

# NAVIGATORS INSURANCE COMPANY

A "Stock" Company

Home Office: One Penn Plaza, New York, NY 10119

## DESIGN PROFESSIONALS LIABILITY POLICY

**THIS IS A CLAIMS MADE AND REPORTED POLICY.  
CLAIM EXPENSES ARE WITHIN AND REDUCE THE LIMIT OF LIABILITY.  
PLEASE READ THE ENTIRE POLICY CAREFULLY.**

Words and phrases that appear in **bold** print have special meanings that are defined in Section III. **DEFINITIONS.**

### I. INSURING AGREEMENTS

#### A. Coverage

The **Company** will pay on behalf of the **Insured** all sums in excess of the deductible that the **Insured** becomes legally obligated to pay as **damages** and **claim expenses** as a result of a **claim** first made against the **Insured** and reported in writing to the **Company** during the **policy period** or the **extended reporting period** (if applicable), by reason of a **wrongful act** or **pollution incident** in the performance of **professional services** by the **Insured** or by any person or entity for whom the **Insured** is legally responsible, provided that:

1. No such **wrongful act** or **pollution incident** was committed prior to the **retroactive date**; and
2. Prior to the inception date of the first policy issued by the **Company**, and continuously renewed, no **Insured** had a basis to believe that such **wrongful act** or **pollution incident** or **related wrongful acts** or **pollution incidents** might reasonably be expected to be the basis of a **claim**.

#### B. Defense

The **Company** has the right and duty to defend any **claim** against the **Insured** even if any of the allegations of the **claim** are groundless, false or fraudulent. Defense counsel will be designated by the **Company**.

#### C. Settlement

The **Company** will have the right to make, with the consent of the **Named Insured**, any settlement of a **claim** under this policy. However, the **Named Insured's** consent shall not be unreasonably withheld.

#### D. Exhaustion of Limits

The **Company** is not obligated to pay any **damages** or **claim expenses** or to defend or continue to defend any **claim** after the applicable limit of liability has been exhausted by the payment of **damages** or **claim expenses**, or any combination thereof; or after the **Company** has deposited the applicable limit of liability into a court of competent jurisdiction or tendered the applicable limit of liability to the **Named Insured** or, if applicable, to the excess insurer(s) of the **Named Insured**. In such case, the **Company** shall have the right to withdraw from the further investigation, defense or settlement of such **claim** by tendering control of said investigation, defense and settlement of the **claim** to the **Insured**.

## II. LIMITS OF LIABILITY AND DEDUCTIBLE

### A. Limit of Liability - Each Claim

Subject to Section II.B. below, the **Company's** limit of liability for **damages** and **claim expenses** for each **claim** first made against the **Insured** and reported in writing to the **Company** during the **policy period** will not exceed the amount shown in item 4.A. in the Declarations for "Each **Claim**."

### B. Limit of Liability - Policy Aggregate

The **Company's** limit of liability for **damages** and **claim expenses** for all **claims** first made against the **Insured** and reported in writing to the **Company** during the **policy period** will not exceed the aggregate amount shown in item 4.B. in the Declarations as the "Policy Aggregate."

### C. Deductible

#### i. Deductible – Each Claim

Subject to Section II.C.ii. below, the deductible amount shown in Item 5.A. of the Declarations is the **Insured's** deductible obligation for each **claim** and applies to the payment of **damages** and **claim expenses**. The deductible will be paid by the **Named Insured**. The limits of liability set forth in the Declarations are in addition to, and excess of, the deductible.

#### ii. Deductible – Aggregate

The deductible amount shown in Item 5.B. is the **Insured's** maximum deductible obligation for all **claims**. If there is no deductible amount stated in Item 5.B. the **Insured** will be responsible for the deductible amount in Item 5.A. for each and every **claim** regardless of how often it applies.

### D. Mediation Deductible Credit

If the **Company** and the **Insured** agree to resolve a **claim** through voluntary **mediation** and the **claim** is resolved through voluntary **mediation**, the **Insured's** deductible obligation for such **claim** will be reduced by 50% subject to a maximum reduction of \$25,000.

### E. Multiple Insureds, Claims and Claimants

The limits of liability shown in Item 4. in the Declarations is the maximum amount the **Company** will pay under this policy for **damages** and **claim expenses** regardless of the number of **Insureds**, **claims** made or claimants. All **related claims**, whenever made, shall be considered a single **claim** first made when the earliest of the **related claims** was first made and first reported in writing to the **Company**; provided, however, that the **Insured** must report all **claims** as soon as reasonable in accordance with Section V. CONDITIONS A. Reporting of Claims and Potential Claims.

Only one per **claim** deductible and only one Limit of Liability for Each **Claim** will apply to multiple **claims** treated as a single **claim** under this provision.

### F. Supplementary Payments

Supplementary payments are not subject to the deductible and are in addition to the limits of liability.

## 1. Defense of Disciplinary Actions

The **Company** will reimburse the **Insured** for reasonable attorneys' fees, costs and expenses incurred in responding to a **disciplinary action** first received by the **Insured** and reported in writing to the **Company** during the **policy period** by reason of an act, error or omission in the performance of **professional services**. The maximum amount payable, regardless of the number of **disciplinary actions** or the number of **Insureds**, shall be \$25,000 per **policy period**. The **Company** shall not be obligated to defend any **disciplinary action**, or pay any fine, penalty or award resulting from any **disciplinary action**.

## 2. Pre Claim Assistance and Prevention Services

The **Company** will pay, at its sole discretion, all reasonable fees, costs and expenses the **Company** incurs in the investigation of a potential **claim** reported by the **Insured** in accordance with Section V.A.2. Reporting of Claims and Potential Claims. The reasonable fees, costs and expenses paid under this provision must be incurred prior to the date a **claim** is made. Once a **claim** is made **claim expenses** and **damages** incurred are subject to Section II. Limits of Liability and Deductible, provision of this policy.

## 3. FHA, OSHA and ADA Proceedings Reimbursement

The **Company** will reimburse the **Insured** up to a maximum of \$25,000 per **policy period** for all reasonable and necessary attorneys' fees, costs and expenses incurred by counsel in responding to regulatory or administrative actions brought directly against the **Insured** by a governmental agency under the Fair Housing Act (FHA), Occupational Safety and Health Act (OSHA) or the Americans with Disability Act (ADA), provided that the regulatory or administrative action under FHA, OSHA and ADA is first commenced against the **Insured** during the **policy period** and is the result of an **Insured's** act, error or omission in the performance of **professional services**.

## 4. Other Payments

The **Company** will reimburse the **Insured** up to \$500.00 per person for loss of earnings to the **Insured** for each day or part of a day the **Insured** is in attendance, at the **Company's** request, at a trial, hearing, deposition, mediation or arbitration proceeding involving a claim against the **Insured**. The maximum amount payable, regardless of the number of trials, hearings, depositions, mediation or arbitration proceedings or the number of **Insureds** shall be \$7,500 per **claim** and \$25,000 per **policy period**.

## III. DEFINITIONS

A. **Claim** means a demand for money or services received by the **Insured** arising out of a **wrongful act** or **pollution incident** in the performance of **professional services**. A **claim** also includes the service of suit or the institution of an arbitration proceeding against the **Insured**.

B. **Claim expenses** means:

1. Fees charged by attorneys designated by the **Company**;

2. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, mediation, defense or appeal of a **claim** if incurred by the **Company** or by the **Insured** with the **Company's** prior written consent; and
3. Premiums on appeal bonds, attachment bonds or similar bonds; provided, however, the **Company** is not obligated to apply for, secure or furnish any such bond.

**Claim expenses** do not include fees, costs or expenses of independent adjusters or employees or officers of the **Company**, or salaries, loss of earnings or other remuneration by or to any **Insured**.

**C. Company** means the insurance company named in the Declarations.

**D. Damages** mean any compensatory sum the **Insured** is legally obligated to pay as a result of a **wrongful act or pollution incident** for loss or injury to person or property or for economic loss, or for injury arising out of the following offenses:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
4.
  - a. Oral or written publication, in any manner, including electronic form, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
  - b. Oral or written publication, in any manner, including electronic form, of material that violates a person's right of privacy;

Except, in either case, oral or written publication, in any manner, which arises out of advertising, broadcasting or telecasting activities conducted by, or on behalf of, the **Insured**.

5. Infringement of copyright or trade dress;

Damages include a judgment, award, settlement, prejudgment and post judgment interest provided any settlement is negotiated with the **Company's** written consent.

**Damages** shall also include punitive or exemplary damages, to the extent such damages are insurable under applicable state law.

**Damages** do not include:

- i. The return, reduction or restitution of fees, expenses or costs for **professional services** performed, or to be performed, by the **Insured** and injuries that are a consequence of any fees, expenses or costs charged by the **Insured**;
- ii. Fines, penalties, or taxes;
- iii. Injunctive or declaratory relief; or
- iv. The multiplied portion of any multiplied awards.

- E. Disciplinary action** means an action brought against the **Insured** by a regulatory or disciplinary board, peer review committee or similar entity alleging misconduct in rendering or failing to render **professional services**. **Disciplinary action** does not include criminal charges.
- F. Extended reporting period** means the period of time after the end of the **policy period** for reporting **claims** to the **Company** that are first made against the **Insured** during the applicable **extended reporting period** by reason of a **wrongful act or pollution incident** which was committed prior to the end of the **policy period** and on or subsequent to, the **retroactive date** and is otherwise covered by this policy.
- G. Insured** means:
1. The **Named Insured**;
  2. Any **predecessor firm**;
  3. Any past or present partner, principal officer, director, shareholder, member, independent contractor or employee of the **Named Insured**, including leased personnel under the direct supervision of the **Named Insured**, but only while acting within the scope of their duties as such for the **Named Insured** or any **predecessor firm**;
  4. Any retired partner, principal, officer, director, shareholder, employee, or member of the **Named Insured** while acting within the scope of their duties as a consultant for the **Named Insured** or any **predecessor firm**;
  5. Any spouse or legal domestic partner of an **Insured** or **Named Insured** in paragraph 3. above, but only to the extent such **Insured** or **Named Insured** would otherwise have been provided coverage under this policy;
  6. The estate, heirs, executors, administrators, assigns and legal representatives of any **Named Insured** or **Insured** in paragraph 3. above, in the event of the **Insured's** death, incapacity, insolvency or bankruptcy, but only for **claims** arising out of **professional services** performed by or on behalf of the **Named Insured** prior to such **Insured's** death, incapacity, insolvency or bankruptcy;
  7. Any newly formed or acquired entity by the **Named Insured** during the **policy period** in which the **Named Insured** has more than 50% legal or beneficial interest. However:
    - a. Coverage is only provided for claims arising out of **professional services** performed on or after the date of formation or acquisition;
    - b. This coverage will expire within 90 days of such formation or acquisition or the end of the **policy period**, whichever is earlier, unless the **Named Insured** provides the **Company** written details of such newly formed or acquired entity and pays any additional premium requested by the **Company**.
- H. Mediation** means the voluntary and otherwise non-binding process by which a qualified, professional mediator, appointed by the **Insured** and other parties to a **claim** with the **Company's** agreement, intercedes between the parties with the intention to reconcile them to resolve the **claim**. Other dispute resolution by litigation or arbitration is specifically excluded from this definition.

- I. **Named Insured** means the persons or entities specified in item 1. in the Declarations or specifically designated by endorsement.
- J. **Policy period** means the period of time from the effective date shown in item 3. in the Declarations to the earliest of the date of termination, expiration or cancellation of this policy.
- K. **Pollution incident** means the actual or alleged discharge, dispersal, seepage, migration, or escape of smoke, vapor, fumes, acids, alkalis, chemicals, asbestos, liquid or gases, waste materials or other irritants, contaminants or pollutants into or upon the land, atmosphere or any watercourse or body of water, and caused by the **Insured's professional services** for others or by any entity or person that the **Insured** is legally liable for. Waste materials include materials to be recycled, reconditioned or reclaimed.
- L. **Predecessor firm** means any design firm (partnership, professional association, limited liability partnership, sole proprietorship, limited liability corporation or corporation) as of the **policy period** inception date in Item 3 of the Declarations, which has undergone dissolution or is inactive and no longer providing **professional services**, and at least 51% of such firm assets and liabilities have been assigned, acquired or transferred to the **Named Insured**.
- M. **Professional services** means:
1. Services the **Insured** performs for others in the practice of an architect, engineer, land surveyor, landscape architect, construction manager, space planner, land planner, interior designer, scientist, technical consultant, expert witness or as defined by endorsement to the policy.
  2. Information technology services provided for others in the rendering of services as outlined in Section III.M.1. Information technology services include software consultation; interoperability analysis; programming; hosting; and the design, use, support and maintenance of any website, software or database.
- Information technology services do not include:
- a. Any services to computer or telecommunication hardware; or
  - b. The supplying of electronic products or software (except software designed or modified for an individual client of the **Insured** in connection with the **Insured's** rendering of other **professional services** for that client).
- N. **Related claims** means all **claims** arising out of a single **wrongful act** or **pollution incident** or arising out of **related wrongful acts or pollution incidents**.
- O. **Related wrongful acts or pollution incidents** means all **wrongful acts or pollution incidents** that have as a common nexus any fact, circumstance, situation, event, transaction, cause, or series of causally connected facts, circumstances, situations, events, transactions or causes.
- P. **Retroactive date** means the date shown in item 8. in the Declarations.
- Q. **Wrongful act** means an act, error or omission in the performance of **professional services** by the **Insured** or by any entity or person, including joint venture for whom the **Insured** is legally liable.

## IV. EXCLUSIONS

The **Company** will not defend or pay any **claim**:

- A. Based on or arising out of any dishonest, intentionally wrongful, fraudulent, criminal or malicious act, error or omission by the **Insured**. The **Company** will provide the **Insured** with a defense of such **claim** unless and until such dishonest, intentionally wrongful, fraudulent, criminal or malicious act, error or omission has been determined by any final adjudication, finding of fact or admission by the **Insured**. Such defense will not waive any of the **Company's** rights under this policy. Upon establishment that the dishonest, intentionally wrongful, fraudulent, criminal or malicious act, error or omission by the **Insured** was committed, the **Company** will have the right to seek recovery of the **claim expenses** incurred from the **Insured** found to have committed such acts, errors or omissions;
- B. Made against the **Insured** by any person or entity:
  - 1. That is an **Insured**;
  - 2. That any **Insured** operates, controls or manages;
  - 3. That operates, manages, or wholly or partly owns any **Insured**; or
  - 4. In which the **Insured** or any **Insured's** spouse or legal domestic partner individually or collectively with one or more **Insureds** has an ownership interest in excess of 49%.
- C. Based on or arising out of the design or manufacture of any products or goods which are sold or supplied by any **Insured** or by others under license from any **Insured**. However, this exclusion does not apply to software designed or modified for an individual client of the **Insured** in connection with the **Insured's** other **professional services** for that client. In addition, this exclusion does not apply to the supplying of furnishings or fixtures by the **Insured** as part of interior design or decorating services.
- D. Based on or arising out of the cost to repair or replace faulty workmanship the **Insured** performed on any construction, erection, fabrication, installation, assembly, manufacture, remediation, drilling, dismantling, demolition, excavation, dredging, including the cost of equipment, parts, or materials furnished in connection therewith. However, this exclusion does not apply to drilling, excavation or other sampling or testing procedures required to perform **professional services** otherwise insured by this policy.
- E. Based on or arising out of a **pollution incident** at, onto or from property or facilities which are or were at any time owned or rented by the **Insured** or by any entity in joint venture with the **Insured**.
- F. Based on or arising out of discrimination, humiliation, harassment or misconduct, including, but not limited to, **claims** based on allegations relating to an individual's race, creed, color, age, gender, national origin, religion, disability, marital status or sexual preference. However, this exclusion does not apply to any **claim** based upon the Americans with Disability Act (ADA), the Fair Housing Act (FHA), or any similar state or local law or ordinance and arising out of the **Insured's** performance of **professional services**.
- G. Based on or arising out of the **Insured's** alleged liability under any contract or agreement, or the liability of others the **Insured** assumes under any contract or agreement, except where such liability would have existed in the absence of such contract or agreement.

- H. Based on or arising out of any **Insured's** employment obligations, practices or procedures as an employer, including but not limited to, **claims** made under any worker's compensation, employers' liability, unemployment compensation, disability, or other similar law.
- I. Based on or arising out of nuclear reaction, radiation, or contamination, under any circumstances and regardless of cause, within or originating from a site where a nuclear reactor is located or where nuclear waste or material is disposed.

## V. CONDITIONS

### A. Reporting of Claims and Potential Claims:

1. The **Insured**, as a condition precedent to the obligations of the **Company** under this policy, will give written notice to the **Company** as soon as reasonably possible during the **policy period**, or any applicable **extended reporting period** or Claims Reporting Grace Period.
2. If during the **policy period**, any **Insured** becomes aware of any act, error or omission which may reasonably be expected to be the basis of a **claim** against any **Insured**, including but not limited to any notice, advice or threat, whether written or verbal, that any person or entity intends to hold the **Insured** responsible for any alleged act, error or omission and gives written notice to the **Company** with full particulars, including:
  - a. The specific act, error or omission;
  - b. The dates, entities and persons involved;
  - c. The identity of anticipated or possible claimants;
  - d. The **professional services** or activities the **Insured** provided or engaged in;
  - e. The circumstances by which the **Insured** first became aware of the potential **claim**; and
  - f. Potential damages or injury;

then any **claim** that is subsequently made against the **Insured** arising out of such act, error or omission will be deemed to have been made on the date such written notice was received by the **Company**.

3. Notices pursuant to Conditions A. 1 and A. 2 must be sent to the **Company** at the following address:

Navigators Pro – Claims Department  
One Penn Plaza, 32<sup>nd</sup> Floor  
New York, NY 10119  
212-613-4300 – Fax  
Email: navproclaims@navg.com

### B. Claim Reporting Grace Period

This policy will provide coverage for **claims** that are first made against the **Insured** during the **policy period** and reported by the **Insured** in writing to the **Company** within sixty (60) days after the expiration of the **policy period**, provided that prior to the expiration of this policy, the **Insured** was in compliance with all the terms and conditions of this policy, including payment of all premiums and deductibles when due.

The **claim** reporting grace period does not extend the **policy period**.



### C. Assistance and Cooperation

1. The **Insured** will cooperate with the **Company** and upon the **Company's** request, attend hearings, depositions and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits and proceedings in connection with a **claim**.
2. The **Insured** will assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to any **Insured** in connection with a **claim**.
3. The **Insured** will not, except at the **Insured's** own cost, voluntarily make any payment, assume or admit any liability or incur any expense without the prior written consent of the **Company**. The **Company** shall have no obligation to pay or reimburse any person or entity for sums expended to defend any **claim** otherwise covered under this policy prior to written notice of such **claim** being received by the **Company**.
4. The **Insured** will first obtain the **Company's** written consent prior to exercising any right under a contract to reject or demand arbitration or other alternative dispute resolution process.

### D. Action against the Company

1. No action may be brought against the **Company** unless, as a condition precedent thereto:
  - a. The **Insured** has fully complied with all the terms of this policy; and
  - b. Until the amount of the **Insured's** obligation to pay has been finally determined either by judgment against the **Insured** after actual trial and appeal or by written agreement of the **Insured**, the claimant and the **Company**.
2. Nothing contained in this policy will give any person or organization the right to join the **Company** as a defendant or co-defendant or other party in any action against the **Insured** to determine the **Insured's** liability.

### E. Bankruptcy

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate will not relieve the **Company** of any of its obligations hereunder.

### F. Other Insurance

Such insurance as is provided by this policy shall be excess of any other valid and collectible insurance, unless such other insurance is written specifically excess of this insurance by reference in such other policy to the policy number in this policy's Declarations. This policy will not be subject to the terms and conditions of any other insurance. In the event the **Insured** is also provided insurance by another insurance policy issued for a specific project or projects, this policy will not respond until the limit of liability of such other insurance has been exhausted, regardless if such other insurance is primary, pro-rata, contributory, excess, self-insured, umbrella, contingent or otherwise.

### G. Subrogation

In the event of any payment for **claims** under this policy, the **Company** will be subrogated in the amount of such payment to all the **Insured's** rights of recovery against

any person or organization. The **Insured** will execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** will do nothing to prejudice such rights. The **Company** hereby waives subrogation rights against any **Insured** under this policy, and also against the **Insured's** client to the extent that the **Insured** had, prior to the **claim** or potential **claim** a written agreement to waive such rights.

## H. Changes

Notice to any agent of the **Company** or knowledge possessed by any such agent or by any other person will not effect a waiver or a change in any part of this policy, and will not prevent or preclude the **Company** from asserting or invoking any right or provision of this policy. None of the provisions of this policy will be waived, changed or modified except by a written endorsement issued by the **Company** to form a part of this policy.

## I. Cancellation/Nonrenewal

1. This policy may be cancelled by the **Named Insured** by returning it to the **Company**. The **Named Insured** may also cancel this policy by giving written notice to the **Company** stating at what future date cancellation is to be effective.
2. The **Company** may cancel or non-renew this policy by sending written notice to the **Named Insured** at the address last known to the **Company**. The **Company** will provide written notice at least 60 days before cancellation or non-renewal is to be effective. However, if the **Company** cancels this policy because the **Insured** has failed to pay a premium when due, this policy may be canceled by the **Company** by mailing to the **Named Insured** written notice stating when, not less than 10 days thereafter, such cancellation will be effective. The time of surrender of the policy or the effective date and hour of cancellation stated in the notice will become the end of the **policy period**. Delivery of such written notice either by the **Named Insured** or by the **Company** will be equivalent to mailing.
3. If the **Company** cancels this policy, the earned premium will be computed on a pro rata basis. If the **Named Insured** cancels this policy, the **Company** will retain the customary short rate proportion of the premium. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
4. The offering of terms and conditions different from the expiring terms and conditions, including limits of liability, deductible or premium, shall not constitute a refusal to renew or a cancellation of this policy.

## J. Territory

This policy applies to any **wrongful acts** or **pollution incidents** taking place anywhere in the world provided that this policy shall not apply to any risks that would be in violation of the laws of the United States including but not limited to, U.S. economic or trade sanction laws or export control laws administered by the U.S. Treasury, State, and Commerce Departments (e.g. the economic and trade sanctions administered by the U.S. Treasury Office of Foreign Assets Control).

## K. Named Insured Sole Agent

The **Named Insured** will be the sole agent and will act on behalf of all **Insureds** for the purpose of giving or receiving any notices, any amendments to or cancellation of this policy, for the completing of any applications and the making of any statements or representations, for the payment of any premium and the receipt of any return premium

that may become due under this policy, for the payment of the deductible and the exercising or declining to exercise any right under this policy including the purchase of an **extended reporting period** under Section VI., paragraph B. of this policy.

#### **L. Entire Contract**

By acceptance of this policy the **Insured** represents that:

1. All of the information and statements provided to the **Company** by the **Insured**, including, but not limited to, the application and any supplemental information, are true, accurate and complete and will be deemed to constitute material representations made by the **Insured**;
2. This policy is issued in reliance upon the **Insured's** representations;
3. This policy, endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the **Insured** to the **Company**, embody all of the agreements existing between the **Insured** and the **Company** and shall constitute the entire contract between the **Insured** and the **Company**; and
4. Any material misrepresentation or concealment with actual intent to deceive by the **Insured** or the **Insured's** agent will render the policy null and void and relieve the **Company** from all liability herein.

#### **M. Notices**

Any notices required to be given by the **Insured** will be submitted in writing to the **Company** or its authorized representative at the address specified in the Declarations. If mailed, the date of mailing of such notice will be deemed to be the date such notice was given and proof of mailing will be sufficient proof of notice.

#### **N. Assignment**

No assignment of interest of the **Insured** under this policy is valid, unless the **Company's** written consent is endorsed hereon.

#### **O. Innocent Insured**

Whenever coverage under this policy would be excluded because of Exclusion A., the **Company** agrees that such insurance as would otherwise be afforded under this policy will be applicable with respect to those **Insureds** who did not personally participate or personally acquiesce in or remain passive after having knowledge of such conduct.

#### **P. Audit, Examination and Inspection**

The **Company** may audit, examine and inspect the **Insured's** financial books, records and services that relate to this insurance during the **policy period** and up to three years after the end of the **policy period**.

#### **Q. Liberalization**

If the **Company** obtains approval for any amended state filing that would broaden coverage under this policy form NAV DPL 1001 (01 10) without additional premium at any time during the current **policy period**, the broadened coverage will immediately apply to this policy, except that it will not apply to **claims** that were first made against the **Insured** prior to the effective date of such revision.

## VI. EXTENDED REPORTING PERIODS

### A. Automatic Extended Reporting Period

If this policy is cancelled or non-renewed by either the **Company** or by the **Named Insured**, the **Company** will provide to the **Named Insured** an automatic, non-cancelable **extended reporting period** starting at the termination of the **policy period** if the **Named Insured** has not obtained another policy of design professional liability insurance within sixty (60) days of the termination of the **policy period**. This automatic **extended reporting period** will terminate after sixty (60) days.

### B. Optional Extended Reporting Period

1. If this policy is cancelled or non-renewed by either the **Company** or by the **Named Insured**, then the **Named Insured** will have the right to purchase an optional **extended reporting period** of one, three, or five years. Such right must be exercised by the **Named Insured** within sixty (60) days of the termination of the **policy period** by providing:
  - a. Written notice to the **company**; and
  - b. With the written notice, the amount of additional premium described below.
2. The additional, non-refundable premium for an optional **extended reporting period** shall be:
  - a. For a one (1) year **extended reporting period**, 125% of the annual premium for the policy;
  - b. For a three (3) year **extended reporting period**, 225% of the annual premium for the policy; or
  - c. For a five (5) year **extended reporting period**, 300% of the annual premium for the policy.

The first sixty (60) days of the optional **extended reporting period**, if it is purchased, shall run concurrently with the automatic **extended reporting period**.

### C. Extended Reporting Period Limits of Liability

The limit of liability of the **Company** for all **claims** reported during the automatic and optional **extended reporting periods** will be part of and not in addition to the limit of liability for the **policy period** set forth in Item 4 in the Declarations.

### D. Elimination of Right to Any Extended Reporting Period

There is no right to any **extended reporting period** if the **Company** cancels or refuses to renew this policy due to:

1. Nonpayment of premium amounts due under this policy;
2. Noncompliance by the **Insured** with any of the terms and conditions of this policy.

### E. Extended Reporting Period – Not a New Policy

The **extended reporting period** will not be construed to be a new policy and any **claim** submitted during such period will otherwise be governed by this policy.