

PT PRO ARCHITECTS AND ENGINEERS PROFESSIONAL LIABILITY INSURANCE COVERAGE

THIS IS A CLAIMS MADE AND REPORTED POLICY. Coverage is limited to only those **CLAIMS** that are first made against **YOU** and reported to **US** during the **POLICY PERIOD** or Extended Reporting Period, if applicable, as a result of any **WRONGFUL ACT** which occurred prior to the end of the **POLICY PERIOD**. However, if the renewal policy is written by **US**, **YOU** will have sixty (60) days after the expiration date of this policy to report any **CLAIM** first made in this **POLICY PERIOD**.

INSURING AGREEMENT

WE will pay **DAMAGES** which **YOU** become legally obligated to pay and **CLAIM EXPENSE** as a result of **CLAIMS** first made against **YOU** and reported to **US** in writing during the **POLICY PERIOD** or Extended Reporting Period, if applicable, provided that:

1. The **WRONGFUL ACT** giving rise to the **CLAIM** occurred on or after the **RETROACTIVE DATE** and before the end of the **POLICY PERIOD**;
2. Notice of the **WRONGFUL ACT** was not given nor required to be given to any prior insurer; and
3. Prior to the inception date of the first policy issued to **YOU** by **US** and continuously renewed by **US**, **YOU** had no reasonable basis to believe that such **WRONGFUL ACT** had been committed or that a **CLAIM** would be made against **YOU** alleging such **WRONGFUL ACT**.

SUPPLEMENTAL PAYMENTS

WE will pay, in addition to **OUR** Limits of Liability:

1. Court Costs

All costs taxed against **YOU** in any suit **WE** defend.

2. Post-Judgment Interest

Interest only on that part of any judgment which does not exceed **OUR** Limit of Liability and which accrues after the entry of the judgment and before **WE** have paid, offered to pay, or deposited in court.

3. Appeal Bonds

Premium on appeal bonds required in any suit **WE** defend and the cost of attachment or similar bonds (if required).

4. Disciplinary Proceedings

Up to \$5,000 during the **POLICY PERIOD** in:

- a. Expenditures for legal services charged by a lawyer **WE** designate; and
- b. Other expenses **WE** incur;

in the investigation and defense of **DISCIPLINARY PROCEEDINGS** brought against **YOU**.

Notice of **DISCIPLINARY PROCEEDINGS** must be reported to **US** in writing during the **POLICY PERIOD** and must arise out of **WRONGFUL ACTS** that are otherwise covered by this policy. The **DEDUCTIBLE** provision of this policy will not apply to the expenditures **WE** incur under this provision.

5. Attendance at Trial

Up to two hundred dollars (\$200) to each of **YOU** for each day or part of the day for **YOUR** attendance at a trial, hearing, arbitration proceeding, mediation or any other Alternative Dispute Resolutions at which **WE** request **YOUR** attendance. The maximum amount payable by **US** during the **POLICY PERIOD** shall not exceed \$2,000 in the aggregate. The **DEDUCTIBLE** provision of this policy will not apply to the expenditures **WE** incur under this provision.

DEFINITIONS

Whenever used in this policy, the following words have these meanings:

1. **ASBESTOS**—means the mineral in any form whether or not it was at any time airborne as a fiber, particle or dust, contained in or formed as part of a product, structure, or another real or personal property, carried on clothing, inhaled, or ingested or transmitted by any other means, including its presence or use in any alloy, by-product, or other material or waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. **AUTO**—means a land motor vehicle, trailer or semi-trailer, including any attached machinery or equipment.
3. **BODILY INJURY**—means physical injury, sickness, shock, mental anguish, mental illness, emotional distress, death or disease sustained by any person.
4. **CLAIM(S)**—means an oral or written notice from any party that it is their intention to hold **YOU** responsible for any **WRONGFUL ACT**. **CLAIM(S)** also means **YOUR** knowledge of circumstances which could reasonably be expected to give rise to such notice. **YOU** must tell us of such **CLAIMS** or circumstances in writing during the **POLICY PERIOD** or Extended Reporting Period, if applicable. Notice includes, but is not limited to, any service of suit, institution of arbitration proceeding, mediation or any other alternate dispute resolution proceeding.
5. **CLAIM EXPENSE**—means expenditures including, but not limited to:
 - a. All expenses of lawyers **WE** are required by law to pay to defend **YOU**;
 - b. Costs of investigations;
 - c. Experts;
 - d. Court costs; and
 - e. Other similar expenses **WE** incur in the investigation, adjustment, defense or appeal of a **CLAIM** or suit.

CLAIM EXPENSE does not include:

- (1) Salary, charges or expenses of **OUR** regular employees.
 - (2) Payments made under the Supplemental Payments provision of this policy.
6. **CONSTRUCTION MANAGEMENT**—means providing construction expertise in the form of recommendations to the owner and design professional(s) during the planning and design phases, the scheduling of construction and the overall coordination of the separate prime contractors during the construction phase.

7. **DAMAGES**—means a monetary judgment, award or settlement.

DAMAGES does not include:

- a. Civil or criminal fines, sanctions, restitution or penalties, whether pursuant to any civil or criminal law or statute;
- b. Amounts paid to **YOU** as fees, costs or expenses for services performed which are to be reimbursed or discharged as part of the judgment or settlement;
- c. Punitive damages, exemplary damages or any damages which are a multiple of compensatory damages awarded against **YOU**, including double or treble damages;
- d. Equitable relief, injunctive relief, declaratory relief or any other relief or recovery that is not seeking monetary judgment, award or settlement;
- e. Any fees, costs or expenses, including, but not limited to claimant/plaintiff attorney fees, related to equitable relief, injunctive relief, declaratory relief or any other relief or recovery that is not seeking a monetary judgment, award or settlement;
- f. Judgments or awards arising from acts deemed uninsurable by law; or
- g. Fines, penalties or disputes over fees, deposits, commissions, or charges for goods or services or the cost of correcting, performing or repeating **PROFESSIONAL SERVICES** by **YOU** when **YOU** had the capability to correct, perform or repeat the services that generated the cost (proof of incapability must be provided by **YOU**).

8 **DEDUCTIBLE**—means the amount **YOU** must pay for **DAMAGES** and **CLAIM EXPENSE**.

9 **DISCIPLINARY PROCEEDING(S)**—means any proceeding brought against **YOU** by a state or other regulatory or disciplinary official or agency to investigate charges alleging professional misconduct in performing **PROFESSIONAL SERVICES**.

10. **HOSTILE FIRE**—means a fire that becomes uncontrollable or breaks out from where it was intended to be.

11. **INFRINGEMENT OF INTELLECTUAL PROPERTY**—means:

- a. Infringement of a patent, copyright, trademark, trade dress, trade name, service mark, service name, title, slogan or copyright joint ownership;
- b. Unfair competition stemming from the infringement of or the use of another's advertising ideas, style of doing business, trade secrets or market share agreements; and
- c. Violations of the Lanham Act including any amendments, any similar state or federal statute or regulation, or any order issued pursuant to any of the foregoing statutes or regulations.

12. **LOADING AND UNLOADING**—means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or **AUTO**;
- b. While it is in or on an aircraft, watercraft or **AUTO**; or
- c. While it is being moved from an aircraft, watercraft or **AUTO** to the place where it is finally delivered.

13. **NAMED INSURED**—means the person, entity or organization named in **Item 1.** of the Declarations.

14. **PERSONAL INJURY**—means injury arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;

- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. Oral or written publication of material that violates a person's right of privacy.
- 15. POLICY PERIOD**—means the period of time stated in **Item 2.** of the Declarations or any shorter period resulting from policy cancellation.
- 16. POLLUTANTS**—means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, re-conditioned or reclaimed. **POLLUTANTS** does not mean heat, smoke, vapor, soot or fumes from a **HOSTILE FIRE** or explosion.
- 17. POLLUTION INCIDENT**—means any actual or alleged negligent act, error or omission **YOU** or any person or entity, including Joint Ventures, for whom **YOU** are legally responsible, commits, but only in the performance of **PROFESSIONAL SERVICES** that results in the actual or alleged discharge, dispersal, seepage, migration, release or escape of **POLLUTANTS** into or upon land, the atmosphere or any watercourse or body of water and did not arise from dishonest, fraudulent, malicious or criminal conduct committed by **YOU** or at **YOUR** direction or with **YOUR** prior knowledge.
- 18. PROFESSIONAL SERVICES**—means those services that **YOU** are legally qualified to perform for others in **YOUR** practice as an architect, engineer, land surveyor, landscape architect, or as specifically defined by endorsement to this policy.
- PROFESSIONAL SERVICES** do not include:
- a. Refusal to employ;
 - b. Termination of employment; or
 - c. Responsibilities for the day to day management of **YOUR** business.
- 19. PROPERTY DAMAGE**—means:
- a. Physical injury to or destruction of tangible property, including the loss of use thereof at any time resulting therefrom; or
 - b. Loss of use of tangible property which has not been physically injured or destroyed.
- 20. RETROACTIVE DATE**—means the date specified in **Item 3.** the Declarations. This policy shall not apply to any **CLAIM** arising from a **WRONGFUL ACT** which occurred prior to this date.
- 21. SPOUSE**—means any natural person qualifying as a:
- a. Spouse;
 - b. Domestic partner;
 - c. Registered domestic partner; or
 - d. Party to a civil union;
- as may be recognized and defined under the provision of any applicable federal, state or local law.
- 22. SUBROGATION EXPENSES**—means expenditures including, but not limited to:
- a. All expenses of lawyers **WE** are required by law to pay to defend **YOU**;
 - b. Costs of investigations;

- c. Experts;
- d. Court costs; and
- e. Other similar expenses;

WE incur in the subrogation process.

23. **WE, US and OUR**—means the Company providing this insurance.
24. **WRONGFUL ACT(S)**—means any actual or alleged negligent act, error or omission, **POLLUTION INCIDENT** or **PERSONAL INJURY YOU** or any person or entity for whom **YOU** are legally responsible commit, but only in the performance of **YOUR PROFESSIONAL SERVICES** for others.
25. **YOU and YOUR**—means:
- a. The **NAMED INSURED**.
 - b. Any employee of the **NAMED INSURED**, but only for **CLAIMS** resulting from **WRONGFUL ACTS** committed within the scope of their employment by the **NAMED INSURED**.
 - c. The estate, heirs, executors, administrators, assigns and legal representatives of anyone listed in **a.** or **b.** above in the event of their death, incapacity, insolvency or bankruptcy, but only to the extent that they would otherwise be provided coverage under this policy.
 - d. Any lawful **SPOUSE** of any of the persons set forth in **a.**, **b.**, or **c.** above, but only to the extent the **SPOUSE** is a party to any **CLAIM** solely in the capacity as a **SPOUSE** of any such persons and only for the purposes of any **CLAIM** seeking **DAMAGES** recoverable from marital community property or property jointly held by such person and the **SPOUSE**.
26. **YOUR PRODUCT**—means:
- a. Any goods or products, manufactured, sold, handled, distributed or disposed of by:
 - (1) **YOU**;
 - (2) Others trading under **YOUR** name; or
 - (3) A person or organization whose business or assets **YOU** have acquired; and
 - b. Containers, material, parts or equipment furnished in connection with such goods or products.
- YOUR PRODUCT** includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in **a.** or **b.** above.

EXCLUSIONS

1. Intentional Acts

This policy does not apply to any **CLAIM** based upon or arising out of any dishonest, fraudulent, criminal, malicious or intentional **WRONGFUL ACTS** committed by **YOU**.

2. Personal Profit

This policy does not apply to any **CLAIM** based upon or directly or vicariously arising out of any gain, profit or advantage to which **YOU** are not legally entitled.

3. Bodily Injury

This policy does not apply to **BODILY INJURY** to:

- a. An employee of **YOURS** arising out of and in the course of employment by **YOU**; or
- b. The spouse, child, parent, brother or sister of that employee as a consequence of **a.** above.

This exclusion applies:

- (1) Whether **YOU** are 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.

4. Auto Liability

This policy does not apply to **BODILY INJURY** or **PROPERTY DAMAGE** arising out of the ownership, maintenance, use or entrustment to others of any aircraft, **AUTO** or watercraft owned or operated by or rented or loaned to any of **YOU**. Use includes operation and **LOADING OR UNLOADING**.

5. Property Damage

This policy does not apply to **PROPERTY DAMAGE** to:

- a. Property **YOU** own, rent or occupy;
- b. Premises **YOU** sell, give away or abandon, if the **PROPERTY DAMAGE** arises out of any part of those premises;
- c. Property loaned to **YOU**; or
- d. Personal property in **YOUR** care, custody or control.

6. Other Capacity

This policy does not apply to any **CLAIM** based upon or arising out of **YOUR** activities as an owner, member, partner, shareholder, officer, director, public official or employee of any entity other than the **NAMED INSURED**, including, but not limited to:

- a. A charitable organization;
- b. A pension, welfare or profit-sharing plan; or
- c. A mutual or investment fund or trust;

However, this exclusion shall not apply to any **CLAIM** based upon or arising out of **YOUR** activities as an employee of a staffing agency while on assignment and performing **PROFESSIONAL SERVICES** for a client of the staffing agency. There is no coverage under this policy for the staffing agency or any client of the staffing agency unless provided by endorsement to this policy.

7. Other Entity

This policy does not apply to any **CLAIM** arising out of **PROFESSIONAL SERVICES** or advice rendered by **YOU** in connection with any business enterprise not shown on **Item 1.** of the Declarations, which:

- a. Is, was or will be owned, in whole or in part, by **YOU**; except that if, at the time of the **WRONGFUL ACT** giving rise to such **CLAIM**, **YOU** had a total pecuniary or beneficial interest of ten percent (10%) or less in such entity;
- b. Is, was or will be in any way, directly or indirectly, controlled, operated or managed by **YOU**, including the ownership, maintenance or use of any property in connection therewith; or
- c. **YOU** are, were or will be employed; provided, however, this exclusion c. shall not apply to any **CLAIM** made by a client of a staffing agency with whom **YOU** are employed and for which **YOU** are performing **PROFESSIONAL SERVICES** while on assignment for such client.

8. Office Sharing

This policy does not apply to any **CLAIM** arising out of a **WRONGFUL ACT** committed by any person with whom **YOU** share common office space, common office facilities or common supportive staff and who is not an insured under this policy.

9. Discrimination, Harassment or Misconduct

This policy does not apply to any **CLAIM** based on or arising out of discrimination, harassment or misconduct by **YOU**, including, but not limited to **CLAIMS** based on an individual's race, creed, color, age, sex, national origin, religion, disability, physical or mental handicap, disease, marital status or sexual preference.

10. Insured versus Insured

This policy does not apply to any **CLAIM** made by **YOU** against any other insured under this policy.

11. Nuclear

This policy does not apply to any **CLAIM** arising out of any circumstances due to nuclear reaction, radiation or contamination, regardless of cause.

12. Pollution

This policy does not apply to any **CLAIM** arising out of a **POLLUTION INCIDENT** at, onto or from property or facilities which:

- a. Are or were, at any time, owned or rented by you or by any person or entity in joint venture with you;
- b. Are not permitted or licensed by the applicable authority to accept wastes or materials that are generated by activities performed by or on behalf of the **NAMED INSURED** as of the date such wastes or materials are treated, stored or disposed of at the location; or
- c. Are listed on a proposed or final Federal National Priorities List or any equivalent National Priority List, Superfund or Hazardous Waste List prior to the treatment, storage or disposal of wastes or materials that are generated by activities performed by or on behalf of the **NAMED INSURED** at such location.

13. Contractual Liability

This policy does not apply to any **CLAIM** based upon or arising out of the:

- a. Liability of others assumed by **YOU** under any contract or agreement, unless such liability would have been covered in the absence of such contract or agreement: or
- b. Advising, requiring or obtaining of any form of insurance, suretyship or bond, or failure to do so.

14. Insolvency or Bankruptcy

This policy does not apply to any **CLAIM** based upon or arising out of any insolvency or bankruptcy of **YOU** or any other person or organization in which **YOU** have a financial interest.

15. Intellectual Property Infringement

This policy does not apply to any **CLAIM**:

- a. Based upon or directly or vicariously arising out of any **INFRINGEMENT OF INTELLECTUAL PROPERTY**; or
- b. Based upon or arising out of any actual or alleged breach of any non-disclosure, non-compete or non-solicitation agreements.

16. Employment Laws

This policy does not apply to any **CLAIM** based upon or arising out of a circumstance for which **YOU** or **YOUR** insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law or under any similar law.

17. ERISA

This policy does not apply to any **CLAIM** based on or arising out of **YOUR** capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, its amendments and any regulation or order issued pursuant thereto, or to any other employee benefit plan.

18. Securities Laws

This policy does not apply to any **CLAIM** based upon or directly or vicariously arising out of any violation of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended or any Blue Sky or securities law, any similar state or federal statute and any regulation or order issued pursuant to any of the foregoing statutes or regulations.

19. Anti-Trust Laws

This policy does not apply to any **CLAIM** based upon or arising out of unfair competition, restraint of trade or any other violation of anti-trust laws.

20. Governmental, Administrative or Regulatory Authority

This policy does not apply to any **CLAIM** brought by or on behalf of any governmental, administrative or regulatory authority or by a public official or any employee of a governmental body, subdivision or agency, unless such **CLAIM** is based on **PROFESSIONAL SERVICES** rendered by **YOU** to such authority or governmental body, subdivision or agency.

21. Cost Guarantees, Estimates or Overruns

This policy does not apply to any **CLAIM** based upon or arising out of the any cost guarantees or estimates being exceeded or any cost overruns.

22. Product Recall

This policy does not apply to any **CLAIM** based upon or arising out of the withdrawal or recall of any of **YOUR PRODUCTS** or services from the market or from use by others. This exclusion does not apply to costs or expenses incurred by **YOUR** customers to withdraw or recall **YOUR** customer's products or services from the market or from use by others if the withdrawal or recall is solely the result of **YOUR WRONGFUL ACT**.

23. Breach of Contract

This policy does not apply to any **CLAIM** based upon or arising out of the breach of express or implied warranty, guarantee or contract including the delay in performance of any contract.

24. Your Product

This policy does not apply to any **CLAIM** arising out of **YOUR PRODUCT**.

25. Unsolicited Communications

This policy does not apply to any **CLAIM** based upon or directly or vicariously arising out of unsolicited faxes, unsolicited electronic mail, unsolicited telephone calls or any other unsolicited communications. This exclusion shall include actual or alleged violations of any local, state or federal law, including non-U.S. laws, any amendment to such laws or violation of any order, ruling or regulation issued pursuant to such laws that regulate such communications.

26. Computer Fraud

This policy does not apply to any **CLAIM** based upon or arising out of violations of the Computer Fraud and Abuse Act including any amendments, any similar state or federal statute or regulation, or any order issued pursuant to any of the foregoing statutes or regulations.

27. Construction Defect

This policy does not apply to any **CLAIM** based on or arising out of the cost to repair or replace faulty workmanship in any construction, erection, fabrication, installation, assembly, manufacture or remediation performed by you, including any materials, parts or equipment furnished in connection therewith.

28. Construction Management

This policy does not apply to any **CLAIM** arising out of **CONSTRUCTION MANAGEMENT** services including any **CLAIM** arising out of:

- a. **YOUR** failure to render **PROFESSIONAL SERVICES** on time or complete any project on time or other delay. This exclusion shall not apply to those **DAMAGES** which are a direct result of a **WRONGFUL ACT** in **YOUR PROFESSIONAL SERVICES**;
- b. The failure to protect any property or persons or the preparation or failure to prepare any safety precautions or procedures in connection with any project, including, but not limited to, first aid stations, temporary utilities or structures, fencing, signs, scaffolding and barricades, or project cleanup;
- c. **YOUR** bankruptcy or **YOUR** advising, procuring or failure to advise or procure any financing or pay or failure to pay any sums or moneys for any project, whether in whole or in part, including, but not limited to land, taxes, materials, equipment, labor or cost; or
- d. Construction methods, means, techniques, sequences or procedure.

29. Specific Project

This policy does not apply to any **CLAIM** based on or arising out of **PROFESSIONAL SERVICES** for which **YOU** are insured, under any professional liability policy issued for a specific project or projects. This exclusion applies even if **DAMAGES** or **CLAIM EXPENSE(S)** are not covered in whole or in part by that policy for any reason, including, but, not limited to:

- a. An exclusion; or
- b. A reduction or exhaustion of the limit of liability under such policy.

30. Asbestos

This policy does not apply to:

- a. Any **CLAIM** based on or arising out of the actual or alleged:
 - (1) Specification or installation of a product, material or process containing **ASBESTOS**, prior to January 1, 1990, for projects located within the United States, its territories or possessions, or Canada;
 - (2) Specification or installation of a product, material or process containing **ASBESTOS** from projects located outside the United States, its territories or possessions, or Canada;
 - (3) Generation, transportation, storage or disposal of a product or material containing **ASBESTOS**;
or
 - (4) Physical removal or abatement of a product or material containing **ASBESTOS**;
whether by you, or in joint venture with you, or any entity for whom you are legally liable;

- b. Any **CLAIM** based on or arising out of the actual, alleged or threatened discharge, dispersal, release, leakage, leaching, friability, flaking, escape, presence, or use of **ASBESTOS**; or
- c. Any **CLAIM**, cost or expense based on or arising out of any request, demand, order, or statutory or regulatory requirement that any Insured or others test for, investigate, monitor, clean up, remove, study, contain, treat, encapsulate, control, or take any other action regarding **ASBESTOS**.

SPECIMEN

**PT PRO
PROFESSIONAL LIABILITY POLICY
GENERAL TERMS AND CONDITIONS**

THIS IS A CLAIMS MADE AND REPORTED POLICY. Coverage is limited to only those **CLAIMS** that are first made against **YOU** and reported to **US** during the **POLICY PERIOD** or Extended Reporting Period, if applicable, as a result of any **WRONGFUL ACT** which occurred prior to the end of the **POLICY PERIOD**. However, if the renewal policy is written by **US**, **YOU** will have sixty (60) days after the expiration date of this policy to report any **CLAIM** first made in this **POLICY PERIOD**.

These General Terms and Conditions apply to the Professional Liability Coverage specified by the Declarations. If any provision in these General Terms and Conditions is inconsistent with or in conflict with any provision of the specified Professional Liability Coverage, the provisions of the Professional Liability Coverage will prevail.

DEFENSE

WE have the right and duty to defend any suit against **YOU** seeking **DAMAGES** because of a **WRONGFUL ACT** even if any of the allegations in the suit are groundless, false or fraudulent. **WE** have the right to appoint counsel and investigate any **CLAIM** or suit. However, **WE** will not settle or compromise a **CLAIM** or suit without **YOUR** written consent. If consent is refused and **YOU** elect to contest the **CLAIM** or continue legal proceedings, then **OUR** liability for the **CLAIM** will not exceed the amount for which the **CLAIM** could have been settled, plus **CLAIM EXPENSE** incurred up to the date of **YOUR** refusal.

If the allegation(s) is excluded under this policy, there shall be no duty to defend such **CLAIM**.

WE are not obligated to pay any **DAMAGES** or **CLAIM EXPENSE** or defend any suit after the applicable limits of **OUR** liability have been exhausted by payment of **DAMAGES** or **CLAIM EXPENSE**.

WE have the right, but no duty, to appeal any judgment.

YOU, except at **YOUR** own cost and for **YOUR** own account, will not:

1. Make any payment;
2. Admit any liability;
3. Settle any **CLAIM**;
4. Assume any obligation; or
5. Incur any expense;

without **OUR** written consent.

TERRITORY

This policy applies to **WRONGFUL ACTS** which happen anywhere in the world, provided the **CLAIM** is made and the suit is brought within the United States, its possessions and its territories or Canada.

LIMITS OF LIABILITY AND DEDUCTIBLE

Regardless of the number of:

- a. **YOU** who are insured under the policy;
- b. All persons or organizations who sustain **DAMAGES** payable under this policy; and/or
- c. Suits brought on account of coverage afforded by the policy;

OUR liability is limited as follows:

1. The Limit of Liability stated in **Item 4.(A)** of the Declarations page is the limit of **OUR** liability for all **DAMAGES** and **CLAIM EXPENSE** arising out of each **CLAIM** first made and reported in writing during the **POLICY PERIOD** or Extended Reporting Period.
2. The Limit of Liability stated in **Item 4.(B)** of the Declarations page is subject to the above provision respecting Each **CLAIM** and is the maximum limit of **OUR** liability for each **POLICY PERIOD**. In no event will **OUR** total Limit of Liability be increased by any Extended Reporting Period.
3. **CLAIM EXPENSE** will be subtracted from the Limits of Liability first as it is incurred for each **CLAIM**. The remaining amount will be the amount available to pay **DAMAGES**.
4. Subject to the Limits of Liability, **WE** will only be liable to pay **DAMAGES** and **CLAIM EXPENSE** in excess of the **DEDUCTIBLE** shown in this policy. **YOUR DEDUCTIBLE** for **DAMAGES** and **CLAIM EXPENSE** for each **CLAIM** in any **POLICY PERIOD** is the each **CLAIM** amount shown in the Declarations. Each of **YOU** under the policy is individually liable for the payment of the **DEDUCTIBLE**. In the event that **WE** expend funds for **DAMAGES** or **CLAIM EXPENSE** on **YOUR** behalf, **YOU** will reimburse **US** for such expenditures up to the amount of the **DEDUCTIBLE** shown in this policy. Reimbursement of the **DEDUCTIBLE** will be due within sixty (60) days from the date **WE** bill **YOU**.
5. One or more **CLAIMS** based on or arising out of the same **WRONGFUL ACTS** or a series of related **WRONGFUL ACTS** of one or more of **YOU** will be considered a single **CLAIM**. Unless otherwise endorsed, the **CLAIM** will be subject to the Limit of Liability in effect at the time such **CLAIM** was first reported to **US** in writing. Only one **DEDUCTIBLE** will apply to such **CLAIM**.

NOTIFICATION

1. If during the **POLICY PERIOD** or the Extended Reporting Period:
 - a. **YOU** receive written or oral notice from any party that it is the intention of such party to hold **YOU** responsible for any **WRONGFUL ACT(S)**; or
 - b. **YOU** become aware of circumstances which could reasonably be expected to give rise to such notice;then:

YOU will tell us in writing as soon as practicable, but no later than the end of the **POLICY PERIOD** or Extended Reporting Period. Any subsequent **CLAIM** made against **YOU** arising out of such **WRONGFUL ACT(S)** shall be deemed to have been made during the **POLICY PERIOD** or Extended Reporting Period. No coverage for such **CLAIM** shall exist under any subsequent policy written by **US**. However, if the renewal policy is written by **US**, **YOU** will have sixty (60) days after the expiration date of this policy to report any **CLAIM** first made during this **POLICY PERIOD**.
2. In the event of any **CLAIM** occurring, written notice to **US** will be given by the **NAMED INSURED** shown in **Item 1.** of the Declarations. Notice will be deemed to be received if sent by prepaid mail properly addressed to **OUR** address shown in the Declarations or by means of email or other electronic delivery to **US**.

PRE-CLAIM ASSISTANCE

When **WE** receive **YOUR** written notice and **WE**, at **OUR** discretion, incur **CLAIM EXPENSE** to undertake measures to avoid any **DAMAGES** as a result of the reported **WRONGFUL ACT**, **WE** will waive the applicable **DEDUCTIBLE**.

However, the **DEDUCTIBLE** will always apply if a suit is filed, if an arbitration is filed or if any **DAMAGES** are paid.

INSURED'S DUTIES IN THE EVENT OF CLAIM OR SUIT

1. In the event of a **CLAIM**, the **NAMED INSURED** must give **US** written notice of:
 - a. The specific **WRONGFUL ACT**;
 - b. The injury or damage which has or may result from the **WRONGFUL ACT**;
 - c. The names and addresses of the claimants or potential claimants; and
 - d. The circumstances by which **YOU** first became aware of such **WRONGFUL ACT**.
2. If **CLAIM** is made or suit is brought against **YOU**, **YOU** will immediately forward to **US** every demand, notice, summons or other process received by **YOU** or **YOUR** representative.
3. **WE** will have full discretion in the handling of any **CLAIM**, and **YOU** will give full information and assistance as **WE** may reasonably require. **YOU** will cooperate with **US** and, at **OUR** request, consent to being examined and questioned by **OUR** representative, under oath, if necessary. At **OUR** request, **YOU** will attend hearings, depositions and trials and will assist in effecting settlement, securing and giving evidence, and obtaining the attendance of witnesses. **YOU** will cooperate in the conduct of suits as well as in giving written statements to **OUR** representatives and defense counsel.

EXTENDED REPORTING PERIOD

Only the **NAMED INSURED** can exercise the option to purchase one of the Supplemental Extended Reporting Periods described in paragraph 3. of this provision.

1. One or more Extended Reporting Periods described below will be provided if the policy is canceled or nonrenewed or if **WE** renew or replace coverage with insurance that provides coverage on other than a Claims Made and reported basis.
2. A Basic Extended Reporting Period is automatically provided without additional charge. This period begins at the end of the **POLICY PERIOD** and lasts for sixty (60) days. The Basic Extended Reporting Period does not apply to **CLAIMS** covered under any subsequent policy.
3. In addition, the **NAMED INSURED** may purchase one of the Supplemental Extended Reporting Periods described below if **YOU** are in compliance with the terms and conditions of this policy:
 - a. A twelve (12) month Supplemental Extended Reporting Period for one hundred percent (100%) of the full annual premium of this policy;
 - b. A twenty-four (24) month Supplemental Extended Reporting Period for one hundred fifty percent (150%) of the full annual premium of this policy;
 - c. A thirty-six (36) month Supplemental Extended Reporting Period for one hundred seventy-five percent (175%) of the full annual premium of this policy; or
 - d. A sixty (60) month Supplemental Extended Reporting Period for two hundred twenty-five percent (225%) of the full annual premium of this policy.

- e. Coverage for a Supplemental Extended Reporting Period must be added by endorsement for which an additional premium charge must be paid. Such period starts sixty (60) days after the end of the **POLICY PERIOD**.
4. The right to purchase a Supplemental Extended Reporting Period will terminate unless:
 - a. **WE** receive a written request for a Supplemental Extended Reporting Period; and
 - b. The additional premium is paid;within sixty (60) days of the end of the **POLICY PERIOD**.

The **NAMED INSURED'S** request must specify the length of the Supplemental Extended Reporting Period desired. Once in effect, Extended Reporting Periods may not be canceled.

5. An Extended Reporting Period does not extend the **POLICY PERIOD** or change the scope of coverage provided. Subject otherwise to the policy's terms, Limits of Liability, exclusions and conditions, the policy is extended to apply to **CLAIMS** first made against **YOU** and reported to **US** in writing during the Basic Extended Reporting Period or, if purchased, the Supplemental Extended Reporting Period, but only for **CLAIMS** due to **WRONGFUL ACTS** which happened on or after the **RETROACTIVE DATE** and on or before the expiration of the **POLICY PERIOD**.
6. Extended Reporting Periods do not reinstate or increase the policy's Limits of Liability. **CLAIMS** which are first made and reported during the Basic Extended Reporting Period or the Supplemental Extended Reporting Period, if it is in effect, will be deemed to have been made on the last day of the **POLICY PERIOD**.

CONDITIONS

1. Cancellation

This policy may be canceled by the **NAMED INSURED** by surrendering the policy to **US** or any of **OUR** authorized agents or by sending written notice to **US** stating when the cancellation is to be effective. **WE** may cancel this policy by sending to the **NAMED INSURED** a written notice stating when the cancellation is to be effective. **WE** will give the **NAMED INSURED** ten (10) days notice for non-payment of premium or sixty (60) days notice for any other valid reason.

The mailing of notice will be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice will become the end of the **POLICY PERIOD**. Delivery of written notice either by the **NAMED INSURED** or by **US** will be equivalent to mailing.

If this policy is canceled, **WE** will send the **NAMED INSURED** any premium refund due. If **WE** cancel, the refund will be pro rata. If the **NAMED INSURED** cancels, the refund will be the customary short rate proportion. **WE** will retain not less than twenty-five percent (25%) of the original premium. **WE** will make the premium refund as soon as practicable after the date of cancellation. However, the premium refund is not a condition of cancellation.

Notice of cancellation will only be sent to the **NAMED INSURED** and will serve as notice to all of **YOU**.

2. Nonrenewal

If **WE** do not renew this policy, **WE** will send written notice to the **NAMED INSURED** at least sixty (60) days before the end of the **POLICY PERIOD**. If notice is mailed, proof of mailing will be sufficient proof of notice.

3. Assignment

Assignment of interest under this policy will not bind **US** unless **WE** endorse the policy in writing assigning **YOUR** interest to another party.

4. Changes

The terms of this policy will not be waived or changed except by endorsement issued by **US** and made a part of this policy.

5. Material Change

If during the **POLICY PERIOD**, the **NAMED INSURED** employs more than two individuals or ceases to own one hundred percent (100%) of the **NAMED INSURED**, then no coverage shall be afforded under this policy for any **CLAIM** involving a **WRONGFUL ACT** occurring after such change. Only **CLAIMS** based upon **WRONGFUL ACTS** occurring prior to such change will apply to this policy.

6. Conflicting Statutes

Any part of this policy which is in conflict with the statutes of the state in which this policy is issued is amended to conform to such statutes.

7. Subrogation Clause

YOU will transfer to **US** **YOUR** rights of recovery against any other party for any **DAMAGES WE** have paid on **YOUR** behalf. **YOU** must do everything necessary to secure these rights and do nothing that would jeopardize them.

Any amount recovered from subrogation shall be apportioned as follows:

Any amount recovered shall first, be used for repayment of **SUBROGATION EXPENSES**; second, to any **DAMAGES** and/or **CLAIM EXPENSE** paid by **US**; third, to any **DAMAGES** and **CLAIM EXPENSE** paid by any other insurer on **YOUR** behalf; and last, to repayment of **YOUR DEDUCTIBLE**.

8. Severability Clause

The application and any supplements or addendums, copies of which are attached to this policy, and the Declarations, are part of this policy. They are to be considered as incorporated in and constituting part of this policy. The particulars and statements contained in the application and any supplements or addendums and the conditions and exclusions set forth in this policy will be construed as a separate agreement with each of **YOU**. By acceptance of this policy, **YOU** agree that the statements in the application are **YOUR** representations, that they shall be deemed material and that this policy is issued upon the truth of such representations. Nothing in this provision will be construed to increase **OUR** Limits of Liability as set forth in the Declarations.

9. Other Insurance

If **YOU** have other insurance which applies to a **CLAIM** reported under this policy, **WE** will be excess of the amount of the applicable **DEDUCTIBLE** and any other valid and collectible insurance whether such other insurance is primary, pro rata, contributory, excess, contingent or any other basis, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided in this policy.

If **YOU** are working under contract as an independent contractor, this policy will be excess over any coverage provided to **YOU** by the party with whom **YOU** are under contract.

If a loss occurs involving two or more policies, each of which provides that its insurance will be excess, then each policy will contribute on a pro rata basis. This means that **WE** will pay no more than **OUR** percentage of the total amount of the insurance covering the **CLAIM**, less the **DEDUCTIBLE**.

10. Action Against US

No action will lie against **US** unless **YOU** have fully complied with all the terms and conditions of this policy prior to bringing the action.

11. Inspection and Audit

YOU agree to allow **US** to examine and audit **YOUR** premises, management procedures, and financial or business records as they relate to this insurance during normal business hours while this policy is in force. **WE** are not, however, required to make inspections nor will **WE** guarantee that **YOUR** procedures are adequate or that they conform to any laws, rules or regulations.

12. Bankruptcy

In the event of **YOUR** bankruptcy or insolvency, **WE** will not be relieved of **OUR** obligations under the terms and conditions of this policy.

13. Sole Agent

By acceptance of this policy, the **NAMED INSURED** agrees to act on **YOUR** behalf with respect to:

- a. Exercising the option to purchase an Extended Reporting Period;
- b. The giving and receiving of notice of **CLAIMS** or cancellation;
- c. The payment of premiums that may become due under this policy; and
- d. The payment of **DEDUCTIBLES** that may become due under this policy.

Each of **YOU** agree that the **NAMED INSURED** will act on **YOUR** behalf.

14. Premium

All premiums for this policy shall be computed in accordance with **OUR** rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.