

# PROFESSIONAL LIABILITY POLICY ARCHITECTS & ENGINEERS

This is a Claims Made and Reported Policy. This Policy requires that a Claim be first made against the Insured during the Policy Period and reported to the Insurer, in writing, during the Policy Period or Automatic Extended Reporting Period.

This Policy contains provisions which limit the amount of Claim Expenses the Insurer is responsible to pay in connection with Claims. Claim Expenses shall be subject to any deductible amount. The payment of Claim Expenses will reduce the Limits of Liability stated in Item 3. of the Declarations.

In consideration of the payment of the premium, stated and in reliance upon the statements made to the Insurer in the Application forming a part hereof and its attachments and the material incorporated therein, RLI Insurance Company, herein called the "Insurer," and the Named Insured agree as follows:

## INSURING AGREEMENT

1. To pay on behalf of the **Insured** all sums in excess of the Deductible, which the **Insured** shall become legally obligated to pay as **Damages** or **Claim Expenses** as a result of a Claim for a **Wrongful Act** to which this insurance applies, including a **Claim** for a **Wrongful Act** for **Personal Injury** or **Pollution Incident**.

This insurance applies to a **Claim** for a **Wrongful Act** to which this insurance applies, only if:

- (i) the **Claim** is first made against the **Insured** during the **Policy Period** and first reported to the Insurer, in writing, during that **Policy Period** or within sixty (60) days after the end of that **Policy Period**;
- (ii) such **Wrongful Act** was committed subsequent to the **Retroactive Date(s)** stated in Item 6. of the Declarations; and
- (iii) none of the **Insured's** directors, officers, principals, partners or insurance managers knew or could have reasonably expected that such **Wrongful Act** might give rise to a **Claim**, either prior to the inception date of this Policy, or the inception date of an earlier policy, where this Policy is issued by the Insurer as a continuous renewal or replacement of such earlier policy, issued by the Insurer.

## SUPPLEMENTARY PAYMENTS

2. All payments made under this Section 2. of this Policy are not subject to the Deductible and are in addition to the Limits of Liability.

### a. Reimbursement of Expenses

- (i) Upon the Insurer's request, the **Insured** shall attend mediation meetings, arbitration proceedings, hearings, depositions and trials relative to the defense of a **Claim(s)** and the Insurer will reimburse the **Insured** for loss of earnings, including reasonable travel expenses, for time taken off work. The maximum the Insurer will pay pursuant to this provision is \$500 per **Insured Person** per day.
- (ii) In the event a **Disciplinary Proceeding** is commenced against the **Insured**, during the **Policy Period** and first reported to the Insurer in writing during the **Policy Period**, the Insurer will reimburse the **Insured** for reasonable attorney's fees and expenses incurred, with the prior written approval of the Insurer, in responding to such **Disciplinary Proceeding**. The maximum the Insurer will pay pursuant to this provision is \$5,000 per **Disciplinary Proceeding** for all **Insureds**. The Insurer will not pay **Damages**, fines, taxes, or penalties pursuant to this provision.
- (iii) The maximum the Insurer will pay pursuant to Supplementary Payments, 2. a. Reimbursement of Expenses (i) and (ii) combined is \$12,500 per **Policy Year** for all **Insureds**.
- (iv) The Insurer shall issue reimbursement, as set forth above, at the written request of the **Insured**.

b. Loss Prevention Assistance

If the **Insured** reports a **Circumstance** during the **Policy Period**, in accordance with Section 7. of this Policy until such time a **Claim(s)** is made, any costs or expenses the Insurer incurs as a result of investigating or monitoring such **Circumstance**, will be paid for by the Insurer. The decision to incur any costs or expenses to monitor or investigate a **Circumstance** shall be at the sole discretion of the Insurer.

c. A.D.A., F.F.H.A and O.S.H.A. Expense Reimbursement

If as a result of a **Wrongful Act**, a regulatory or administrative action under the Americans with Disabilities Act (A.D.A.), the Federal Fair Housing Act (F.F.H.A) or the Occupational Safety and Health Act (O.S.H.A) is commenced directly against the **Insured** and results from the performance of the **Insured's Professional Services** - performed subsequent to the **Retroactive Date(s)** stated in Item 6. of the Declarations - and is reported to the Insurer during the **Policy Year**, the Insurer will reimburse the **Insured** for its reasonable legal fees and expenses incurred, with the prior written approval of the Insurer, in responding to such actions. The maximum the Insurer will pay pursuant to this Supplementary Payment shall be \$10,000 per action or related actions, subject to a maximum of \$30,000 per **Policy Year**. The Insurer will not pay **Damages**, fines, taxes, or penalties pursuant to this provision.

## DEFINITIONS

3. When used in this Policy:

**"Bodily Injury"** means injury to the body, sickness, disease, or death. **Bodily Injury** also means mental injury, mental anguish, emotional distress, pain and suffering, or shock resulting from injury to the body, sickness, disease or death of any person.

**"Circumstance"** means an event or occurrence from which the **Insured** reasonably expects that a **Claim(s)** could be made.

**"Claim(s)"** means a demand received by the **Insured** for money or services and which alleges a **Wrongful Act**. **Claim(s)** includes but is not limited to lawsuits, petitions, arbitrations or other alternative dispute resolution requests filed against the **Insured**.

**"Claim Expenses"** means:

- a. reasonable and necessary fees charged by an attorney designated or consented to by the Insurer;
- b. all other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim**, suit or proceeding arising in connection therewith, if incurred by the Insurer, or by the **Insured** with the prior written consent of the Insurer; and
- c. premiums for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required for a **Claim** against any **Insured** for a covered act, error or omission, provided, however, that the Insurer shall have no obligation to appeal or to obtain such bonds.

**Claims Expenses** do not include any salary, overhead or other charges of or by the **Insured** for any time spent in cooperating in the defense and investigation of any Claim noticed under this insurance. **Claim Expenses** does not include costs or expenses incurred by the Insurer for Loss Prevention Assistance.

**"Damages"** means monetary judgments or settlements, including but not limited to compensatory damages, pre-judgment and post-judgment interest, that an **Insured** is legally obligated to pay. **Damages** does not mean punitive, exemplary or multiple damages, unless insurable by law under which this Policy is construed.

**Damages** shall not include taxes, civil or criminal fines or penalties imposed by law, any amount for which the Insureds are absolved from payment, or matters which are uninsurable under the law pursuant to which this Policy shall be construed. Additionally, **Damages** shall not include injunctive or equitable relief, or the return or reduction of fees, or charges for services rendered or expenses incurred by the **Insured** for redesign changes, additions or remedies necessitated by a **Claim(s)**, unless done with the prior written approval of the Insurer. The time and expense incurred by the **Insured** in assisting in resolving a **Claim(s)** are not **Damages**.

**Damages** will include fines, taxes, and penalties assessed against a third party for which the **Insured** is legally liable.

**"Disciplinary Proceeding"** means any proceeding by a regulatory or disciplinary official, board or agency to investigate charges of professional misconduct in the performance of **Professional Services**.

**"Insured"** means:

- a. any **Insured Person**;
- b. the **Named Insured**;
- c. any **Named Insured** with regard to its participation in a joint venture, but solely for the **Named Insured's** liability for the **Named Insured's** performance of **Professional Services** under the respective joint venture;
- d. any entity that was the **Legal Predecessor** of the **Named Insured**; and
- e. the legal representative of any deceased individual described above, but only to the extent of that individual's rights and duties under this Policy.

**"Insured Person"** means any person who was, now is, or shall become:

- a. a duly elected or appointed director, officer, principal, partner, member or employee of the **Named Insured**, but only while acting on behalf of the **Named Insured**;
- b. a duly elected manager, member of the board of managers or equivalent executive of the **Named Insured** if it is a limited liability company, but only while acting on behalf of the **Named Insured**;
- c. temporary, or leased personnel of the **Named Insured**, but only while acting under the direct supervision and on behalf of the **Named Insured**;
- d. any retired or former director, officer, principal, partner, member or employee (including former temporary or leased personnel) of the **Named Insured**, but only while acting on behalf of the **Named Insured**, and solely with respect to **Wrongful Acts** committed while serving in their capacity as a current director, officer, principal, partner, member, employee, temporary, or leased personnel of the **Named Insured**.

**"Legal Predecessor"** means any prior entity whose partners, principals, or assets have been acquired by the **Named Insured** provided such entity is identified in the Application as

- a. a **Legal Predecessor**
- b. for which the **Named Insured** has agreed in writing to purchase liability insurance.

**"Mediation"** means the non-binding process by which a qualified, professional mediator mutually agreed upon by parties to a dispute, with the Insurer's consent and agreement, intercedes with the intention to reconcile the parties to a resolution of a **Claim**.

**"Motor Vehicle"** means a land motor vehicle, automobile, van or bus, motorcycle, self propelled vehicle, or trailer or semi-trailer, whether or not designed for travel on the public roads, including any attached machinery or equipment.

**"Named Insured"** means the individual, partnership, trust, corporation or other entity stated in Item 1. of the Declarations.

**"Nuclear Facility"** means the site at which a nuclear reactor is located or where nuclear waste or material is disposed of or stored.

**"Optional Extended Reporting Period"** means the period of time after the end of the **Policy Period**, in which a **Claim(s)** resulting from a **Wrongful Act** that was committed prior to the end of the **Policy Period**, may be reported to the **Insurer** and which is otherwise covered by this Policy.

**"Personal Injury"** means injury arising out of false arrest, false detention, false imprisonment, wrongful entry, wrongful eviction, invasion of a right of private occupancy, libel, slander, electronic distribution, publication in violation of a right of privacy, malicious prosecution, or infringement of copyright or trade dress.

**"Policy Period"** means the period from the effective date of this Policy to the Policy expiration date as stated in Item 2. of the Declarations or its earlier termination date, if any. **Policy Period** does not include any Automatic Extended Reporting Period. If the length of the **Policy Period** is the same as the **Policy Year**, the terms **Policy Period** and **Policy Year** are used interchangeably herein.

**"Policy Year"** means each consecutive twelve (12) months of the **Policy Period** beginning on the effective date shown in the Declarations. However, if a **Policy Year** within a **Policy Period** is modified by an endorsement, then that modified year will be deemed a **Policy Year** for the purpose of determining the annual aggregate Limit of Liability and the annual aggregate Deductible.

**"Pollution Incident"** means the discharge, dispersal, release, escape, migration, or seepage of any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, or waste materials, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater, caused by activities of an **Insured** in his or her capacity as such, or by any other person for whom the **Insured**, is legally liable, and which results in **Bodily Injury** or **Property Damage**.

**"Professional Services"** means those services the **Insured** is legally qualified to perform for others in the practice of architecture, engineering, land surveying, landscape architecture, interior design, construction management, environmental consulting, land planner, space planner, technical consultant or expert witness.

**"Property Damage"** means:

- a. physical injury to, or loss or destruction of, tangible property, including loss of use thereof;
- b. loss of use of tangible property which has not been physically injured, lost, damaged or destroyed; and
- c. clean-up costs resulting from a **Pollution Incident** incurred by a governmental entity or by a third party and which have been mandated by any governmental entity in the removal or remediation of soil, surface water, groundwater or other contamination.

**"Retroactive Date"** means the date specified in Item 6. of the Declarations.

**"Wrongful Act"** means a negligent act, error, or omission, in the performance of **Professional Services** by an **Insured** or any person or entity for which the **Insured** is legally liable. **Wrongful Act** also means an act, error or omission in the performance of **Professional Services** by an **Insured** or any person or entity for which the **Insured** is legally liable and that results in **Personal Injury**.

## EXCLUSIONS

4. This Policy does not apply to any **Claim(s)**:

- a. Intentional and Dishonest Acts

based upon or arising out of or attributable to any dishonest, fraudulent, malicious, or criminal act, error or omission, or any intentional act, whether committed by an **Insured** or at an **Insured's** direction or with an **Insured's** prior knowledge.

Notwithstanding this Exclusion, the Insurer will pay **Claim Expenses** on behalf of an **Insured** for **Claims** which are alleged to arise from an **Insured's** dishonest, fraudulent, malicious, or criminal act, error or omission, or any intentional act, whether committed by an **Insured** or at an **Insured's** direction or with an **Insured's** prior knowledge, unless or until there is a final judgment in a trial court against an **Insured** as to such conduct. The Insurer will provide such a defense, however, only if such conduct arises out of the provision of **Professional Services** by or on behalf of the **Insured**. The Insurer will not defend the **Insured** in any criminal proceedings. Upon a finding that the act, error or omission of an **Insured** was dishonest, fraudulent, malicious, criminal or an intentional act, whether committed by an **Insured** or at an **Insured's** direction or with an **Insured's** prior knowledge, the Insurer's payment of **Claim Expenses** shall cease and an **Insured** so adjudged shall reimburse the Insurer for all **Claim Expenses** paid for an **Insured's** defense. As used herein, such a finding shall be deemed to occur upon:

- (i) any criminal conviction of an **Insured** for an **Insured's** acts, errors or omissions forming a basis of the **Claim(s)** for which the Insurer is paying **Claim Expenses**; or
- (ii) a final judgment in a trial court rendered against an **Insured** for whom **Claim Expenses** are being paid under this Section.

b. Discrimination

based upon or arising out of discrimination, humiliation, harassment, or misconduct because of age, color, race, sex, creed, national origin, marital status, sexual preference or orientation, religion or disability. However, this Exclusion shall not apply to any **Claim(s)** based upon the Americans with Disabilities Act, as amended, or the Federal Fair Housing Act, or any state or local versions of those acts, and arising out of the **Insured's Professional Services**.

c. Securities Violation

based upon or arising out of a violation of the Securities Act of 1933 as amended or the Securities Exchange Act of 1934 as amended or any state Blue Sky or securities law or similar state, federal, or other governmental law, statute and any regulation or order issued pursuant to any of the foregoing statutes, unless endorsed hereon.

d. Products Liability

based upon or arising out of the sale or distribution of any product developed by the **Insured** or by others under license or trade name from the **Insured** for multiple sale or mass distribution, including, but not limited to, computer programs and software. This Exclusion does not apply to software designed or modified for an individual client of the **Insured** in connection with the **Insured's** rendering of **Professional Services** for that individual client.

e. Asbestos Liability

based upon or arising out of the **Insured's** specification of any asbestos material or product, in any form,

- (i) prior to 1990, for installation in the United States of America, or
- (ii) anytime, for installation anywhere else in the world.

f. Employer's Liability

by an employee of an **Insured**.

g. Property Liability

based upon or arising out of or attributable to the **Insured's** ownership, rental, leasing, operation, maintenance, use or repair of any real or personal property, including **Property Damage** to property owned, occupied, rented or leased by or to the **Insured**.

h. Motor or Mobile Vehicles

based upon or arising out of the ownership, maintenance, operation, use, loading or unloading, by, on behalf of, or at the direction of the **Insured**, of watercraft, automobiles, **Motor Vehicles**, aircraft or mobile vehicles of any kind.

i. Insurance and Suretyship

based upon or arising out of the advising or requiring of, or failure to advise or require or failure to maintain any form of insurance, suretyship or bond, either with respect to the **Insured** or any other person, entity or company.

j. Express Warranties or Guarantees

based upon or arising out of any express warranties or guarantees. However, this Exclusion does not apply to a warranty or guarantee by the **Insured** that the **Insured's Professional Services** are in conformity with the standard of care applicable to that **Professional Service**.

k. Employment Liability

based upon or arising out of:

- (i) refusal to employ any person;
- (ii) termination of any person's employment; or
- (iii) employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at any person or applicant for employment, including, but not limited to any **Claim** based upon the Americans with Disabilities Act, as amended or any state or local version of that act.

This Exclusion applies:

- (1) whether the **Insured** may be liable as an employer or in any other capacity; and
- (2) to any obligation to share damages with or repay someone else who must pay damages because of the injury.

l. War

based upon or arising out of war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion, or revolution.

m. Ownership Interest

by or on behalf of, or in the name or right of, any entity:

- (i) operated, controlled or managed by any **Insured**;
- (ii) that any **Insured**, or any **Insured's** spouse or domestic partner, individually or collectively with one or more **Insureds** has an ownership interest that exceeds 49%;
- (iii) that holds the controlling financial interest in any **Insured**;
- (iv) that manages or operates any **Insured**; or
- (v) that is operated, controlled or managed by any person or organization that holds the controlling financial interest in any **Insured** or that manages or operates any **Insured**.

n. Insured versus Insured

brought or maintained against an **Insured** by, on behalf of, or in the right of any **Insured**, including any bankruptcy or insolvency trustee, receiver, examiner, liquidator or similar official for any **Insured** in any respect, whether or not the **Claim** is collusive.

o. Faulty Workmanship

arising out of the cost to repair or replace faulty workmanship the **Insured**, its' subcontractors, or any other person for whom the **Insured** is legally liable, performs on any construction, erection, fabrication, installation, assembly, manufacture, or remediation, including any materials, parts, or equipment furnished in connection therewith. This Exclusion does not apply to drilling, excavation, or other sampling or testing procedures or the supplying of furnishings as part of interior design services, necessary to perform the **Insured's Professional Services**.

p. Nuclear Facility

alleging, based upon, arising out of, or attributable to a nuclear reaction, radiation, or contamination within or originating from a **Nuclear Facility**, under any circumstances and regardless of cause.

q. Workers' Compensation

under any workers' compensation, unemployment compensation or disability benefits law or similar law.

r. Contractual Liability

as a result of liability assumed by the **Insured** under any contract or agreement. This Exclusion does not apply to liability for **Damages** that the **Insured** would have in the absence of the contract or agreement.

## CONDITIONS

### 5. Limits of Liability and Deductible

a. Limits of Liability

The Limits of Liability stated in Item 3. of the Declarations, and as described below, are the most the Insurer will pay regardless of the number of **Insureds, Claim(s)**, individuals or entities making **Claim(s)**. The payment of **Damages** or **Claim Expenses** will reduce the Limits of Liability available to pay **Claims**.

b. Limits of Liability - Each Claim(s)

The liability of the Insurer for the sum of all **Damages** and **Claim Expenses**, in excess of the Deductible, for each single, covered **Claim** first made and reported to the Insurer in writing during the **Policy Year**, shall not exceed the amount stated in Item 3. a. of the Declarations for each **Claim**. This limit applies as excess over any Deductible amount.

c. Limits of Liability - Policy Aggregate

The liability of the Insurer for the sum of all **Damages** and **Claim Expenses**, in excess of the Deductible for all covered **Claim(s)** first made and reported to the Insurer in writing during the **Policy Year**, shall not exceed the amount stated in Item 3. b. Declarations as Aggregate. This limit applies as excess over any Deductible amount.

The **Policy Year** Limits of Liability as set forth above may not be aggregated or transferred, in whole or in part, so as to provide any additional Limits of Liability in respect of **Claim(s)** first made or deemed made during any other **Policy Year**. If the Limits of Liability as specified above for any **Policy Year** are exhausted, the Insurer's obligation for **Claims** first made and reported during that **Policy Year** shall be deemed completely fulfilled and extinguished.

d. Multiple/Related Claim(s)

The inclusion herein of more than one **Insured**, or the making of **Claim(s)** by more than one person, or the inclusion of additional elements or amounts of damages, shall not operate to increase the Insurer's Limits of Liability. The Limits of Liability stated in Item 3. a. of the Declarations as applicable to each **Claim(s)** shall apply and only one Deductible amount shall apply thereto. The limit for each Claim(s), shown in the Declarations, is the most we will pay for the sum of all **Claim(s)** and **Claim Expenses** treated as a single **Claim(s)**.

One or more **Claim(s)** arising out of an act, error, or omission, or a series of acts, errors, or omissions, will be treated as a single **Claim** arising out of that act, error, or omission, or that series of acts, errors or omissions, regardless of when the earliest **Claim** was made against an **Insured**. This Policy applies only if the earliest **Claim** is first made against an **Insured** during a **Policy Year** within the **Policy Period** shown in the Declarations and first reported to the Insurer within sixty (60) days after the end of that **Policy Year**.

e. Deductible

The **Named Insured** must pay the Deductible stated in Item 4. of the Declarations for **Damages** and **Claim Expenses**. The Deductible applies separately to each **Claim(s)** whether this insurance is primary or excess. The Insurer will determine whether any **Claim Expenses** incurred by the **Insured** is reasonable and necessary. Only reasonable and necessary **Claim Expenses** incurred by the **Insured** qualify or apply in satisfaction of the Deductible.

## 6. Defense, Settlement and Cooperation

The Insurer shall have the right and duty to defend any **Claim** covered by this Policy, even if any of the allegations are groundless, false or fraudulent. The Insurer's duty to defend shall cease upon exhaustion of the applicable Limit of Liability set forth in Item 3. of the Declarations for this Policy.

The **Insureds** shall provide the Insurer with all information, assistance and cooperation which the Insurer reasonably requests and agrees that in the event of a **Claim** the **Insureds** will do nothing that shall prejudice the Insurer's position or its potential or actual rights of recovery. The Insurer may make any investigation it deems necessary. The Insurer shall have the right and shall be given the opportunity to effectively associate with the **Insureds** in the investigation, defense, and settlement (including the negotiation of a settlement) of any **Claim** that appears reasonably likely to be covered in whole or in part by this Policy. The Insurer's designation or appointment of legal counsel by or on behalf of an **Insured** does not change the applicability of the remaining terms and conditions of this Policy, including any Deductible provisions of this Policy specifying that only reasonable and necessary **Claim Expenses** reduce an **Insured's Deductible**.

The **Insureds** agree not to settle or offer to settle any **Claim**, incur any **Claim Expenses** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Insurers' prior written consent, which shall not be unreasonably withheld. The Insurer shall not be liable for any settlement, **Claim Expenses**, assumed obligation or admission to which it has not provided prior written consent.

If the **Insured** refuses to consent to an offer to settle or a compromise acceptable to the claimant/plaintiff and the Insurer, then the Insurer's liability to pay **Damages** under this Policy with respect to such **Claim** shall be reduced to (i) the amount for which the **Claim** could have been settled plus all **Claim Expenses** incurred until the date of such refusal, and (ii) 50% of all subsequent covered **Claim Expenses** in excess of such amount, which sum shall not exceed the unexhausted Limits of Liability specified in Item 3. of the Declarations. The remaining 50% of **Claims Expenses** and all subsequent damages, judgments, settlements, including pre and post judgment interest, attorneys fees and costs, shall be uninsured and borne by the **Insured** at their own risk. In such event, the Insurer, shall tender to the Insured payment for the recommended settlement amount, and shall be relieved of any further duty or obligation, other than for covered **Claims Expenses** referenced above. This paragraph shall not apply to a settlement in which the total **Damages** do not exceed the Deductible.

If the **Insured** demands that the Insurer appeal a final judgment in a trial court when the Insurer would not have, in its subjective opinion, appealed the judgment, then the Insurer's liability to pay **Damages** under this Policy with respect to such **Claim** shall be those **Damages** awarded in the final judgment or the appeal (including any remand to the trial court for further proceedings), whichever is less, and for which the Insurer is liable under this Policy. With respect to **Claim Expenses** incurred on behalf of the **Insured** after final judgment in a trial court, the Insurer shall only have the duty to reimburse the Insured for 50% of all such **Claim Expenses**, which **Claim Expenses** shall not exceed the unexhausted Limits of Liability specified in Item 3. of the Declarations. The remaining 50% of **Claim Expenses** and any increase in **Damages** (including pre and post judgment interest, attorneys fees and costs) awarded against the **Insured** after the entry of final judgment shall be uninsured and borne by the **Insured** at their own risk.

If any **Claim** made against the **Insured** and reported to the Insurer during the **Policy Period** is resolved, with the Insurer's consent and agreement, through the use of **Mediation**, the **Insured's** Deductible as respects the **Claim** shall be reduced by fifty percent (50%) subject to a maximum reduction of \$12,500.

## 7. Notice

a. As a condition precedent to the coverage hereunder:

- (i) in the event of a **Claim(s)**, prompt written notice containing particulars sufficient to identify the **Insured** and all reasonably obtainable information with respect to the time, place and particulars thereof, and the names and addresses of available witnesses, shall be given by or for the **Insured** to the Insurer;
- (ii) if a **Claim(s)** is made against the **Insured**, the **Insured** shall promptly forward to the Insurer every demand, notice, summons, order or other process received by the **Insured** or the **Insured's** representative. This requirement continues throughout the life of the **Claim(s)**.

b. All notices under this Policy shall be in writing and given by prepaid express courier, certified mail, e-mail, or facsimile properly addressed to the appropriate party.



- c. If any **Insured** shall commit fraud in proffering any **Claim(s)** as regards amount or otherwise, the insurance shall become void as to such **Insured** from the date such fraudulent **Claim(s)** is proffered.
- d. Notice to any **Insureds** may be given to the **Named Insured** at the address as shown in Item 1. of the Declarations. It is agreed the **Named Insured** shall act on behalf of all **Insureds** with respect to the giving and receiving of notice of **Claim, Circumstance, or Damages**, cancellation or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of any endorsements issued to form a part of this Policy, and the exercising or declining to exercise any right to an Extended Reporting Period. Notice to the Insurer of any **Claim** under this Policy shall be given to:

RLI Insurance Company  
9025 North Lindbergh Drive  
Peoria, Illinois 61615-1431  
Attention: Claim Department  
Facsimile: (866) 692-6796  
E-mail: new.claim@rlicorp.com

All other notices to the Insurer under this Policy shall be given to the same addressee but to the attention of the Underwriting Department. Notice given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee or one day following the date such notice was sent, whichever is earlier.

- e. If the Insured becomes aware of a **Circumstance** for which this Policy may apply, and if during the **Policy Period**, the **Insured** gives written notice containing details of:
- (i) the alleged **Wrongful Act** and implicated **Professional Services**, and
  - (ii) the specific nature and extent of the injury or damage which has been sustained, and
  - (iii) how the **Insured** first became aware of such **Circumstance**,

then any **Claim(s)** that may subsequently be made against the **Insured** arising out of such **Circumstance** shall be deemed to have been made on the date first written notice of the **Circumstance** was received by the Insurer. The right to give notice of a **Circumstance** as conferred upon the **Insured** in this Paragraph shall terminate at the end of the **Policy Period** and shall not exist during the Automatic Extended Reporting Period or any **Optional Extended Reporting Period**.

## 8. Cancellation or Nonrenewal

This Policy shall terminate at the earliest of the following times:

- a. the effective date of termination specified in a prior written notice by the **Named Insured** to the Insurer, provided this Policy may not be terminated by the **Named Insured** if the **Policy Period** is more than eighteen (18) months;
- b. ten (10) days after the receipt by the **Named Insured** of a written notice of termination from the Insurer based upon failure to pay premium due, unless such premium is received by the Insurer prior to such tenth (10th) date;
- c. at such other time as may be agreed upon by the Insurer and the **Named Insured**; or
- d. upon expiration of the **Policy Period** as set forth in Item 2. of the Declarations of this Policy.

The Insurer shall refund the unearned premium computed at customary short rates if this Policy is terminated by the **Named Insured**. Under any other circumstances the refund shall be computed pro rata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable. If the **Policy Period** is more than eighteen (18) months, the premium charged for this Policy shall be fully earned at inception of the **Policy Period**.

The Insurer shall not be required to renew this Policy upon its expiration.

## 9. Extended Reporting Period

In the event of termination of this insurance for any reason of cancellation or non-renewal by the **Insured**, or if the Insurer shall cancel this Policy or terminate it by refusing to renew, for reasons other than the **Named Insured's** non-payment of premium or deductible amount or non-compliance with the terms and conditions of this Policy, the **Insured**:

- a. shall be entitled to a sixty (60) day Automatic Extended Reporting Period for no additional premium. This extension shall apply to **Claim(s)** first made against the **Insured** during the **Policy Period** and reported to the Insurer, in writing, during the sixty (60) days immediately following the effective date of cancellation or non-renewal.
- b. may purchase an **Optional Extended Reporting Period** of one year or as otherwise required by the regulatory guidelines governing this type of insurance. The premium for this **Optional Extended Reporting Period** will be developed in accordance with the rules, rates, and rating plans then in effect for the Insurer.

The **Named Insured** must request the purchase of the **Optional Extended Reporting Period** in writing to the Insurer within 60 days of the termination of the Policy and pay the premium to the Insurer promptly when due.

If purchased, this extension shall apply to **Claim(s)** first made against the Insured during the **Policy Period** or **Optional Extended Reporting Period** and reported to the Insurer, in writing, during the three hundred and sixty five (365) days immediately following the effective date of cancellation or non-renewal.

If however, this Policy is immediately succeeded by similar claims-made insurance coverage issued by any Insurer for which the retroactive date is the same as or earlier than that shown in Item 6. of the Declarations, the **Named Insured** shall have no right to purchase an **Optional Extended Reporting Period**.

The **Optional Extended Reporting Period** shall be non-cancelable. Accordingly, at the commencement of the Extended Reporting Period, the entire premium shall be considered fully earned.

The Limit of Liability applicable to the Automatic Extended Reporting Period and **Optional Extended Reporting Period** will be the Limit of Liability remaining under the terminated Policy or as otherwise required by the regulatory guidelines governing this type of insurance.

The extension of coverage granted hereunder shall be subject to all the terms and conditions of the Policy and shall only apply to **Professional Services** rendered before such cancellation or non-renewal and which is otherwise covered by this Policy.

## 10. Acquisitions, Mergers and Subsidiaries

If during the **Policy Period** the **Named Insured** acquires securities or voting rights in another organization or creates another organization which as a result of such acquisition or creation such organization becomes a "Subsidiary"; or acquires any organization by merger into or consolidation with the **Named Insured** ("Event"), then such organization and its **Insured Persons** shall become **Insureds** if:

- a. the **Named Insured** gives written notice to the Insurer of the Event, within 90 days of such acquisition or creation, together with such information the Insurer may require; and
- b. the **Named Insured** pays any reasonable additional premium required by the Insurer.

Such coverage shall be afforded, subject to the terms and conditions of this Policy, from the date of the Event for such Subsidiary and its **Insured Persons** but only for **Wrongful Acts** committed or allegedly committed after the Event, unless the Insurer agrees by endorsement to provide coverage for **Wrongful Acts** committed or allegedly committed prior to such date.

For the purposes of this Condition, "Subsidiary" means any organization which the **Named Insured** owns, directly or through one or more Subsidiaries, more than fifty percent (50%) of the outstanding securities or voting rights representing the right to vote for the election of such organization's directors. Coverage afforded under this Condition with respect to **Claims** made against any Subsidiary or any **Insured** thereof shall only apply for **Wrongful Acts** occurring after the effective time such Subsidiary became a Subsidiary and prior to the time such Subsidiary ceased to be a Subsidiary of the **Named Insured**.

## 11. Change of Control

If during the **Policy Period** the **Named Insured** shall consolidate with or merge into, or sell all or substantially all of its assets to any other person or organization or group of persons or organizations acting in concert (herein referred to as the "Transaction"); then this Policy shall continue in full force and effect as to **Wrongful Acts** occurring prior to the effective time of the Transaction, but there shall be no coverage afforded by any provision of this Policy for any **Wrongful Act** occurring after the effective time of the Transaction and the entire premium for this Policy shall be deemed fully earned as of such time. The **Named Insured** shall also have the right to elect an Extended Reporting Period described in Section 9. of this Policy or a greater period as may be negotiated with the Insurer.

The **Named Insured** shall give the Insurer written notice of the Transaction as soon as practicable, but not later than thirty (30) days after the effective date of the Transaction.

## 12. Marital or Domestic Partner Extension

Subject otherwise to the terms and conditions hereof, this Policy shall cover **Damages** arising from any **Claim** made against the lawful spouse or domestic partner (whether such stature is derived by reason of applicable statutory law, common law, or any other applicable law anywhere in the world) of an **Insured Person** for **Claims** arising solely out of his or her capacity as the spouse or domestic partner of an **Insured Person**, including such **Claims** that seek damages recoverable from marital community property, property jointly held by the **Insured Person** and the spouse or domestic partner; or property transferred from the **Insured Person** to the spouse or domestic partner; provided, however, this extension shall not afford coverage for **Wrongful Acts** of the spouse or domestic partner. All terms, conditions and other provisions of this Policy, inclusive of any provision relative to the applicable retention, which would be applicable to **Damages** incurred by the **Insured Person** in such **Claim**, shall also apply to **Damages** incurred by the spouse or domestic partner in such **Claim**.

## 13. Severability

Except with respect to the Limits of Liability and any rights or duties specifically assigned to the **Named Insured** stated in Item 1. of the Declarations such as those rights and duties in Section 19. of this Policy, this insurance applies:

- a. as if each **Named Insured** were the only **Named Insured**; and
- b. separately to each Insured against whom **Claim(s)** is made or suit is brought.

## 14. Representations

The **Insureds** represent and acknowledge that the statements and information contained in the Application are true, accurate and are the basis of this Policy and are incorporated into and constitute a part of this Policy; and shall be deemed material to the acceptance of this risk or the hazard assumed by the Insurer under this Policy.

## 15. Subrogation

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the **Insureds'** rights of recovery. The **Insured** shall execute and deliver all instruments and papers and do whatever else is necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer to effectively bring suit in the name of the **Insured**.

However, it is agreed that the Insurer waives its rights of subrogation under this Policy against clients of the **Insured** as respects **Claim(s)** arising from **Professional Services** under the client's contract requiring waiver of subrogation but only to the extent required by written contract.

## 16. Other Insurance

This Policy shall be excess of any other valid insurance available to the **Insured**, including any project-specific professional liability insurance. This Policy shall also be excess of any deductible or self-insured retention under such other insurance.

## 17. Territory

This Policy applies to **Claim(s)** arising from **Professional Services** rendered worldwide.

However, this Policy shall not apply to any risk which would be in violation of the law 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 administer by the U.S. Treasury Office of Foreign Assets Control).

## 18. Valuation and Foreign Currency

All premiums, limits, retentions/deductibles, **Damages** or **Claim Expenses** and other amounts under this Policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of **Damages** or **Claim Expenses** under this Policy is stated in a currency other than United States of America dollars, payment under this Policy shall be made in United States dollars at the rate of exchange published in The Wall Street Journal on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of **Damages** or **Claim Expenses** is due, respectively.

## 19. Authorization

The **Named Insured** shall act on behalf of all **Insureds** with respect to the giving and receiving of notice of nonrenewal, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the negotiation, agreement to and acceptance of any endorsements issued to form a part of this Policy. In addition to any right of the **Insureds**, the **Named Insured** may also act on behalf of all **Insureds** with respect to the notice of **Claims**, **Circumstances** and the exercising or declining to exercise any right to any Extended Reporting Period.

## 20. Action Against Insurer

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, nor until the amount of the **Insured's** obligation to pay shall have been determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the Insurer.

No person or organization shall have any right under this Policy to join the Insurer as a party to any actions against the **Insured** to determine the **Insured's** liability, nor shall the Insurer be impleaded by the **Insureds** or their legal representatives. Bankruptcy or insolvency of the **Insured** or of the estate of an Insured shall not relieve the Insurer of any of its obligations hereunder.

## 21. Assignment

This Policy and any and all rights hereunder are not assignable without the written consent of the Insurer.

## 22. Changes

Only the **Named Insured** is authorized to request changes to the terms of this Policy and changes to the terms of this Policy may be made solely with the Insurer's prior written consent. This Policy's terms can be changed only by endorsement issued by the Insurer and made a part of such Policy. Notice to any representative of the **Insured** or knowledge possessed by any agent or by any other person does not effect a change to any part of this Policy, or estop the Insurer from asserting any right under the terms, Exclusions, Conditions and limitations for the Policy, nor may the terms, Exclusions, Conditions and limitations hereunder be changed, except by a written endorsement to this Policy by the Insurer.

## 23. Examination, Audit and Inspection

The Insurer may examine, audit and inspect the **Insured's** books, records, services and activities at any time during the **Policy Period** and up to three (3) years afterward, as far as they relate to the subject matter of the Policy.

The Insurer shall have the right to modify, amend, or delete any of the terms and conditions of the Policy including the right to charge additional premium and the right to withdraw, rescind or void the Policy, if its examination, audit or inspection reveals any material risk, hazard or condition that was not previously disclosed by the **Insured** in the Application or supplemental material, or which deviated from the information disclosed in the Application or supplemental material.

The **Insured** shall cooperate with the Insurer and upon the Insurer's request shall submit to examination and interrogation by a representative of the Insurer, under oath if required.

#### 24. **Headings**

The descriptions in the headings of this Policy are solely for convenience and form no part of the Policy terms and conditions of coverage.

#### 25. **Liberalization**

If the Insurer adopts any revisions to this Policy during the **Policy Year** that would broaden coverage without additional premium, the broadened coverage will apply to this Policy at the inception date of the next **Policy Year**, but it will not apply to **Claims** that were first made against any **Insured** prior to the effective date of such revision.

This Liberalization provision does not apply to the Insurer's issuance, use, amendment, reformation of, or change to, any endorsement that may be used in connection with the provision of insurance under the Professional Liability Policy for Architects & Engineers.

#### 26. **Entire Agreement**

The **Insureds** agree this Policy, including the Application and any endorsements, constitutes the entire agreement between the **Insureds** and the Insurer.