as constituted from time to time whose application for Insurance has been accepted by the Association under Rule 1 or whose irrevocable commitment to make such application has been accepted under Rule 12.4.
Insurance	Includes co-insurance and reinsurance as the context permits.
Insured Professional	Any partner, director, member, employee or principal of the Firm at the time that the conduct giving rise to Disciplinary Proceedings occurred who is a Member of I.T.M.A., a Registered Patent Agent, a Chartered Patent Attorney, an Irish Registered Patent Agent or a European Patent Attorney.
In writing	Visibly expressed in any mode of permanently representing or reproducing words, including facsimile transmission, email and other electronic formats.
Intellectual Property Business	The provision of services relating to all or any of patents, designs, copyright, trademarks, unregistered design rights, utility models,

domain names, plant varieties and the like or foreign equivalents, and actions and rights arising out of the possession of goodwill, confidential information or know-how or related thereto.

I.T.M.A.	The Institute of Trade Mark Attorneys.
Irish Registered Patent Agents	Persons whose names are for the time being entered on the Irish register of patent agents kept pursuant to Section 106 of the Patents Act 1992.
Managers	The Managers for the time being of the Association.
Memorandum	The Association's Memorandum of Association, as amended from time to time.
Period of Insurance	The period referred to in Rule 13.1 and specified in the Certificate of Insurance.
Policy Year	A year from 0000 hours GMT on any 1st June to 2400 hours GMT on the next following 31 st May.
Predecessor Firm	A person or persons, being a sole practitioner and/or body corporate or a partnership, to which a Firm, whose application for Insurance by the Association has been accepted, has succeeded to the whole or part of its business as specified on a Certificate of Insurance issued in respect of such application.
Premium	In relation to any contract of Insurance between the Association and a Firm or a Reinsured, the amount agreed between such Firm or such Reinsured and the Managers pursuant to Rule 2.
Regulator	The Chartered Institute of Patent Attorneys, I.T.M.A., The Controller of the Irish Patents Office, the Institute of Professional Representatives before the European Patent Office, The Office for Legal Complaints and any successor organisations.
Reinsured	Any person whose application for reinsurance has been accepted by the Association under Rule 1.
Representative Partner	The partner nominated by a partnership as referred to in Rule 12.2 as a more fully described in Article 4 of the Articles of Association.
Renewal Date	The date on which the Insurance of any Firm or Reinsured or applicant Firm or Reinsured shall become renewable.

Rules	These Rules as from time to time amended and for the time being in force.
Supplementary Call	A Call payable pursuant to Rule 18.
UK Chartered Patent Attorneys	Persons who are Fellows for the time being of the Chartered Institute of Patent Agents.
UK Registered Patent Agents	Persons whose names are for the time being entered on the register of patent agents kept pursuant to S.275 of the Copyright, Designs & Patents Act 1988.

Words importing the singular number only shall include the plural number and vice versa.

Words importing the masculine gender shall also include the feminine.

Subject to Rule 14.4, references to a sole practitioner shall, unless the context otherwise requires, include references to the personal representatives of a deceased sole practitioner.

32-39 Not Allocated.

40 CLAIMS MADE

Cover provided by the Association shall be on a "claims made" basis, that is, it shall be provided in respect of claims and circumstances first notified by the Firm or Reinsured to the Association in relation to any contract of Insurance with the Association to which it is a party during the Period of Insurance.

41 LIMIT OF LIABILITY OF THE ASSOCIATION

41.1 The limit of liability of the Association in respect of any one claim under a contract of Insurance between the Association and a Firm or a Reinsured shall be whichever is the lower of the following (each of which amounts shall be in excess of the Deductible): -

41.1.1 the amount agreed between the Firm or the Reinsured and the Association set out in the relevant Certificate of Insurance;

41.1.2 £5,000,000 plus legal and associated costs and expenses subject to any change thereto made pursuant to Article 7 of the Articles.

41.2 For the purposes of these Rules, all claims against all or any of the Firm or Reinsured arising from the same act or omission or series of related acts or omissions shall be regarded as one claim.

42 RISKS INSURED

The liabilities, loss and damages, costs and expenses in respect of which a Firm or Reinsured may be insured and the exclusions and conditions applicable to such insurance are set out in Rules 43-53 inclusive.

43 RISKS INSURABLE IN THE ASSOCIATION

Subject to the provisions of the Rules and to the extent noted on the Certificate of Insurance, the Association will indemnify the Firm against claims for damages for which the Firm is legally liable to third parties arising out of the conduct of the Intellectual Property Business of such Firm in respect of:

43.1 Breach of Professional Duty by reason of any neglect, error, omission or breach of contract occurring or committed in good faith by:

- (a) the retired, past and present Partners or Directors or members of the Firm,
- (b) any Employee of the Firm,
- (c) any Agent of the Firm as specified or more particularly described in the Certificate of Insurance,
- (d) the Predecessor Firm (if any) of the firm provided it is specified in the Certificate of Insurance,
- (e) any other person, firm or company acting jointly with the Firm as specified in the Certificate of Insurance, and for whose acts the Firm is liable in law.

43.2 Dishonesty arising out of any dishonest, fraudulent, criminal or malicious act or omission on the part of any such Employee or Agent provided that:

- (a) no person committing or condoning such act or omission shall be entitled to indemnity;
- (b) if the Association so requests, the Firm or Reinsured shall take all reasonable steps to effect recovery from the person committing or condoning such act or omission, or from the personal representatives of such person;
- (c) the following shall be deducted from any amount payable by the Association under these Rules:
 - (i) any monies which but for such act or omission would be due from the Firm to the person committing or condoning such act or omission;
 - (ii) any monies held by the Firm and belonging to such person;

- (iii) any monies recovered following action as described in 43.2 above;
 - (d) the Association shall not be liable for any claim arising from such act or omission committed by any person after the discovery by the Firm in relation to that person of reasonable cause for suspicion of fraud or dishonesty or crime or malice.
- 43.3 Libel and Slander committed in good faith by reason of words written or spoken in the course of the Firm's conduct of its Intellectual Property Business by any of the persons in the categories set Out in sub-paragraphs (a) to (e) of Rule 43.1 provided such categories are specified in the Certificate of Insurance.
- 43.4 Loss of or Damage to Documents occurring in the course of the conduct of the Firm's Intellectual Property Business, but only in respect of:
- (a) all sums which the Firm shall become liable at law to pay in consequence of such loss or damage,
 - (b) all costs and expenses reasonably incurred by the Firm in replacing or restoring such Documents, provided that such loss or damage is sustained while the Documents are either in transit or in the custody of the Firm or of any person to whom the Firm has entrusted them.

43A DISCIPLINARY PROCEEDINGS

Subject to the provisions of the Rules, the Association will indemnify the Firm and the Insured Professional against any costs and expenses incurred with the prior consent of the Association in the defence of Disciplinary Proceedings. This indemnity shall not apply to any Disciplinary Proceedings arising out of any dishonest, fraudulent, criminal or malicious act or omission on the part of the Firm or the Insured Professional. The indemnity shall not apply to any Disciplinary Proceedings arising from a complaint made by another partner, director, member, employee or principal of the Firm.

44 ADDITIONAL RISKS INSURABLE

The following additional risks are insurable provided such risks are specified in the Certificate of Insurance:

44.1 Compensation for Court Attendance

In the event of the legal advisers acting on behalf of the Firm with the consent of the Association requiring any person belonging to the Firm to attend court as a witness in connection with a claim notified pursuant to these Rules, the Association will under this Rule provide compensation at the following rates for each day on which attendance is required:

- | | | |
|-----|---|------|
| (a) | Any principal Partner or Director of the Firm | £150 |
| (b) | Any Employee of the Firm | £ 75 |

No Deductible shall apply to any claim under this Rule.

44.2 Firm's Costs

The Association will under this Rule pay all other costs and expenses (other than costs incurred in endeavouring to effect recovery in accordance with Rule 43.2b) which are incurred by the Association or by the Firm with the Association's written consent in connection with any claim under any contract of Insurance between the firm and the Association.

No Deductible shall apply to any claim under this Rule.

Provided that, if the amount of the claim exceeds the amount available under any contract of Insurance between the Firm and the Association, the liability of the Association for other costs and expenses shall be only that proportion which the amount available bears to the total amount payable to dispose of the claim.

44.3 Partners' Previous Business

The Association shall under this Rule indemnify the Firm against any liability incurred by such Predecessor Firm and any Predecessor Firm specified in the Certificate of Insurance where such liability arises from any business of that Predecessor Firm prior to the Firm succeeding to such business provided that such liability is in respect of the type of risks insurable under these Rules.

44.4 Correspondents and Agents

44.4.1 If the Firm, acting in good faith and without notice, shall hand or transmit to any correspondent or Agent of the Firm any monies

- (a) which any client of the Firm shall have entrusted to the Firm or
- (b) which the Firm shall have advanced on behalf of any client for the purpose of paying (whether within the Period stated or otherwise) on behalf of such client
 - (i) any British, Foreign or Colonial renewal fee or
 - (ii) for performing any other professional service required by such client, and if for any reason such monies shall not be applied in accordance with such client's instructions, the Firm shall be entitled at its discretion to refund to such client (or to waive its debt against such client) any such monies, provided the amount of monies refunded to or waived against any one client in respect of the same act or omission or series of related acts or omissions shall not exceed five per cent of the total Limit of Liability.

44.4.2 The Association shall under this Rule thereupon become liable to indemnify the Firm after deduction of the Firm's Deductible for the amount of any loss sustained by the Firm as a result of such refunding of monies or waiving of debt. The Firm shall subrogate to the Association any rights which it may have for the recovery of such monies from any other party or parties.

Provided always that a condition of this cover is that any notification to a client of the Firm's intention or agreement to refund any monies or to waive a debt shall be given in writing and shall embody a written proviso in the following terms:

"The above payment is made (waived) on the understanding that I am (we are) not admitting that there is any legal liability upon me (us) to do so or that you have any claim on me (us)".

44.5 Other Risks Previously Insured

The Association under this Rule shall indemnify the Firm against any kind of risk in respect of which the Firm was indemnified under its professional indemnity insurance policy which was in force immediately prior to the commencement of the first Period of Insurance of such Firm with the Association to the extent such risk is specified in the Certificate of Insurance and only in respect of claims made and circumstances first notified to the Association during the Period of Insurance specified in the Certificate of Insurance.

44.6 Other Risks

In accordance with any direction given from time to time by the Directors, the Association may indemnify a Firm in respect of types of liabilities against which other Firms are indemnified under their professional indemnity Insurance policies in force at the time of such direction to the extent any such indemnity is specified in the Certificate of Insurance.

45 TERRITORIAL AMBIT

Unless otherwise agreed between the Firm and the Association, the cover provided by the Association shall be worldwide.

46 OMNIBUS RULE

Without limiting in any way the specific risks insured under the Rules, the Association shall indemnify the Firm in respect of such liabilities, costs and losses as the Firm may incur in connection with the conduct of its Intellectual Property Business as the Directors decide are either similar to the other risks covered by the Association or within the intended scope of the cover, provided that:

- (a) the amount of any such compensation and the circumstances in which it is paid are at the absolute discretion of the Directors, and they are not required to give any reasons for their decision; and
- (b) no indemnity will be given under this Rule where insurance is expressly excluded under any other Rule.

No decision under this Rule shall be regarded as setting a precedent.

47 GENERAL EXCLUSIONS

The Association shall not be liable in respect of:

- 47.1 the Firm's or Reinsured's Deductible;
- 47.2 any liability of the Firm or Reinsured incurred in breach of Rule 7 and/or where the non-disclosure or the misrepresentation does not fall within the proviso to Rule 49;
- 47.3 any claim arising out of the death of or bodily injury to an Employee arising out of or in the course of his employment for or on behalf of the Firm;
- 47.4 any claim arising out of the death of or bodily injury to any other person or loss of or damage to property unless arising out of advice, design specification or omission to perform a professional duty;
- 47.5 any claim arising from the provision of advice, design or specification where the Firm contracts to manufacture, construct, erect, install or supply materials or equipment;
- 47.6 any claim arising from an agreement by the Firm to pay any penalties or liquidated damages to the extent the liability assumed under such agreement would not otherwise have attached in the absence of such agreement;
- 47.7 any claim arising from any breach of any obligation owed by the Firm as employer to any Employee;
- 47.8 (a) loss of or destruction of or damage to any property whatsoever, or any loss or expense whatsoever resulting or arising therefrom, or any consequential loss or any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
 - (i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel,
 - (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof,

- (b) loss, destruction or damage directly occasioned by pressure waves caused by aircraft and other aerial devices travelling at sonic or supersonic speeds.

47.9 Unless the Directors otherwise agree, the Association shall not indemnify against any liabilities of a Firm or Reinsured in respect of the consequence of any circumstance:

- (a) notified under any Insurance which was in force prior to the commencement of the first Period of Insurance of such Firm or such Reinsured with the Association;
- (b) known to such Firm or Reinsured at the commencement of the first Period of Insurance of such Firm or such Reinsured with the Association and which might reasonably be expected to produce a claim.

47.10 The exclusions set out in Rules 47.1 to 47.9 above shall apply mutatis mutandis to the indemnity provided in Rule 43A.

48 OPTIONAL EXCLUSIONS

The following optional exclusions shall apply where specified in the Certificate of Insurance.

48.1 US and Canadian jurisdiction

The Association shall not be liable in respect of damages, claimants' costs and expenses and other costs and expenses arising out of any act or omission and brought against the Firm in a court of the United States of America or Canada, nor judgments or orders obtained in any other court for the enforcement of judgments obtained in a court of the United States of America or Canada, whether by way of reciprocal agreements or otherwise.

48.2 Computer Patent Annuities

The Association shall not be liable for claims against the Firm in respect of renewals of patents following and after completion of transfer of such renewals into the control of Computer Patent Annuities. Further, the Association shall not provide cover against any liability of the Firm or any Partner or Director of such Firm arising out of its involvement in or partnership or directorship of Computer Patent Annuities.

48.3 Other Agreed Exclusions

The Association under this Rule shall not Indemnify the Firm in respect of any liabilities, costs or expenses as agreed between the Firm and the Association, and specified in the Certificate of Insurance.

49 NON-DISCLOSURE AND MISREPRESENTATION

In the event of non-disclosure or misrepresentation at any renewal, the Association will waive its rights to avoid any contract of Insurance between the Firm or Reinsured and the Association provided that:

- (a) the Firm or Reinsured is able to establish to the satisfaction of the Directors that such non-disclosure or misrepresentation was not the result of want of due care and attention and in any event free from any fraudulent conduct or intent to deceive,
- (b) the Premium and terms shall be adjusted at the discretion of the Managers to those which would have applied had such circumstances been disclosed.

50 DUTY TO MITIGATE

It shall be a condition of any contract of Insurance between a Firm or Reinsured and the Association that the Firm or Reinsured shall do all things reasonably within its power for the purpose of averting or minimising any expense, cost or liability in respect whereof it may be insured by the Association, but the Firm or Reinsured shall not be required to contest any legal proceedings unless a Queen's Counsel (or, by mutual agreement between the Firm or Reinsured and the Association a similar authority), shall advise that such proceedings could be contested with probability of success. The Firm or Reinsured shall give and shall procure any of the persons named in sub-paragraphs (a) to (e) of Rule 43.1 above to give such assistance as the Directors may require. In the event that a Firm or Reinsured commits any breach of this obligation, the Directors may in their discretion reject any claim by the Firm or Reinsured against the Association arising out of the event or matter, or reduce the sum payable by the Association in respect thereof by such a sum as they may determine.

51 DOUBLE INSURANCE

If a Firm or Reinsured, in addition to being insured by the Association, is insured by any other person against any of the risks against which he is insured by the Association or would have been so insured by such other person were it not for his insurance with the Association, the Insurance excludes such risks to the extent to which the Firm or Reinsured is or would have been so insured by such other person.

52 RIGHTS TO SUBROGATION AGAINST EMPLOYEES

The Association shall waive rights to subrogation against any employee of the Firm or Reinsured or any ex-employee who enters upon freelance technical assistance for such Firm or Reinsured in connection with such Firm or Reinsured's business, unless the claim originated out of dishonesty or fraudulent or criminal or malicious acts or omissions of such employee or ex-employee.

53 PAYMENT OF CALLS

It shall be a condition of any contract of Insurance between the Firm or Reinsured and the Association that the Firm or Reinsured shall have paid every and all calls when and as due. Notwithstanding the above the Directors may in their discretion accept any claim in whole or in part by the Firm or Reinsured against the Association.

1 June 2008