

THIS IS A CLAIMS-MADE POLICY. VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE. READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, AND WHAT IS AND IS NOT COVERED.

ALL WORDS AND PHRASES, OTHER THAN CAPTIONS PRINTED IN **BOLD FACE** ARE DEFINED IN THE POLICY.

## ARCHITECTS AND ENGINEERS PROFESSIONAL LIABILITY INSURANCE POLICY

In consideration of payment of the premium and subject to the terms and conditions of this policy, the Company shown in the Declarations agrees with the **Insured** as follows:

### SECTION I. INSURING AGREEMENTS

#### A. COVERAGE PROVISION

The Company will pay on behalf of the **Insured** all **damages** that the **Insured** becomes legally obligated to pay because of **claims** made against the **Insured** for actual or alleged negligent acts, errors or omissions arising out of the performance of **professional services** for others.

#### B. CLAIMS-MADE PROVISION

All of the following conditions must be satisfied before coverage will apply:

1. the negligent act, error or omission took place on or after the Retroactive Date stated in the Declarations.
2. prior to the inception date of this policy, the **Insured** had no knowledge of such actual or alleged negligent act, error, omission or circumstance, and had no basis to reasonably anticipate a **claim** that would be covered by this policy.
3. the **claim** is first made against the **Insured** during the **policy period**; and
4. the **claim** is reported in writing to the Company no later than 60 days after the end of the **policy period** or, if applicable, during an extended claims reporting period.

#### C. DEFENSE PROVISION

When a **claim** is made against the **Insured**, the Company has the right and the duty to defend any covered **claim** against the **Insured** as described within the Claims-Made Provision, even if such **claim** is groundless, false or fraudulent. The Company has the exclusive right to appoint counsel to defend the **Insured**.

**Claim expenses** will be paid by the Company, and such payments will reduce the available limit of liability. The Company is not obligated to defend or continue to defend any **claim** after the applicable limit of the Company's liability has been exhausted by payment of **damages** or **claim expenses** or both combined. The Company has the right to withdraw from the defense of any **claim**, immediately upon the total depletion of the applicable limit of liability, by tendering control of such defense to the **Insured**. The **Insured** agrees, as a condition of this policy, to accept such tender.

#### D. SETTLEMENT PROVISION

The Company may investigate and solicit settlement offers for any **claim**. No offer to settle a **claim** shall be accepted unless the **Named Insured** and the Company agree in writing.

In the event that the **Named Insured** and the Company disagree with respect to the disposition of any **claim**, the following provisions shall apply:

1. If the **Named Insured** is willing to accept a settlement which is offered by a claimant or is unwilling to appeal from a judgement of a trial court, the Company has the right to litigate in lieu of such settlement or appeal from such judgement, and the Company bears all **claim expenses** subsequently incurred. An increase in the judgement amount in such instance shall not be applied against the policy limit;

2. If the Company is willing to accept the judgement of the trial court, appellate court, or any negotiated settlement or settlement offer, and the **Named Insured** is not willing to accept such judgement or settlement, the Company may pay to the **Named Insured** the difference between the amount of said judgement or settlement and the remaining deductible. The Company shall then be relieved from liability for further **damages** for the **claim**, including the duty to defend and the payment of **claim expenses**.

#### E. TERRITORY

The insurance provided by this policy applies to negligent acts, errors or omissions which result in **damages** anywhere in the world, provided that **claim** is brought against the **Insured** within the United States of America, its territories or possessions or Canada.

## SECTION II. EXCLUSIONS

The Company will not pay **damages** or **claim expenses** for:

- A. any **claim** arising out of any negligent act, error, omission or circumstance likely to give rise to a **claim** of which an **Insured** had knowledge, or otherwise had reason to anticipate might result in a **claim**, prior to the inception of this policy. This exclusion includes, but is not limited to, any prior **claim** or possible **claim** or circumstance referenced in the **Insured's** application;
- B. any **claim** arising from any dishonest, fraudulent, criminal or malicious act or omission or those acts of a knowingly wrongful nature committed intentionally by or at the direction of any **Insured**; however, this policy will provide coverage for each **Insured** who did not personally commit or personally participate or acquiesce in such activity and who did not remain passive after having personal knowledge of the aforesaid dishonest, fraudulent, criminal or malicious act;
- C. any **claim** arising out of the insolvency or bankruptcy of an **Insured**;
- D. any **claim** arising by an **Insured** against any other **Insured**;
- E. any **claim** arising out of actual or alleged wrongful hiring or employment practice, humiliation, harassment, misconduct or discrimination of any kind by any **Insured**, based on but not limited to race, color, creed, national origin, physical or other disability, marital status, age, sex or sexual orientation;
- F. any **claim** arising out of actual or alleged infringement of a copyright, patent, or trademark;
- G. any **claim** arising out of any **Insured's** involvement in or **professional services** performed for any firm or organization not named in the Declarations if at the time **professional services** are performed, any **Insured** holds more than a ten percent ownership or in which an **Insured** is an officer, partner, director, official, employer, or employee, or which is to any extent controlled, operated or managed by an **Insured**.
- H. any **claim** made by an enterprise that wholly or partially controls, manages, operates or holds ownership in any **Insured** at the time **professional services** are performed;
- I. any obligation under any employer's liability law, unemployment compensation law, workers' compensation law, disability benefits law, or similar laws;
- J. any **claim** based upon or arising out of express warranties or guarantees;
- K. liability of others assumed by any **Insured** under any contract or agreement, unless such liability is the result of the **Insured's** error, omission, or negligent act or would have attached to the **Insured** in the absence of such contract or agreement;
- L. any **claim** based upon or arising out of the **Insured's** advising, requiring, obtaining or failure to advise, require or obtain any bond, suretyship or any form of insurance;

M. any **claim** based upon or arising out of a project for which the assembly, construction, erection, fabrication, or installation was provided in whole or in part by:

1. the **Insured**;
2. a subcontractor of the **Insured**; or
3. any enterprise that any **Insured** controls, manages, operates or holds ownership in or by any enterprise that controls, manages, operates, or holds ownership in the **Named Insured** at the time **professional services** are performed.

This exclusion does not apply to the supplying and installation of furnishings, furniture, fixtures and equipment, wall and floor coverings, and window treatments when the **Insured** provides the **professional services** specified in the Declarations;

N. any **claim** based upon or arising out of **professional services** which are the subject of another professional liability insurance policy provided for a specific project. This exclusion applies even if the **claim, claim expenses** or both combined are not covered in whole or in part due to:

1. exclusions;
2. a reduction or exhaustion of the limits of liability;
3. the amount of the applicable deductible under such other policy; or
4. any other provision of such other policy;

O. any **claim** based upon or arising out of:

1. the specification, installation, or removal of any product, material or process containing asbestos;
3. the manufacturing, handling, distribution, transportation, storage, disposal or use of asbestos or any material or product containing asbestos; or
3. any **bodily injury** caused in whole or part by exposure to asbestos or any product, material, or process containing asbestos;

P. any **claim** arising out of:

1. the actual, alleged or threatened discharge, dispersal, release, seepage, migration, or escape of **pollutants**;
2. any governmental, judicial or regulatory directive or request that an **Insured**, or anyone acting under the direction or control of an **Insured**, test for, clean up, remove, contain, treat, detoxify or neutralize **pollutants**; or
3. any governmental or regulatory notification that any **Insured** is a potentially responsible party for liability arising out of **pollutants**;

This exclusion does not apply to liability arising out of **professional services** performed in the design of:

- a. waste water, **storm water**, and domestic sewage collection and treatment systems, including those receiving industrial waste, but only if such industrial waste is pretreated in accordance with applicable governmental or regulatory standards;
- b. potable water systems; or
- c. heating, ventilating, air conditioning, or electrical systems; but this provision does not apply to systems designed for the purpose of controlling **pollutants**;

Q. any **claim** arising out of injury to the **Insured** or to an employee of the **Insured** as a result of or in the course of employment by the **Insured**;

- R. any **claim** arising out of nuclear projects, nuclear reaction, radiation or radioactive contamination or any consequence thereof, regardless of cause;
- S. any **claim** arising out of an actual or alleged deficiency or malfunction of any product, process, technique or equipment sold, manufactured or furnished by or on behalf of the **Insured**;
- T. any **claim** based upon or arising out of the ownership, entrustment, maintenance, operation or use, including loading and unloading by or on behalf of the **Insured** of any watercraft, automobiles, aircraft, or motor vehicles of any kind.

### SECTION III. DEFINITIONS

- A. **Bodily injury** means mental or emotional distress, bodily injury, sickness or disease, including death, sustained by a person.
- B. **Claim** means a demand made for money or services, including, but not limited to, service of suit or institution of arbitration proceedings against the **Insured** for **damages**.

- C. **Claim expenses** means:

1. fees, costs and expenses charged by an attorney designated by the Company to defend the **Insured** against a **claim**;
2. all other fees, costs and expenses resulting from the investigation, discovery, adjustment, defense, settlement or appeal of a **claim** as authorized by the Company;
3. premiums for a bond amount, not exceeding the policy limit, required as a result of a covered **claim** and premiums on bonds to release attachments. However, the Company has no obligation to apply for or furnish any such bonds.

However, **claim expenses** do not include salaries of any employees or officials of the Company.

- D. **Damages** means any amount which an **Insured** is legally obligated to pay for any covered **claim**, including judgements and settlements. But **damages** do not include:

1. the return, withdrawal or reduction of fees paid to the **Insured** for **professional services**.
2. punitive damages, exemplary damages or treble damages unless coverage for such punitive damages is required under the applicable state law; or
3. sanctions, fines or penalties.

- E. **Insured** means:

1. the **Named Insured**;
2. any additional **Insured** named in the Declarations;
3. any past or present officer, director, partner, stockholder or employee, for **professional services** performed within the scope of his or her duties on behalf of the **Named Insured** or additional **Insured**; and
4. the heirs, executors, administrators and legal representatives of an **Insured** as defined in paragraphs 1, 2 or 3 of this section, in the event of an **Insured's** death, incapacity or bankruptcy, but only liability arising out of **professional services** performed by or on behalf of the **Named Insured** or additional **Insured** prior to such **Insured's** death, incapacity or bankruptcy.
5. all joint ventures entered into with other Architectural, Engineering, Landscape Architectural, Land Surveying, or Interior Design firms but only for liability arising out of **professional services** performed by the **Named Insured** or additional **Insured**, named in the Declarations, as a participant in a joint venture project.

- F. **Named Insured** means the entity or individual named in the Declarations.
- G. **Policy period** means the period of time specified in the Declarations.
- H. **Pollutants** means any solid, liquid gaseous, thermal or electromagnetic irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed. **Pollutants** does not mean heat, smoke vapor, soot or fumes from a hostile fire. Hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.
- I. **Professional services** means those services performed for others and specified in the Declarations.
- J. **Storm water** means water from rain, hail, snow or sleet.
- K. **Total and permanent disability** means that an **Insured** is wholly prevented from performing **professional services** for a continuous period of 90 days or more and such disability is expected to be ongoing and permanent. **Total and permanent disability** shall not include any condition which results from: intentionally self-inflicted injuries; attempted suicide, whether or not sane; or the abuse or misuse of addictive chemical compounds or alcohol.

## SECTION IV. LIMITS OF LIABILITY AND DEDUCTIBLE

### A. LIMITS OF LIABILITY

The applicable limit of liability shown in the Declarations is the maximum the Company will pay regardless of the number of:

- **Insureds;**
- individuals or organizations that make a **claim**; or
- **claims** made.

#### 1. Limit of Liability – Each **Claim**

The limit of liability shall apply in excess of the deductible shown in the Declarations. The liability of the Company for each covered **claim** first made during the **policy period** and reported no later than 60 days after the **policy period**, shall not exceed the amount stated in the Declarations for “Limit of Liability – each **Claim**”. This limit is the maximum amount the Company will pay for **damages** or **claim** expenses or both combined for each covered **claim**.

Two or more covered **claims** arising out of a single negligent act, error or omission or any series of related negligent acts, errors or omissions will be considered a single **claim**. The single **claim** will be subject to the “Limit of Liability – Each **Claim**” in effect at the time the **claim** was first reported in writing to the Company. Only one deductible will apply to such single **claim**. If the first of such **claims** is made prior to the effective date of this policy, no coverage shall apply to any subsequent **claims** made during this **policy period** which are based upon the same or a related negligent act, error or omission.

#### 2. Limit of Liability – Aggregate

Subject to the “Limit of Liability – Each **Claim**”, the liability of the Company for all **claims** shall not exceed the amount stated in the Declarations as “Limit of Liability – Aggregate”. This limit is the maximum amount of **damages** or **claim expenses** or both combined that the Company will pay for all **claims** made during the **policy period** and reported no later than 60 days after the **policy period** or, if applicable, during an extended claims reporting period, or both combined.

### B. DEDUCTIBLE

The deductible stated in the Declarations applies to each **claim** and shall be paid by the **Named Insured**. The deductible shall be applied to the payment of **damages** or **claim expenses** or both combined.

## SECTION V. OPTION TO EXTEND CLAIMS REPORTING PERIOD

### A. EXTENDED CLAIMS REPORTING PERIOD

If the policy is canceled or nonrenewed the **Named Insured** may purchase an Extended Claims Reporting Period Endorsement. This endorsement to the policy, when issued, extends the period of time during which the **Insured** may report **claims** to the Company. This endorsement applies only to **claims** first made against the **Insured** and reported to the Company during this extended reporting period and arising out of **professional services** performed for others on or after the Retroactive Date and prior to the end of the **policy period**.

This extended claims reporting period does not:

- extend the **policy period**;
- increase the limit of liability of this policy;
- reinstate any exhausted limits of liability of this policy; or
- otherwise change policy provisions.

The following conditions must be met before this option may be exercised:

1. this policy was canceled or nonrenewed for reasons other than failure to comply with policy provisions, failure to cooperate with the Company or material misrepresentation of facts;
2. any **Insured's** license or right to practice has not been revoked, suspended by or surrendered at the request of any regulatory authority; and
3. the Company must receive written notice of the **Named Insured's** intent to purchase the option no later than 60 days after the end of the **policy period**. The extended claims reporting period will not go into effect unless the total additional premium is paid when due.

The term of the reporting period will be indicated in the Extended Claims Reporting Period Endorsement and will not be less than one year. The premium charged for this endorsement will be in accordance with the Company's rules, rates and rating plans in effect at the inception of the current **policy period**.

### B. DEATH OR DISABILITY EXTENDED CLAIMS REPORTING PERIOD

If during the **policy period** any **Insured** dies from a cause other than suicide or has a **total and permanent disability**, an extended claims reporting period is provided until the executor or administrator is discharged or until the disability ends. This condition only applies after being Insured for professional liability with the Company for 24 consecutive months. In no event shall the Death or Disability Extended claims Reporting Period be longer than five years from the date of death or disability. No additional premium will be charged for coverage, nor will any premium be refunded.

In the event of death, the **Insured's** estate must, no later than 60 days after the end of this **policy period**, provide the Company with written notice that the extended claims reporting period is desired. This written notice must include written proof of the date of death.

In the event of **total and permanent disability**, the **Insured** or the **Insured's** legal guardian must, no later than 60 days after the end of this **policy period**, provide the Company with written notice that the death or disability extended claims reporting period is desired. This written notice must include written proof of the **total and permanent disability**, including the date the disability began, certified by the attending physician. The **Insured** agrees to submit to medical examination(s) by any physician(s) as may be designated by the Company, if requested.

This extended claims reporting period does not:

- extend the **policy period**;
- increase the limit of liability of this policy
- reinstate any exhausted limits of liability of this policy; or
- otherwise change policy provisions.

## SECTION VI. CONDITIONS

### A. INSURED'S DUTIES IN THE EVENT OF A CLAIM

In the event of a **claim**, the **Named Insured** must do the following:

1. When a **claim** is made, the **Named Insured** must give prompt written notice to the Company. Such written notice shall include every demand, notice, summons, or any other applicable information received by the **Insured** or its representatives.
2. The **Insured** must not make payment, admit any liability, settle any **claim** or assume any obligation without prior consent from the Company.
3. If the **Insured** has the right to either accept or reject the arbitration of any claim, the **Insured** shall exercise such right only with the written consent of the Company.
4. The **Insured** must cooperate with, and provide all relevant information to the Company with respect to any **claim**. The Company may require that the **Insured** submit to examination or questioning, or attend hearings, depositions and trials. In the course of investigation or defense the Company may require written statements or the **Insured's** attendance at meetings with the Company. The **Insured** must assist the Company in effecting settlement, securing and providing evidence and obtaining the attendance of witnesses, all without charge to the Company.
5. The **Insured** must do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment that the **Insured** may have.

### B. REPORTING POSSIBLE CLAIMS

If during the **policy period** or any applicable extended claims reporting period, the **Insured** first becomes aware of a possible **claim** arising from a specific act, error or omission in performing **professional services** for which coverage may be provided, and if the **Insured**, during the **policy period** or not later than 60 days after the expiration of this policy or during any applicable extended claims reporting period, gives notice to the Company of the following:

1. the potential claimant's name and address;
2. a description of the **professional services** provided or that are alleged should have been provided;
3. an explanation as to why the **Insured** believes the **claim** may be made and the date that the **Insured** first became aware of such possible claim; and
4. an explanation of the type of **claim** that is anticipated;

then any **claim** that may subsequently be made against the **Insured** arising out of that negligent act, error or omission shall be deemed for the purposes of this insurance to have been made during the **policy period** or extended claims reporting period.

### C. SUBROGATION

If the **Insured** has rights to recover all or part of any payment for **damages** or **claims expenses** that the Company made under this policy, those rights are transferred to the Company to the extent that the Company has made payment on behalf of the **Insured**. The **Insured** must do whatever is necessary to secure such rights and do nothing to impair them. Any amount recovered shall first be applied to reduce the company's loss.

### D. POLICY CHANGES

The terms and conditions of this policy cannot be waived or amended except by specific written endorsement issued by the Company and made part of this policy.

**E. ASSIGNMENT OF THE INSURED'S INTEREST**

The interest of the **Insured** under this policy may not be assigned to any other person or organization.

**F. OTHER INSURANCE**

This insurance will be excess over any other insurance which also provides coverage for any **claim**, including any deductible provisions. However, any insurance specifically arranged by the **Named Insured** to apply in excess of this insurance shall not be deemed "other insurance".

**G. BANKRUPTCY**

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

**H. PREMIUM**

The **Named Insured** shall pay to the Company the annual premium stated in the Declarations.

**I. CANCELLATION**

This policy may be canceled by the **Named Insured** by returning the policy to the Company or by mailing written notice to the Company stating when thereafter such cancellation shall be effective. If the **Named Insured** cancels, 90% of the unearned premium will be refunded to the **Named Insured**.

This policy may be canceled by the Company by sending written notice to the **Named Insured**, at the address last known to the Company. The Company will provide written notice at least 45 days before cancellation is to be effective. However, the **Named Insured** will be entitled to only ten days notice if the Company cancels because the premium has not been paid when due. If the Company cancels, earned premium will be computed pro rata.

The mailing of any notice of cancellation will be sufficient proof of notice. The end of this **policy period** is changed to the effective date of cancellation. Unearned premium will be returned by the Company as soon as practicable, but return of unearned premium is not a condition of cancellation.

**J. ACTION AGAINST THE COMPANY**

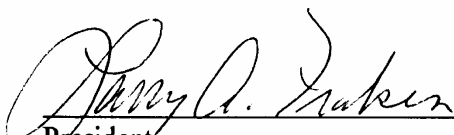
No **Insured** may bring any legal action against the Company concerning this policy until:

1. there has been full compliance with all the terms and conditions of this policy; and
2. the amount of **damages** has been determined either by:
  - a. a final judgement against the **Insured** after trial, if the time to appeal such judgement has expired without an appeal being taken, or if an appeal is taken, after the appeal has been determined; or
  - b. the **claim** is settled according to the terms and conditions of this policy.


**K. APPLICATION**

The statements in the application are representations and are deemed material to the underwriting and acceptance of coverage by the Company. This policy is issued in reliance on the accuracy of such representations.

This policy has been signed by the Company's president and secretary and will not be valid unless countersigned where required by state law by an authorized representative of the Company.



\_\_\_\_\_  
President



\_\_\_\_\_  
Secretary