

PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC  
Form 40-17G  
September 25, 2007  
Chubb Group of Insurance Companies

15 Mountain View Road, Warren, New Jersey 07059

NAME OF ASSURED:

PIMCO FUNDS

840 Newport Center Drive  
Newport Beach, CA 92660

**DECLARATIONS  
FINANCIAL INSTITUTION  
EXCESS BOND FORM E**

Bond Number: 82126616

**FEDERAL INSURANCE COMPANY**  
Incorporated under the laws of Indiana,  
a stock insurance company, herein called the COMPANY

Capital Center, 251 North Illinois, Suite 1100  
Indianapolis, IN 46204-1927

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**ITEM 1. BOND PERIOD:** from 12:01 a.m. on July 1, 2007  
to 12:01 a.m. on July 1, 2008

**ITEM 2. AGGREGATE LIMIT OF LIABILITY:** \$25,000,000

**ITEM 3. SINGLE LOSS LIMIT OF LIABILITY:** \$25,000,000

**ITEM 4. DEDUCTIBLE AMOUNT:** \$25,250,000

**ITEM 5. PRIMARY BOND:**

Insurer: National Union Fire Insurance Company of Pittsburgh, PA  
Form and Bond No.: 6214332  
Limit: \$25,000,000  
Deductible: \$250,000 (Insuring Agreements A, C, D, E, F, G, J, L, and M)

\$ 5,000 (Insuring Agreements B, H, I and K)  
Bond Period: July 1, 2007 to July 1, 2008

**ITEM 6. COVERAGE EXCEPTIONS TO PRIMARY BOND:**

NOTWITHSTANDING ANY COVERAGE PROVIDED BY THE PRIMARY BOND, THIS EXCESS BOND DOES NOT  
DIRECTLY OR INDIRECTLY COVER: None

**ITEM 7. TOTAL OF LIMITS OF LIABILITY OF OTHER UNDERLYING BONDS, EXCESS OF PRIMARY BOND:**  
None

**ITEM 8. THE LIABILITY OF THE COMPANY IS ALSO SUBJECT TO THE TERMS OF THE FOLLOWING  
ENDORSEMENTS EXECUTED SIMULTANEOUSLY HEREWITH:**

1 - 4

**IN WITNESS WHEREOF, THE COMPANY** issuing this Bond has caused this Bond to be signed by its authorized officers, but it shall not be  
valid unless also signed by a duly authorized representative of the Company.

Secretary

September 10, 2007  
Date

President

Authorized Representative

The COMPANY, in consideration of the required premium, and in reliance on the statements and information furnished to the COMPANY by the ASSURED, and subject to the DECLARATIONS made a part of this bond and to all other terms and conditions of this bond, agrees to pay the ASSURED for:

***Insuring Clause***

Loss which would have been paid under the **Primary Bond** but for the fact the loss exceeds the Deductible Amount. Coverage under this bond shall follow the terms and conditions of the **Primary Bond**, except with respect to:

- a. The coverage exceptions in ITEM 6. of the DECLARATIONS; and
- b. The limits of liability as stated in ITEM 2. and ITEM 3. of the DECLARATIONS.

With respect to the exceptions stated above, the provisions of this bond shall apply.

***General Agreements***

***Change Or Modification  
Of Primary Bond***

A. If after the inception date of this bond the Primary Bond is changed or modified, written notice of any such change or modification shall be given to the COMPANY as soon as practicable, not to exceed thirty (30) days after such change or modification, together with such information as the COMPANY may request. There shall be no coverage under this bond for any loss related to such change or modification until such time as the COMPANY is advised of and specifically agrees by written endorsement to provide coverage for such change or modification.

***Representations Made By  
Assured***

B. The ASSURED represents that all information it has furnished to the COMPANY for this bond or otherwise is complete, true and correct. Such information constitutes part of this bond. The ASSURED must promptly notify the COMPANY of any change in any fact or circumstance which materially affects the risk assumed by the COMPANY under this bond. Any misrepresentation, omission, concealment or incorrect statement of a material fact by the ASSURED to the COMPANY shall be grounds for rescission of this bond.

***Notice To Company Of  
Legal Proceedings Against  
Assured - Election To  
Defend***

C. The ASSURED shall notify the COMPANY at the earliest practical moment, not to exceed thirty (30) days after the ASSURED receives notice, of any legal proceeding brought to determine the ASSURED'S liability for any loss, claim or damage which, if established, would constitute a collectible loss under this bond or any of the **Underlying Bonds. Concurrent with such notice, and as requested** thereafter, the ASSURED shall furnish copies of all pleadings and pertinent papers to the COMPANY.

**General Agreements**

*Notice To Company Of  
Legal Proceedings Against  
Assured - Election To  
Defend (continued)*

If the COMPANY elects to defend all or part of any legal proceeding, the court costs and attorneys' fees incurred by the COMPANY and any settlement or judgment on that part defended by the COMPANY shall be a loss under this bond. The COMPANY'S liability for court costs and attorneys' fees incurred in defending all or part of such legal proceeding is limited to the proportion of such court costs and attorneys' fees incurred that the amount recoverable under this bond bears to the amount demanded in such legal proceeding. If the COMPANY declines to defend the ASSURED, no settlement without the prior written consent of the COMPANY or judgment against the ASSURED shall determine the existence, extent or amount of coverage under this bond, and the COMPANY shall not be liable for any costs, fees and expenses incurred by the ASSURED.

**Conditions And Limitations**

*Definitions*

1. As used in this bond:
  - a. **Deductible Amount** means the amount stated in ITEM 4. of the DECLARATIONS. In no event shall this Deductible Amount be reduced for any reason, including but not limited to, the non-existence, invalidity, insufficiency or uncollectibility of any of the **Underlying Bonds**, including the insolvency or dissolution of any Insurer providing coverage under any of the Underlying Bonds.
  - b. **Primary Bond** means the bond scheduled in ITEM 5. of the DECLARATIONS or any bond that may replace or substitute for such bond.
  - c. **Single Loss** means all covered loss, including court costs and attorneys' fees incurred by the COMPANY under General Agreement C., resulting from:
    - (1) any one act of burglary, robbery or attempt either, in which no employee of the ASSURED is implicated, or
    - (2) any one act or series of related acts on the part of any person resulting in damage to or destruction or misplacement of property, or
    - (3) all acts other than those specified in c.(1) and c.(2), caused by any person or in which such person is implicated, or
    - (4) any one event not specified above, in c.(1), c.(2) or c.(3).
  - d. **Underlying Bonds** means the **Primary Bond** and all other insurance coverage referred to in ITEM 7. of the DECLARATIONS.

**Conditions And**

**Limitations**

(continued)

*Limit Of Liability*

2. The COMPANY'S total cumulative liability for all **Single Losses** of all ASSUREDS discovered during the BOND PERIOD shall not exceed the AGGREGATE LIMIT OF LIABILITY as stated in ITEM 2. of the DECLARATIONS. Each payment made under the terms of this bond shall reduce the unpaid portion of the AGGREGATE LIMIT OF LIABILITY until it is exhausted.

*Aggregate Limit Of Liability*

On exhausting the AGGREGATE LIMIT OF LIABILITY by such payments:

- a. the COMPANY shall have no further liability for loss or losses regardless of when discovered and whether or not previously reported to the COMPANY, and
- b. the COMPANY shall have no obligation under General Agreement C. to continue the defense of the ASSURED, and on notice by the COMPANY to the ASSURED that the AGGREGATE LIMIT OF LIABILITY has been exhausted, the ASSURED shall assume all responsibility for its defense at its own cost.

The unpaid portion of the AGGREGATE LIMIT OF LIABILITY shall not be increased or reinstated by any recovery made and applied in accordance with Section 4. In the event that a loss of property is settled by indemnity in lieu of payment, then such loss shall not reduce the unpaid portion of the AGGREGATE LIMIT OF LIABILITY.

*Single Loss Limit Of Liability*

The COMPANY'S liability for each **Single Loss** shall not exceed the SINGLE LOSS LIMIT OF LIABILITY as stated in ITEM 3. of the DECLARATIONS or the unpaid portion of the AGGREGATE LIMIT OF LIABILITY, whichever is less.

*Discovery*

3. This bond applies only to loss first discovered by the ASSURED during the BOND PERIOD. Discovery occurs at the earlier of the ASSURED being aware of:

- a. facts which may subsequently result in a loss of a type covered by this bond, or
- b. an actual or potential claim in which it is alleged that the ASSURED is liable to a third party, regardless of when the act or acts causing or contributing to such loss occurred, even though the amount of loss does not exceed the applicable **Deductible Amount, or the exact amount or details of loss may not then be known.**

*Subrogation-Assignment-Recovery*

4. In the event of a payment under this bond, the COMPANY shall be subrogated to all of the ASSURED'S rights of recovery against any person or entity to the extent of such payments. On request, the ASSURED shall deliver to the COMPANY an assignment of the ASSURED'S rights, title and interest and causes of action against any person or entity to the extent of such payment.

*Conditions And*

*Limitations*

*Subrogation-Assignment-Recovery* Recoveries, whether effected by the COMPANY or by the ASSURED, shall be applied net of the expense of such recovery, first, to the satisfaction of the ASSURED S loss which would otherwise have been paid but for the fact that it is in excess of the AGGREGATE LIMIT OF LIABILITY, second, to the COMPANY in satisfaction of amounts paid in settlement of the ASSURED S claim and third, to the ASSURED in satisfaction of the DEDUCTIBLE AMOUNT. Recovery from reinsurance and/or indemnity of the COMPANY shall not be deemed a recovery under this Section.

*(continued)*

*Cooperation Of Assured* 5. At the COMPANY S request and at reasonable times and places designated by the COMPANY the ASSURED shall:

- a. submit to examination by the COMPANY and subscribe to the same under oath, and
- b. produce for the COMPANY S examination all pertinent records, and
- c. cooperate with the COMPANY in all matters pertaining to the loss.

The ASSURED shall execute all papers and render assistance to secure to the COMPANY the rights and causes of action provided for under this bond. The ASSURED shall do nothing after loss to prejudice such rights or causes of action.

*Termination*

6. This bond terminates as an entirety on the earliest occurrence of any of the following:
- a. sixty (60) days after the receipt by the ASSURED of a written notice from the COMPANY of its decision to terminate this bond, or
  - b. immediately on the receipt by the COMPANY of a written notice from the ASSURED of its decision to terminate this bond, or
  - c. immediately on the appointment of a trustee, receiver or liquidator to act on behalf of the ASSURED, or the taking over of the ASSURED by State or Federal officials, or
  - d. immediately on the dissolution of the ASSURED, or
  - e. immediately on exhausting the AGGREGATE LIMIT OF LIABILITY, or
  - f. immediately on expiration of the BOND PERIOD, or
  - g. immediately on cancellation, termination or rescision of the Primary Bond.

*Conformity*

7. If any limitation within this bond is prohibited by any law controlling this bond s construction, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.

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***Conditions And***

***Limitations***

*(continued)*

Change Or Modification Of This Bond

8. This bond or any instrument amending or affecting this bond may not be changed or modified orally. No change in or modification of this bond shall be effective except when made by written endorsement to this bond signed by an Authorized Representative of the COMPANY.

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Excess Bond (7-92)  
Form 17-02-0842 (Ed. 70-2)

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**FEDERAL INSURANCE COMPANY**

Endorsement No: 1

Bond Number: 82126616

NAME OF ASSURED: PIMCO FUNDS

**PREMIUM ENDORSEMENT**

It is agreed that:

1. The premium for this bond for the period July 1, 2007 to July 1, 2008 is: Premium: Forty Thousand One Hundred Twenty-Five Dollars (\$40,125.00)

2. It is further agreed that this premium is subject to change during this period if amendments are made to this bond at the request of the ASSURED.

This Endorsement applies to loss discovered after 12:01 a.m. on July 1, 2007.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: September 10, 2007

By  
Authorized Representative

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Excess Bond  
Form 17-02-0735 (Rev. 1-97)

Effective date of

this endorsement: July 1, 2007

**FEDERAL INSURANCE COMPANY**

Endorsement No.: 2

To be attached to and form a part of Bond  
Number: 82126616

Issued to: PIMCO FUNDS

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**COMPLIANCE WITH APPLICABLE TRADE SANCTION LAWS RIDER**

It is agreed that this insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit the coverage provided by this insurance.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: September 10, 2007

By  
Authorized Representative



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ENDORSEMENT/RIDER

Effective date of

this endorsement/rider: July 1, 2007

**FEDERAL INSURANCE COMPANY**

Endorsement/Rider No. 3

To be attached to and

form a part of Bond No. 82126616

Issued to: PIMCO FUNDS

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REMOVE AGGREGATE LIMIT OF LIABILITY ENDORSEMENT

In consideration of the premium charged, it is agreed that this bond is amended as follows:

1. By deleting in its entirety ITEM 2., AGGREGATE LIMIT OF LIABILITY, on the DECLARATIONS.
2. By deleting in its entirety Section 2., Limit of Liability, and substituting the following:  
Section 2. Single Loss Limit of Liability

The COMPANY'S liability for each **Single Loss** discovered during the BOND PERIOD shall not exceed the applicable SINGLE LOSS LIMIT OF LIABILITY as stated in ITEM 3. of the DECLARATIONS. If a **Single Loss** is covered under more than one INSURING CLAUSE, the maximum payable shall not exceed the largest applicable SINGLE LOSS LIMIT OF LIABILITY.

3. By deleting in its entirety the second paragraph of Section 4., Subrogation-Assignment-Recovery, and substituting the following: Recoveries, whether effected by the COMPANY or by the ASSURED, shall be applied net of the expense of such recovery, first, to the satisfaction of the ASSURED'S loss which would otherwise have been paid, second, to the COMPANY in satisfaction of amounts paid in settlement of the ASSURED'S claim and third, to the ASSURED in satisfaction of the DEDUCTIBLE AMOUNT. Recovery from reinsurance and/or indemnity of the COMPANY shall not be deemed a recovery under this Section.
4. By deleting in its entirety subparagraph e. from Section 6, Termination.  
The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Bond shall remain unchanged.

Authorized Representative

**FEDERAL INSURANCE  
COMPANY**

Endorsement No. 4

Bond Number: 82126616

NAME OF ASSURED: PIMCO FUNDS

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**AMENDED DEDUCTIBLE/DROP DOWN ENDORSEMENT**

It is agreed that this bond is amended by deleting ITEM 4., DEDUCTIBLE AMOUNT of the DECLARATIONS, in its entirety and substituting the following:

**ITEM 4. DEDUCTIBLE AMOUNT**

- a. \$250,000, plus any unpaid portion of the AGGREGATE LIMIT OF LIABILITY of the **Underlying Bonds** on the date of payment of any **Single Loss** under this bond.
- b. The ASSURED shall notify the COMPANY immediately of any payment made or intended to be made under any of the **Underlying Bonds**.
- c. This bond shall drop down but only by the amount paid under the **Underlying Bonds**.

This Endorsement applies to loss discovered after 12:01 a.m. on July 1, 2007.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: September 10, 2007

By  
Authorized Representative

*Important Notice:*

**The SEC Requires Proof of Your Fidelity Insurance Policy**

Your company is now required to file an electronic copy of your fidelity insurance coverage (Chubb's ICAP Bond policy) to the Securities and Exchange Commission (SEC), according to rules adopted by the SEC on June 12, 2006.

Chubb is in the process of providing your agent/broker with an electronic copy of your insurance policy as well as instructions on how to submit this proof of fidelity insurance coverage to the SEC. You can expect to receive this information from your agent/broker shortly.

The electronic copy of your policy is provided by Chubb solely as a convenience and does not affect the terms and conditions of coverage as set forth in the paper policy you receive by mail. The terms and conditions of the policy mailed to you, which are the same as those set forth in the electronic copy, constitute the entire agreement between your company and Chubb.

If you have any questions, please contact your agent or broker.

**IMPORTANT NOTICE TO POLICYHOLDERS**

All of the members of the Chubb Group of Insurance companies doing business in the United States (hereinafter "Chubb") distribute their products through licensed insurance brokers and agents ("producers"). Detailed information regarding the types of compensation paid by Chubb to producers on US insurance transactions is available under the Producer Compensation link located at the bottom of the page at [www.chubb.com](http://www.chubb.com), or by calling 1-866-588-9478. Additional information may be available from your producer.

Thank you for choosing Chubb.

**Chubb & Son, div. of Federal Insurance Company**

**as manager of the member insurers of the**

**Chubb Group of Insurance Companies**

**POLICYHOLDER**

**DISCLOSURE NOTICE OF  
TERRORISM INSURANCE COVERAGE**

**(for policies with no terrorism exclusion or sublimit)**

You are hereby notified that, under the Terrorism Risk Insurance Act of 2002 (the Act ) effective November 26, 2002, this policy makes available to you insurance for losses arising out of certain acts of international terrorism. Terrorism is defined as any act certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States under the formula set forth in the Act. Under this formula, the United States pays 90% of covered terrorism losses that exceed the statutorily established deductible to be paid by the insurance company providing the coverage. The portion of your policy's annual premium that is attributable to insurance for such acts of terrorism is: \$ **-0-**.

If you have any questions about this notice, please contact your agent or broker.

- .. ST. PAUL FIRE AND MARINE INSURANCE COMPANY
- x ST. PAUL MERCURY INSURANCE COMPANY
- .. ST. PAUL GUARDIAN INSURANCE COMPANY  
A Capital Stock Company

**EXCESS FOLLOW FORM  
TRAVELERS FORM**

DECLARATIONS: Excess Follow Form Number: 490PB1625  
The Company designated above (herein called Underwriter) issues this Excess Follow Form to:

**Item 1.** Named Insured:  
PIMCO Funds  
840 Newport Center Drive  
Newport Beach, CA 92660

(herein called Insured).

**Item 2.** Excess Follow Form Period: The Excess Follow Form Period shall be effective at 12:01 A.M. on July 1, 2007 and expire at 12:01 A.M. on July 1, 2008 local time as to each of said dates, subject to Section 5. of the Terms, Conditions and Limitations of this Excess Follow Form.

**Item 3.** Single Loss  
Limit of  
Liability: \$20,000,000

**Item 4.** Aggregate  
Limit of  
Liability: \$20,000,000

**Item 5.** Schedule of  
Underlying  
Insurance:

- |                                |   |                  |
|--------------------------------|---|------------------|
| (A) 1. Underlying Insurer:     | National Union Fire Ins Co. of Pittsburgh, PA |                  |
| 2. Bond or Policy Number:      | 6214332                                       |                  |
| 3. Bond or Policy Period:      | From: July 1, 2007                            | To: July 1, 2008 |
| 4. Limit of Liability:         |   |                  |
| Single Loss Limit of Liability | \$25,000,000                                  |                  |
| Aggregate Limit of Liability   | \$25,000,000                                  |                  |
| 5. Single Loss Deductible:     | \$250,000                                     |                  |
| (B) 1. Underlying Insurer:     | Federal Insurance Company                     |                  |
| 2. Bond or Policy Number:      | 82126616                                      |                  |
| 3. Bond or Policy Period:      | From: July 1, 2007                            | To: July 1, 2008 |
| 4. Limit of Liability:         |   |                  |
| Single Loss Limit of Liability | \$25,000,000                                  |                  |
| Aggregate Limit of Liability   | \$25,000,000                                  |                  |
| (C) 1. Underlying Insurer:     | Continental Casualty Company                  |                  |
| 2. Bond or Policy Number:      | 267860356                                     |                  |
| 3. Bond or Policy Period:      | From: July 1, 2007                            | To: July 1, 2008 |

4. Limit of Liability:	
Single Loss Limit of Liability	\$15,000,000
Aggregate Limit of Liability	\$50,000,000

(D) 1. Underlying Insurer:

2. Bond or Policy Number:

3. Bond or Policy Period:

From:

To:

4. Limit of Liability:

Single Loss Limit of Liability

Aggregate Limit of Liability

**Item 6.** Total amount of Underlying Single Loss Limit of Liability

The total amount of Underlying Single Loss Limit of Liability is \$65,000,000 plus any Single Loss Deductible under the Bond or Policy identified in Item 5. (A) of the Declarations of this Excess Follow Form.

**Item 7.** Total amount of Underlying Aggregate Limit of Liability each Excess Follow Form Period

The total amount of Underlying Aggregate Limit of Liability each Excess Follow Form Period is \$65,000,000 plus any Single Loss Deductible under the Bond or Policy identified in Item 5. (A) of the Declarations of this Excess Follow Form.

**Item 8.** Subject to the Declarations, Insuring Clause, Terms, Conditions and Limitations and Endorsements of this Excess Follow Form and as excepted below, this Excess Follow Form follows the form of:

Insurer s

Name National Union Fire Ins Co of Pittsburgh, PA

Bond

or

Policy

Number 6214332

Effective

Date: July 1, 2007

Except

as

provided

below:

**Item 9.** The Insured, by acceptance of this Excess Follow Form, gives notice to the Underwriter terminating or canceling prior Bond or Policy Numbers 494PB0605 such termination or cancellation to be effective as of the time this Excess Follow Form becomes effective.

**Item 10.** The liability of the Underwriter is subject to the terms of the following endorsements attached hereto: XS201 Ed. 05-05

Executed this 13th day of September, 2007. Countersigned

*Secretary*

*President*



**EXCESS FOLLOW FORM**

**Travelers Form**

**INSURING CLAUSE**

In consideration of the payment of the premium, and in reliance upon completeness and accuracy of the statements and disclosures made to the Underwriter and any issuer of Underlying Insurance by application, including all attachments, subject to the Declarations, Insuring Clause, Terms, Conditions and Limitations and Endorsements of this Excess Follow Form, this Excess Follow Form is subject to the same Insuring Clause(s), Terms, Conditions and Limitations and Endorsements as provided by the Bond or Policy identified in Item 8. of the Declarations of this Excess Follow Form. In no event shall this Excess Follow Form provide broader coverage than would be provided by the most restrictive Underlying Insurance.

This Excess Follow Form is not subject to the same premium or the Limit of Liability of the Bond or Policy identified in Item 8. of the Declarations.

**TERMS, CONDITIONS AND LIMITATIONS**

**Section 1. Underlying Coverage**

- A. The Insured(s) shall notify the Underwriter in writing, as soon as practicable, of a failure to maintain in full force and effect, without alteration, the coverage and provisions of the Bond(s) or Policy(ies) identified in Item 5. of the Declarations.
- B. In the event there is no recovery available to the Insured as a result of the insolvency of any Underlying Insurer or the Insured's failure to comply with the maintenance of any Underlying Insurance, the coverage hereunder shall apply as excess of the amount of all Underlying Insurance plus the amount of any applicable deductible to the same extent as if the Underlying Insurance were maintained in full force and effect.
- C. If the coverage and provisions of the Bond or Policy identified in Item 8. of the Declarations are altered, the Insured shall, as soon as practicable, give the Underwriter written notice of such alteration(s); and upon receipt of written consent to such alteration(s) from the Underwriter, the Insured shall pay any additional premium required by the Underwriter. This Excess Follow Form shall not follow the form of any alteration(s) to the Bond or Policy identified in Item 8. of the Declarations unless such written notice thereof is given by the Insured(s) to the Underwriter, the Underwriter gives written consent to such alteration(s) and the Insured(s) pay(s) any additional premium required by the Underwriter.
- D. Except as provided in Sections 2.D. and 2.E. below, in no event shall the Underwriter be liable to pay loss under this Excess Follow Form until the total amount of the Underlying Single Loss Limit of Liability as stated in Item 6. of the Declarations has been exhausted solely by reason of the payment of loss by the Underlying Insurer(s) as covered loss under the applicable Underlying Insurance.
- E. Any claim, loss or coverage that is subject to a Sublimit in any Underlying Insurance shall not be considered covered loss under this Excess Follow Form, but shall, for purposes of this Excess Follow Form, reduce or exhaust the Underlying Limit of Liability to the extent such payment reduces or exhausts the aggregate limit(s) of liability of such Underlying Insurance.

**Section 2. Limit of Liability**

- A. Payment by the Underwriter of loss covered under this Excess Follow Form shall reduce the Aggregate Limit of Liability of this Excess Follow Form set forth in Item 4. of the Declarations. In the event of exhaustion of the Aggregate Limit of Liability of this Excess Follow Form set forth in Item 4. of the Declarations, the Underwriter shall be relieved of all further liability under this Excess Follow Form.

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- B. The Underwriter's maximum liability for a Single Loss covered under this Excess Follow Form shall not exceed the amount of the Single Loss Limit of Liability stated in Item 3. of the Declarations. Also, the Underwriter's maximum liability for all loss(es) in the aggregate covered under this Excess Follow Form shall not exceed the amount of the Aggregate Limit of Liability stated in Item 4. of the Declarations, which shall be the maximum liability of the Underwriter in the Excess Follow Form Period stated in Item 2. of the Declarations.
  
- C. Except as provided in Sections 2.D. and 2.E. below, the Underwriter shall only be liable to make payment for a Single Loss covered under this Excess Follow Form after the total amount of the Underlying Single Loss Limit of Liability as stated in Item 6. of the Declarations has been paid solely by reason of the payment of loss by the Underlying Insurer(s) as covered loss under the applicable Underlying Insurance.

- D. In the event the total amount of the Underlying Aggregate Limit of Liability as stated in Item 7. of the Declarations is reduced solely by reason of the payment of covered loss by any Underlying Insurer to an amount less than the total amount of the Underlying Single Loss Limit of Liability as stated in Item 6. of the Declarations, this Excess Follow Form shall pay covered loss excess of the reduced total amount of Underlying Aggregate Limit of Liability, but not to exceed the amount of the Single Loss Limit of Liability stated in Item 3. of the Declarations, and subject always to the remaining Aggregate Limit of Liability of this Excess Follow Form.
- E. In the event of exhaustion of the total amount of Underlying Aggregate Limit of Liability as set forth in Item 7. of the Declarations, solely by reason of the payment of covered loss by the Underlying Insurer(s), this Excess Follow Form shall continue in force as primary insurance, provided always that this policy shall only pay covered loss excess over any retention or deductible amount otherwise applicable under the Underlying Insurance scheduled in Item 5. (A) of the Declarations, such amount not to exceed the Single Loss Limit of Liability stated in Item 3. of the Declarations and subject always to the remaining Aggregate Limit of Liability of this Excess Follow Form.

### **Section 3. Joint Insureds**

If two or more Insureds are covered under this Excess Follow Form, the first named Insured shall act for all Insureds. Payment by the Underwriter to the first named Insured or to any named Insured of loss covered under this Excess Follow Form shall fully release the Underwriter on account of such loss. The liability of the Underwriter for loss(es) sustained by all Insureds shall not exceed the amount for which the Underwriter would have been liable had all such loss(es) been sustained by one Insured.

### **Section 4. Notice / Proof of Loss - Legal Proceedings Against Underwriter**

- A. The Insured(s) shall, within the time and manner prescribed in the Bond or Policy identified in Item 8. of the Declarations, give the Underwriter notice of any loss of the kind covered by this Excess Follow Form, whether or not the Underwriter is liable therefor in whole or in part, and upon request of the Underwriter, the Insured(s) shall file with the Underwriter a written statement of such loss and a copy of all correspondence between the Insured(s) and any Insurer identified in Item 5. of the Declarations. Notice given to any Insurer identified in Item 5. of the Declarations of this Excess Follow Form shall not constitute notice as required under Section 4. of the Terms, Conditions and Limitations of this Excess Follow Form.
- B. The Insured(s) shall, within the time and manner prescribed in the Bond or Policy identified in Item 8. of the Declarations, file with the Underwriter a proof of loss for any loss of the kind covered by this Excess Follow Form, whether or not the Underwriter is liable therefor in whole or in part, and upon request of the Underwriter the Insured(s) shall furnish a copy of all documents provided to or made available to any Insurer identified in Item 5. of the Declarations in support of any proof of loss filed with such Insurer. Filing of a proof of loss with any Insurer identified in Item 5. of the Declarations shall not constitute filing a proof of loss with the Underwriter as required in Section 4. of the Terms, Conditions and Limitations of this Excess Follow Form.
- C. Legal proceedings against the Underwriter shall be commenced within the time prescribed in the Bond or Policy identified in Item 8. of the Declarations and only after complying with all the Terms, Conditions and Limitations of this Excess Follow Form.
- D. Notice and proof of loss under this Excess Follow Form shall be given to the Professional E&O Claim Unit, Mail Code 508F, 385 Washington Street, St. Paul, MN 55102.

### **Section 5. Excess Follow Form Period**

- A. The term Excess Follow Form Period as used in this Excess Follow Form shall mean the lesser of the period stated in Item 2. of the Declarations or the time between the effective date and the termination date of this Excess Follow Form.
- B. The Aggregate Limit of Liability set forth in Item. 4. of the Declarations shall not be cumulated regardless of the number of Excess Follow Form Periods this Excess Follow Form has been in force; the number of renewals of this Excess Follow Form by the Underwriter; any extensions of the Excess Follow Form Period of this Excess Follow Form by the Underwriter; the number of and amount of premiums paid

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by the Insured, or the number of Excess Follow Form Periods of this Excess Follow Form in which the acts giving rise to a loss(es) were committed or occurred.

**Section 6. Single Loss Defined**

As used herein, Single Loss shall be defined as that term, or any similar term, as defined in the Bond or Policy identified in Item 8. of the Declarations.

**Section 7. Cancellation of this Excess Follow Form by the Underwriter or the Insured**

This Excess Follow Form terminates as an entirety upon occurrence of any of the following: (a) after the receipt by the Insured of a written notice from the Underwriter of its desire to cancel this Excess Follow Form in accordance with the conditions and limitations of any Bond or Policy identified in Item 5. of the Declarations, (b) immediately upon the receipt by the Underwriter of a written notice from the Insured of its desire to cancel this Excess Follow Form, or (c) immediately upon cancellation, termination or nonrenewal of the Underlying Bond or Policy identified in Item 8. of the Declarations, whether by the Insured or the applicable Underwriter.

In witness whereof, the Underwriter has caused this Excess Follow Form to be executed on the Declarations page.

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