

ARCHITECTS AND ENGINEERS PROFESSIONAL LIABILITY POLICY

THIS POLICY PROVIDES CLAIMS-MADE AND REPORTED COVERAGE

PLEASE READ THE ENTIRE POLICY CAREFULLY

THIS IS A CLAIMS-MADE AND REPORTED POLICY. CLAIMS MUST FIRST BE MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY DURING THE POLICY PERIOD UNLESS AN EXTENDED REPORTING PERIOD APPLIES. THE PAYMENT OF CLAIM EXPENSES REDUCES THE LIMITS OF INSURANCE.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine your rights, duties and what is and is not covered. Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us", and "our" refer to the Company providing this insurance. The word "Insured" means any person or organization qualifying as such under SECTION II.

Refer to SECTION II - DEFINITIONS for the special meaning of other words and phrases that appear in quotation marks.

In consideration of the premium charged, the undertaking of the "Named Insured" to pay the Deductible, if any, and in reliance upon the statements in the application, and subject to the Limit of Liability of this insurance as set forth in the Declarations, and the Exclusions, Conditions and other terms of this Policy, the Company agrees with the "Named Insured" as follows:

I. INSURING AGREEMENTS - COVERAGE

We will pay on behalf of the "Insured" all sums in excess of the Deductible noted in Item 6. of the Declarations that you are legally obligated to pay as "Damages" because of "Claims" first made against you during the "Policy Period" and reported to us during the "Policy Period", or the Extended "Claims" Reporting Period if applicable, provided that:

- A. the "Claim" arises out of an actual or alleged negligent act, error or omission with respect to "Professional Services" rendered or that should have been rendered by you or any entity for whom you are legally responsible, including your interest in joint ventures;
- B. the act, error, or omission took place during the "Policy Period" or on or after the "Retroactive Date" specified in the Declarations;
- C. prior to the effective date of the first policy issued to you and continuously renewed by us, no principal, partner, director or officer of yours had knowledge of any circumstance that could reasonably be expected to result in a "Claim";
- D. all "Claims" made against you are made during the "Policy Period"; and
- E. you give prompt notice of a "Claim", but not later than 60 days after expiration or termination of this

policy, in accordance with the Notice of Claims conditions of this policy.

We have the right and duty to defend, with counsel of our choice, any "Claim" seeking "Damages" to which this insurance applies. "Claim Expenses" reduce the applicable Limit of Liability identified in the Declarations and as described in Section VI. Limits of Liability of the policy. Our duty to defend all "Claims" or pay any "Claim" amounts or "Claim Expenses" to which this insurance applies shall end when the applicable Limit of Liability has been exhausted by the payment of "Claim Expenses" or "Damages".

II. DEFINITIONS

- A. "Claim" means any demand received by you seeking "Damages" or "Professional Services" and alleging liability or responsibility on your part.
- B. "Claim Expenses" means:
 1. fees charged by an attorney designated by:
 - (a) us; or
 - (b) you with our written consent, and
 2. all other fees, costs and expenses resulting from the investigation, adjustment, defense of a "Claim", and the premiums for appeal, attachment or similar bonds; and

3. interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under this policy;
4. allowable expenses of \$250. per day but no more than \$5,000 in total for the compensation to your principals, directors, officers or employees for personally attending any legal proceeding at our request. These allowable expenses shall not be applied towards reducing the applicable Deductible amount and are in addition to the Limit of Liability.

"Claim Expenses" do not include salaries or expenses of our regular employees or officials or fees and expenses of independent adjusters retained by us.

- C. "Damages" means the monetary amounts for which you may be held legally liable, including sums paid as judgments, awards, or settlements, but does not include:
 1. the restitution, return, withdrawal or reduction of fees, profits or charges for services rendered or offered or any other consideration or expenses paid to you or by you for services or products; or
 2. judgments or awards deemed uninsurable by law.
- D. "Named Insured" means the person or entity designated in Item I. of the Declarations;
- E. "Insured" means:
 1. the "Named Insured";
 2. your current or former principals, partners, executive officers, directors, stockholders, trustees or employees while acting on your behalf and within the scope of their duties as such;
 3. your current or former employees including leased personnel under your supervision, but only for acts within the scope of their employment or lease agreement;
 4. your heirs, executors, administrators, assigns and legal representatives in the event of death, incapacity or bankruptcy, but solely with respect to the liability insured herein;
 5. a retired principal, partner, officer, director or employee while acting within their duties as a consultant for you;
 6. any "Predecessor in Interest".

- F. "Mediation" means nonbinding intervention by a neutral third party.
- G. "Policy Period" means the period set forth in the Declarations, or any shorter period resulting from a termination of this policy.
- H. "Predecessor in Interest" means any prior entity whose assets, partners, principals or shareholders have joined you and whose name has been provided in the application and for whose insurance you are responsible by written agreement.
- I. "Professional Services" means those services specifically described in the application which you are legally qualified to perform for others, including but not limited to your "Professional Services" as an:
 1. architect or engineer;
 2. landscape architect, land surveyor or planner;
 3. construction manager; or
 4. interior designer/space planner.
- J. "Retroactive Date" means the date on or after which any alleged or actual act, error or omission must have taken place in order to be considered for coverage under this policy, as stated in the Declarations. If none is shown, the retroactive date will be the effective date of the first policy issued by us to you.

III. POLICY TERRITORY

The insurance afforded by this policy applies worldwide.

IV. EXCLUSIONS

This policy does not apply to any "Claim" or "Claim Expenses" based upon or arising out of:

- A. any dishonest, fraudulent, criminal, intentional or malicious act, error or omission, or those of a knowingly wrongful nature or the willful violation of any statute, regulation, ordinance, or administrative complaint, notice or instruction of any governmental body or agency, committed by you or at your direction, except that this exclusion will not apply to an "Insured" who did not commit, participate in, or have knowledge of any of the acts described;
- B. a "Claim" made by any "Insured" against any other "Insured";

- C. a "Claim" by any individual or business enterprise or its subrogees or assignees; (1) that wholly or partially owns, operates or manages you; or (2) in which you have an ownership interest in excess of 20 percent; (3) that is controlled, operated or managed by you;
- D. actual or alleged wrongful termination or discrimination on any basis by you against any past or present employee, officer, or applicant for employment;
- E. any obligation for which you or any carrier as your Insurer may be liable under any workers' compensation, unemployment compensation, employers liability, disability benefits law or under any similar law;
- F. conduct by an individual, corporation, or partnership of which you are a partner, director, officer, member or employee, that is not designated in the Declarations or policy as a "Named Insured";
- G. the advising, requiring, obtaining or maintaining of any form of insurance, suretyship or bond, or the failure to do so;
- H. any express warranty or guarantee;
- I. liability of others assumed by you under any contract or agreement, unless such liability for "Damages" arises from your negligent act, error or omission in the rendering of or failure to render "Professional Services" or the negligent act, error or omission of your subconsultants;
- J. fines, penalties, punitive or exemplary "Damages", including but not limited to any "Damages" which are a multiple of compensatory "Damages", unless such "Damages" arise solely out of a claim for libel or slander and payment by us is not held to be against public policy;
- K. any project that is insured under a project specific insurance policy, provided, however, that this exclusion shall not apply where your liability is found to be in excess of the limits of liability available under such project specific insurance policy which has been specifically included for excess coverage by endorsement to this policy;
- L. the design or manufacture of any goods or products which are sold or supplied by you, or by others under license from you;
- M. the cost to repair or replace faulty construction workmanship performed by you or materials provided by you in any construction, erection, fabrication, installation, assembly or manufacturing process, including materials, parts or equipment furnished in connection therewith.

V. EXTENDED REPORTING PERIOD

A. Automatic Extended "Claims" Reporting Period

If we or you terminate or nonrenew this insurance for any reason, other than nonpayment of premium, your failure to comply with any term and condition, fraud or material misrepresentation, you shall be entitled to a period of sixty (60) days from the date of policy termination to report "Claims" which are made against you prior to such termination date. This Automatic Extended "Claims" Reporting Period may not be canceled by us and does not require the payment of an additional premium. This Automatic Extended "Claims" Reporting Period shall be included within the Optional Extended "Claims" Reporting Period if such is purchased.

B. Optional Extended "Claims" Reporting Period

If you do not renew or replace this insurance, or if we cancel or refuse to renew this policy for reasons other than the nonpayment of premium or Deductible or noncompliance with the terms and conditions of this policy or fraud or material misrepresentation, upon the payment of an additional premium, you shall have the option to extend the period by which a "Claim" can be made against you and reported to us.

The premium for the Optional Extended "Claims" Reporting Period shall be determined by charging (1) 100% of the annual premium for twelve (12) months, (2) 150% for twenty-four (24) months, or (3) 200% for thirty-six (36) months. The purchase of an Optional Extended "Claims" Reporting Period shall be endorsed herein.

Your right to purchase the Optional Extended "Claims" Reporting Period must be exercised by notice in writing not later than thirty (30) days after the cancellation or termination date of this policy. Effective notice must indicate the total Optional Extended "Claims" Reporting Period desired AND MUST INCLUDE PAYMENT OF PREMIUM FOR SUCH PERIOD. If such notice and the premium are not mailed to us within thirty (30) days, then you shall not at a later date be entitled to purchase an Optional Extended "Claims" Reporting Period.

At the commencement of any Optional Extended "Claims" Reporting Period, the entire premium therefore shall be deemed earned, and in the event you terminate the Optional Extended "Claims" Reporting Period before its term for any reason, we shall not be obligated to return to you any portion of the premium.

The fact that the period during which "Claims" can be made against you and reported to us is extended by virtue of the Optional Extended "Claims" Reporting Period shall not in any way increase the Limits of Liability of this policy.

Our liability shall further be limited to cover only those "Claims" or "Claim Expenses" which arise out of your providing or failure to have provided "Professional Services" prior to the expiration date of the "Policy Period" or any earlier termination date, if applicable, and prior to the Optional Extended "Claims" Reporting Period.

VI. LIMITS OF LIABILITY

"CLAIM EXPENSES" ARE INCLUDED WITHIN AND WILL REDUCE THE LIMITS OF LIABILITY.

A. Each Claim Limit of Liability

Our liability for "Damages" and "Claim Expenses" for each "Claim" shall not exceed the amount stated in Item 5. of the Declarations as the Each "Claim" Limit of Liability.

B. Aggregate Limit of Liability Each Policy Period

Subject to paragraph A. above, our liability as a result of all "Claims" for "Damages" and "Claim Expenses" shall not exceed the amount stated in Item 5. of the Declarations as Aggregate Limit of Liability Each "Policy Period" and the Optional Extended "Claims" Reporting Period, if purchased.

C. Deductible

The Deductible amount as stated in Item 6. of the Declarations shall be paid by you and shall be applicable to each "Claim" and shall include all "Damages" and "Claim Expenses" up to the Deductible amount for each "Claim".

Your total Deductible payments, in respect to each "Claim" shall not exceed the Deductible amount stated in Item 6. of the Declarations. We may from time to time advance payments for "Damages" and "Claim Expenses" within the Deductible. Any amounts first paid by us within the Deductible shall, upon written demand by us, be paid by you to us within thirty (30) days.

D. Multiple Insureds, Claims and Claimants

The inclusion of more than one "Insured" in the making of a single "Claim" or the bringing of a single suit regarding the same negligent act, error or omission shall not increase our limit of liability, neither shall the making of "Claims" or the bringing of suits by more than one person or organization increase our limit of liability. Two or more "Claims" arising out of a single negligent act, error or omission or a series of related negligent acts, errors or omissions shall be treated as a single "Claim", and shall be subject to one limit of liability and only one Deductible. All such "Claims," whenever made, shall be considered first made on the date on which the earliest "Claim" was first made.

E. Mediation

If we and you agree to use mediation to resolve a "Claim" brought against you and if such "Claim" is resolved thereby, the Deductible stated in the Declarations shall be reduced by 50% for such "Claim" subject to a maximum reduction of \$20,000. Deductible payments made prior to the mediation will be reimbursed within 30 days of the resolution of the "Claim".

VII. NOTICE OF CIRCUMSTANCE

A. Notice of Circumstance

If during the "Policy Period" you become aware of a circumstance from which a "Claim" is reasonably anticipated, and if during the "Policy Period" you give notice to us of:

1. the act, error or omission;
2. the "Damages" which have or may result from such act, error or omission; and
3. how and when you first became aware of such act, error or omission;

then any "Claim", for which coverage is provided by this policy, that may be made against you arising out of such act, error or omission shall be deemed for the purposes of this insurance to have been made on the date on which the notice was given to us. We may elect to investigate any circumstance which is reported to us. Any costs associated with the investigation of a circumstance prior to a "Claim" being made will not be considered "Claim Expenses". These costs shall not be applied towards reducing the applicable Deductible and are in addition to the limit of liability and shall be borne by us.

VIII. CLAIM PROVISIONS

A. Notice of Claim

In the event of a "Claim", prompt notice containing particulars sufficient to identify you or any "Insured" involved and reasonably obtainable information with respect to time, place and circumstances, and the names and addresses of any injured parties and of available witnesses, shall be given by or for you to us. In the event of oral notice, you agree to furnish a written notice and send us copies of all demands or legal documents as soon as possible. Written notice must be provided to us no later than 60 days after the expiration or termination of the policy. Your knowledge of "Claim" shall be deemed to have occurred when a principal, partner, director, or executive officer first learned of the "Claim". All "Claims" are to be reported to:

**Zurich- American Insurance Group
Architect & Engineer Liability Claims
Department**

**1400 American Lane
Schaumburg, Illinois 60196-6011**

- B. No costs, charges or related "Claim Expenses" shall be incurred without our written consent which shall not be unreasonably withheld.

We shall have the right and the duty to designate legal counsel for the investigation, defense or settlement of a "Claim". We will not settle or compromise any "Claim" without your consent. You shall do nothing to prejudice our rights under this policy nor shall you admit liability or settle any "Claim" without our written consent. If you refuse to consent to any settlement or compromise recommended by us involving any part of our limits of liability and acceptable to the claimant, and you elect to contest the "Claim", suit or proceeding, then our liability shall not exceed the amount which we would have paid for "Damages" and "Claim Expenses" at the time the "Claim" or suit or proceeding could have been settled or compromised.

- C. You shall assist and cooperate with us in the investigation, settlement and defense of all "Claims" made against you and upon our request shall authorize the release of records and other information, secure and give evidence, attend hearings and trials and obtain the location of and cooperation of witnesses.
- D. In the event that you are entitled by law to select independent counsel to defend you at the Company's expense and you elect to select such counsel, the attorney's fees and all other litigation expenses we must pay to that counsel are limited to the rates we actually pay to counsel we retain in the ordinary course of business in the defense of similar "Claims" in the community where the "Claim" arose or is being defended.

Additionally, we may exercise the right to require that such counsel have certain minimum qualifications with respect to their legal competency including experience in defending "Claims" similar to the one pending against you and to require such counsel to have errors and omissions insurance coverage. As respects any such counsel, you agree to require your counsel to, in a timely manner, provide us with information regarding the "Claim" and to respond to our request for information regarding the "Claim".

You may at anytime, by your signed consent, freely and fully waive your right to select independent counsel.

IX. CONDITIONS

- A. Action Against Us

No action shall lie against us unless, as a condition precedent thereto, there shall have been full compliance with all of the terms and conditions of this policy, and both your liability and the amount of your obligations to pay has been finally determined either by judgment against you after an actual trial or by your written agreement with the claimant or the claimant's legal representative with our approval.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join us as a party to any action against you to determine your liability, nor shall we be impleaded by you or your legal representative.

- B. Assignment

Assignment of interest under this policy shall not bind us without our express written consent.

- C. Audit And Inspection

Solely for our benefit, we may audit or inspect your books, records and operations at any time during the "Policy Period" or within three years after the termination of this policy, as far as they relate to the subject matter of this policy.

- D. Bankruptcy Or Insolvency

Your bankruptcy or insolvency shall not relieve us of our obligations under this policy.

- E. Cancellation, Nonrenewal Or Renewal

1. Cancellation

- a. This policy may be canceled by you by surrender thereof to us or any of our authorized representatives or by mailing to us written notice stating when thereafter such cancellation shall be effective.
- b. If this policy has been in effect less than sixty (60) days and is not a renewal of a policy issued by us, we may cancel this policy for any reason.

- c. If this policy has been in effect for sixty (60) days or more or is a renewal of a policy issued by us, this policy may not be canceled except for one or more of the following reasons:
 - (1) Nonpayment of premium or Deductible when due;
 - (2) Fraud or material misrepresentation affecting the policy; or
 - (3) Violation of any of the terms or conditions of the policy;
 - d. Written notice of cancellation shall be mailed or delivered by us to you at least:
 - (1) Fifteen (15) days prior to the effective date of cancellation, if this policy is canceled for nonpayment of premium; or
 - (2) Sixty (60) days prior to the effective date of cancellation, if this policy is canceled for any other reason.
 - e. Written notice of cancellation, including the reasons for cancellation, shall be mailed or delivered to you at your last known mailing address.
 - f. Notice of cancellation shall be sent by certified mail unless the reason for cancellation is due to nonpayment of premium, in which case notice shall be sent by certified mail or certificate of mailing. Delivery shall be considered to be equivalent to mailing. Proof of mailing shall be considered to be proof of notice.
 - g. If this policy is canceled by us, the earned premium shall be computed pro rata. If this policy is canceled by you, we shall retain the customary short rate proportion of the premium.
2. Nonrenewal
- a. If we elect not to renew this policy we will send notice at least sixty (60) days prior to expiration or anniversary unless:
 - (1) We have manifested our willingness to renew;
 - (2) The reason for nonrenewal is due to nonpayment of premium or your deductible obligations or if you failed to comply with any other term and condition;
 - (3) You fail to pay any advance premium required by us for renewal; or
 - (4) You have obtained replacement coverage with another insurer.
 - b. Written notice of nonrenewal shall be mailed or delivered to you at your last known address. Mailing of such written notice shall be by certified mail. Proof of mailing shall be considered to be proof of notice.
3. Renewal
- a. If we elect to renew this policy and have the necessary information forty-five (45) days prior to the expiration date of this policy, we will confirm our intention to renew in writing at least thirty (30) days prior to such expiration date. Such confirmation will also include the premium at which the policy will be renewed.
 - b. If we do not comply with subsection 3. a. above, you will be granted renewal coverage at premiums in effect under the expiring or expired policy or at rates lawfully in effect on the expiration date, whichever is lower. Such coverage shall continue for forty-five (45) days after we confirm in writing your renewal coverage and earned premiums for these forty-five (45) days shall not apply if you accept the renewal coverage.
- F. Representations
- By acceptance of this policy, you agree that the statements in the application and its attachments are your agreements and representations, that this policy is issued in reliance upon the truth of such representations, and that this policy, its Declarations and endorsements embody all agreements existing between you and us relating to this insurance.
- G. Other Insurance
- The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and you have other insurance which is stated to be applicable to the loss on an excess basis, the amount of our liability under this policy shall not be reduced by the existence of such insurance.
- When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess, or contingent, we shall not be liable under this policy for a greater proportion of the loss than that stated in the Declarations or the following contribution provision; whichever is lower:

- a) Contribution by Equal Shares - If all of such other valid and collectible insurance provides for contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.
- b) Contribution by Limits - If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

H. Sole Agent

If there are more than one of "you" named in this policy, the first "Named Insured" shall act on behalf of all "Insureds" for all purposes, including but not limited to the payment or return of premium, receipt and acceptance of any endorsement issued to form a part of this policy, complying with all applicable "Claims" provision, giving and receiving notice of cancellation or nonrenewal, reimbursement to us of any Deductible advanced and the exercise of the rights provided in the Extended "Claims" Reporting Period or subrogation clause.

I. Subrogation

In the event of any payment under this policy, we shall be subrogated to all your rights of recovery against any person or organization and you shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. You shall do nothing to prejudice such rights.

We shall not exercise any such right against any persons, firms or corporations included in the definition of an " Insured" or against your clients if prior to the "Claim," a waiver of subrogation was so required and accepted under a specific contractual undertaking by you.

All recoveries obtained through subrogation shall be applied towards your Deductible first with the remaining balance payable to us.

J. Changes

The terms and conditions of this policy may only be altered by an endorsement issued by us.