

ARCHITECTS AND ENGINEERS PROFESSIONAL LIABILITY POLICY

THIS IS A CLAIMS MADE AND REPORTED POLICY
PLEASE READ CAREFULLY

THIS POLICY IS WRITTEN ON A CLAIMS-MADE AND REPORTED BASIS AND PROVIDES PROFESSIONAL LIABILITY COVERAGE FOR THOSE CLAIMS THAT OCCUR SUBSEQUENT TO THE RETROACTIVE DATE STATED IN THE DECLARATIONS AND WHICH ARE FIRST MADE AGAINST YOU AND REPORTED TO US WHILE THIS POLICY IS IN FORCE. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AGAINST YOU AND REPORTED TO US AFTER THE END OF THE POLICY TERM UNLESS, AND TO THE EXTENT, AN EXTENDED REPORTING PERIOD APPLIES.

PROVISIONS

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words “you” and “your” refer to the “Named Insured” shown in the Declarations, and any other person or organization qualifying as a “Named Insured” under this Policy. The words “we”, “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION II - DEFINITIONS.

In consideration of payment of the premium, and in reliance upon the statements made in the Application and its attachments and any materials submitted therewith, all of which are made a part hereof, and subject to the Declarations and all the terms and conditions of this Policy, including any endorsement hereto, we agree with you as follows:

SECTION I - COVERAGES

1. **Insuring Agreement**

- a. We will pay on behalf of the “Insured” those sums in excess of the deductible that the “Insured” becomes legally obligated to pay as “Damages” and “Claims Expenses” because of a “Claim” first made against the “Insured” and reported to us in writing during the “Policy Period” by reason of a “Wrongful Act” in the performance of or failure to perform “Professional Services” by the “Insured” or by any other person or entity for whom the “Insured” is legally liable. The “Wrongful Acts” must have been committed on or subsequent to the “Retroactive Date” specified in the Declarations and before the end of the “Policy Period”.

b. **Defense and Settlement**

We shall have the right and duty to defend any covered “Claim” brought against the “Insured” even if the “Claim” is groundless, false or fraudulent. However, we will have no duty to defend the “Insured” against any “Claim” seeking “Damages” to which this insurance does not apply. The “Insured” shall not admit or assume liability or settle or negotiate to settle any “Claim” nor incur any “Claims Expenses” without our prior written consent. We shall have the right to appoint counsel and to make any investigation and defend any “Claim” as we deem necessary.

We shall not settle any “Claim” without the written consent of the “Named Insured”. If the “Named Insured” refuses to consent to a settlement recommended by us and acceptable to the claimant, then our Limit of Liability under this Policy with respect to such “Claim”, shall be reduced to the amount of “Damages” for which the “Claim” could have been settled plus any “Claims Expenses” incurred up to the time we made our recommendation to the “Named Insured”. This amount shall not exceed the unexhausted Limit of Liability as specified in the Declarations.

We shall not be obligated to investigate, defend, pay or settle, or continue to investigate, defend, pay or settle any "Claim" after the applicable Limit of Liability specified in the Declarations has been exhausted by payment of "Damages" and "Claims Expenses" or any combination thereof. In such case, we shall have the right to withdraw from further investigation, defense, payment or settlement of such "Claim" by tendering control of such "Claim" to you.

"Claims Expenses" are a part of and not in addition to the Limit of Liability. The payment by us of "Claim Expenses" reduces the applicable Limit of Liability.

SECTION II – DEFINITIONS

Defined terms are in quotation marks throughout this Policy and may be used in either the singular or plural, as appropriate.

- A. "Bodily Injury" means injury to the body, sickness or disease, including death resulting from such injuries. "Bodily Injury" also means mental injury, mental anguish, mental tension, emotional distress, pain and suffering, or shock, whether or not resulting from injury to the body, sickness, disease or death of any person.
- B. "Claim" means a written demand for monetary damages arising out of or resulting from the performing or failure to perform "Professional Services".
- C. "Claims Expenses" means:
- (1) attorneys' fees, expert witness fees and other reasonable fees and costs "Insured" by us or by you with our prior written consent, in the investigation and defense of covered "Claims";
 - (2) reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a "Claim", including the cost of appeal bonds, however, we shall not be obligated to apply for or furnish appeal bonds on your behalf.
- "Claims Expenses" does not include your employees wages or salaries or the costs of your directors, officers or employees.
- All "Claims Expenses" are a part of the Limit of Liability and Deductible and shall not be considered sums payable in addition thereto.
- D. "Damages" means any compensatory amount which you become legally obligated to pay as a result of a covered "Claim", including judgments, awards and settlements.
- "Damages" shall not include:
- (1) civil or criminal fines, penalties, sanctions, whether pursuant to law, statute, regulation or court rule;
 - (2) punitive and exemplary damages and the multiplied portion of multiplied damages;
 - (3) any matter, sum or award that is uninsurable under the law; or
 - (4) the cost to comply with an injunctive or other non-monetary or declaratory relief.
- E. "Disciplinary Proceeding" means any proceeding by a regulatory or disciplinary official or agency to investigate charges made by a client or former client alleging professional misconduct in performing or failing to perform "Professional Services".
- F. "Insured" means the "Named "Insured" and:
- (1) any past, present or future principal, partner, officer, director, stockholder, trustee or employee of the "Named Insured" but only with respect to "Professional Services" performed on behalf of the "Named Insured";

- (2) independent contractors who are natural persons, or any temporary or leased personnel but only while acting under your direct supervision and on your behalf;
 - (3) the estate, heirs, executors, administrators or legal representatives of any "Insured" described in subpart (a) or (b) above in the event of such "Insured's" death, incapacity, insolvency or bankruptcy but only to the extent that such "Insured" would otherwise be provided coverage under this Policy; or
 - (4) Any "Subsidiary".
- G. "Named Insured" means the entity or person named in the Declarations.
 - H. "Policy Period" means the period of time shown in the Declarations
 - I. "Professional Services" means those services which you are legally qualified to perform for others in your capacity as an architect, engineer, landscape architect, land surveyor or planner.
 - J. "Property Damage" means any injury to or loss or destruction of tangible property, including the loss of use thereof.
 - K. "Related Claims" means all "Claims" arising out of a single "Wrongful Act" or series of "Related Wrongful Acts" in the performance of or failure to perform "Professional Services".
 - L. "Related Wrongful Acts" means all "Wrongful Acts" that have as a common nexus any fact, circumstance, situation, event, transaction cause or series of casually connected facts, circumstances, situations, events, transactions or causes.
 - M. "Retroactive Date" means the date specified in the Declarations.
 - N. "Subsidiary" means any entity in which the "Named Insured" owns either directly or indirectly 50% or more of the outstanding voting stock.
 - O. "Wrongful Act" means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty in the performing of or failure to perform "Professional Services".

SECTION III - EXCLUSIONS

This Policy does not apply to any "Claim" against the "Insured":

- a. Based on or directly or indirectly arising out of:
 - (1) A "Professional Service" rendered prior to the effective date of the Policy if any "Insured" knew or could have reasonably foreseen that the "Professional Service" could give rise to a "Claim";
 - (2) Any common fact, circumstance, transaction advice or decision involved in a "Professional Service" reported as a "Claim" or potential "Claim" under any prior Policy; or
 - (3) Any "Claim", suit, act, error or omission disclosed in the application for this Policy.
- b. Based on or directly or indirectly arising from an "Insured's" "Professional Services" for:
 - (1) Any other "Insured" under the Policy;
 - (2) Any firm, organization, entity or trust not named in the Declarations in which the "Insured"
 - (a) has or had any ownership interest;
 - (b) is or was a director, officer, partner, principal shareholder or employee; or,
 - (c) at any time managed, operated or exercised direct or indirect control.

- c. Based on or directly or indirectly arising out of any actual or alleged liability assumed by you under any contract or agreement, unless such liability would have attached to you even in the absence of such contract.
- d. Based on or directly or indirectly arising out of any actual or alleged "Bodily Injury" or "Property Damage".
- e. Based upon or directly or indirectly arising out of any express warranty or guarantee.
- f. Based on or directly or indirectly arising out of or resulting from:
 - (1) Any act committed with knowledge of its wrongful nature or with the intent to cause damage; or,
 - (2) The gaining by the "Insured" of any personal profit, gain or advantage to which the "Insured" is not legally entitled; or
 - (3) Any disputes over fees for services; or,
 - (4) Any criminal, fraudulent, or dishonest act. However, we shall defend such allegations against the "Insured" if it involves a "Claim" otherwise covered under the Policy until final adjudication; or,
 - (5) Judgments or awards arising from acts or omissions deemed uninsurable by law.
- g. Based on or directly or indirectly arising out of or resulting from infringement of patent, copyright, trademark, service mark or trade name; or unfair competition based upon actual or alleged infringement of patent, copyright, trademark, service mark, or trade name.
- h. Based on directly or indirectly arising out of or resulting from any "Claim" based on the unauthorized access to the "Insured's electronic data processing system.
- i. Based on directly or indirectly arising out of any "Disciplinary Proceeding".
- j. Based on directly or indirectly arising out of or resulting from the design or manufacture of any goods or products which are sold or supplied by you, or by others under license from you.
- k. Based on directly or indirectly arising out of or resulting from the cost to repair or replace faulty construction workmanship or materials in any construction, erection, fabrication, installation, assembly or manufacturing process if performed or provided by you, including materials, parts or equipment furnished in connection therewith.
- l. Relating in whole or in part to the dissolution of the firm.

SECTION IV – LIMIT OF LIABILITY

1. Our maximum liability for all "Damages" and "Claims Expenses" resulting from each "Claim" covered under this Policy shall not exceed the amount stated in the Declarations as LIMIT OF LIABILITY – EACH "CLAIM". Our maximum aggregate liability for all "Damages" and "Claims Expenses" resulting from all "Claims" covered by this Policy shall be the aggregate limit of liability stated in the Declarations as LIMIT OF LIABILITY – AGGREGATE.
2. All "Claims" alleging, based upon, arising out of or attributable to the same "Wrongful Act" and "Related Wrongful Acts" shall be deemed to be a single "Claim" regardless of whether made against one or more "Insured" and such "Claim" shall be deemed first made on the date the earliest of such "Claims" is first made even if such date is before the "Policy Period"
3. The number of "Insureds" covered by the Policy shall not operate to increase the Limits of Liability.
4. Two or more "Claims" or suits arising out of the same, related or continuous "Professional Services" shall be considered a single "Claim".
5. If two or more Policies of insurance issued by us apply to the same "Claim" or "Claims" for which any "Insured" is legally liable, we shall not be liable under this Policy for more than the Limit of Liability of

that Policy issued by us which has the highest applicable Limit of Liability. If the Limit of Liability on each Policy is the same, only one limit will apply.

SECTION V – DEDUCTIBLE

We shall only be liable for those amounts payable as “Damages” and/or “Claims Expenses” which are in excess of the applicable deductible stated in the Declarations. The “Deductible” shall apply separately to each “Claim” and shall be paid by you. You shall promptly make direct payments within the deductible to the appropriate parties as designated by us. We shall have no obligation to make payments within the deductible and then seek reimbursement from you.

SECTION VI - TERRITORY

This Policy only applies to “Claims” which are brought in the United States, its territories or possessions, or Canada.

SECTION VII – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the “Insured” or of the “Insured’s” estate will not relieve us of our obligations under this Policy.

2. Notice of “Claims”

As a condition precedent to our obligations under this Policy, you shall give written notice to us as soon as practicable, but in no event later than 60 days after the end of the “Policy Period” of any “Claim” made against you. You shall immediately forward to us every demand, notice, summons or other process or pleading received by you or your representative. You will not, except at your own cost, voluntarily make any payment, assume any obligation, or incur any expense.

3. Assistance and Cooperation

You shall cooperate with us and provide us with all information and assistance which we reasonably request including without limitation attend hearings, depositions and trials and assisting in effecting settlements, securing and giving evidence and conducting the defense of any “Claim” covered by this Policy. You shall do nothing that may prejudice our position.

4. Legal Action Against Us

No person or organization has a right under this Policy to join us as a party or otherwise bring us into a suit asking for “Damages” from an “Insured”.

No action shall be brought against us, unless, as a condition precedent thereto, you shall have fully complied with all the terms of this Policy, and the amount of your obligation to pay shall have been fully determined either by judgment against you after actual trial and appeal or by written agreement between you, the claimant and us.

5. Other Insurance

This Policy shall be excess over any other valid and collectible insurance, self-insurance or indemnification available to you, whether such other insurance or indemnification is stated to be primary, contributory, excess, contingent, self insurance or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability of this Policy.

6. Representations

By accepting this Policy, you agree:

- A. The statements in the Declarations are accurate and complete;
- B. Those statements are based upon representations you made to us; and
- C. We have issued this Policy in reliance upon your representations.

7. Subrogation

In the event of any payment under this Policy, we shall be subrogated to all of your rights of recovery against any person or organization and you shall execute and deliver instruments and papers and whatever else is necessary to secure such rights. You must do nothing after a "Claim" is made to impair such rights.

8. "Named Insured" as Sole Representative

The "Named Insured" shall act on behalf of all "Insureds" with respect to completing the Application for this insurance, including representing the truth and completeness of all information as required including providing Notice of "Claim" or Loss, giving or receiving notice of cancellation or non-renewal, paying premium or receiving unearned premium, agreeing to any changes in this Policy, and electing whether or not to purchase the Extended Reporting Period.

9. Cancellation and Non-Renewal

- A. The "Named Insured" shown in the Declarations may cancel this Policy by mailing or delivering to us advance written notice of cancellation.
- B. We may cancel this policy by mailing or delivering to the "Named Insured" written notice of cancellation at least:
 - 1. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - 2. 30 days before the effective date of cancellation if we cancel for any other reason
- C. We will mail or deliver our notice the "Named Insured's" last mailing address known to us.
- D. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- E. If this policy is cancelled, 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 may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- F. If notice is mailed, proof of mailing will be sufficient proof of notice.

If we elect not to renew this Policy for an additional "Policy Period", we shall mail written notice to the "Named Insured" at the address shown in the Declarations. Such written notice of non-renewal shall be mailed at least 30 days prior to the end of the "Policy Period".

10. Acquisitions, Mergers and Material Changes

In the event that after the inception date of this Policy you:

- A. acquire all or substantially all of the assets of another entity; or,
- B. merge with another entity such that you are the surviving entity; or,
- C. create or acquire a subsidiary; or,
- D. otherwise change your business as described in the application in a manner material to the risk underwritten by us,

then no coverage shall be afforded under this Policy for the assets acquired by you; the "Wrongful Acts" of the entity merged with, acquired by or created by you; or your changed business activities unless and until:

- A. you provide written notice of any of the above events to us not more than thirty (30) days after the effective date thereof; and,
- B. you provide us with such pertinent information that we may deem necessary; and,
- C. you accept any special terms, conditions, exclusions and pay any additional premium charge required; and,
- D. we, at our sole discretion, specifically agree in writing to provide such coverage.

Should we agree to provide coverage for the newly purchased or created entity or subsidiary, or for your changed business activities, such coverage will be only for “Wrongful Acts” first committed following the date we agree to provide such coverage.

11. Assignment

Assignment of any interest by you under this Policy shall not bind us without our written consent.

SECTION VIII – EXTENDED REPORTING PERIOD

In the event of cancellation or non renewal of this Policy, by either the “Named “Insured”” or the Company, for reasons other than non payment of premium or material misrepresentation in the Application, you shall have the right to an Extended Reporting Period as follows:

(a) Automatic Extended Reporting Period

Coverage as provided under this Policy shall automatically continue for a period of sixty (60) days following the effective date of such cancellation or non renewal, but only with respect to “Claims” and “Wrongful Acts” committed before the effective date of such cancellation or no renewal.

(b) Optional Extended Reporting Period

You shall have the right, upon payment of the additional premium set forth in the Declarations, to an extension of the coverage provided under this Policy for the term set forth in the Declarations following the effective date of such cancellation or non renewal, but only with respect to “Claims” for “Wrongful Acts” committed before the effective date of such cancellation or non renewal.

This right shall terminate, however, unless written notice of such election and payment of the additional premium is received by us not later than sixty (30) days after the effective date of such cancellation or non renewal. A change in Policy terms and conditions and/or premium shall not be considered non renewal for purposes of triggering either Extended Reporting Period

The entire premium for the Extended Reporting Period shall deemed fully earned and non refundable.

The fact that the period during which “Claims” may be reported to us under this Policy is extended by virtue of the Automatic and Optional Extended Reporting Periods does not in any way increase the Limits of Liability of this Policy.

SECTION IX – ARBITRATION

Should we disagree as to the rights and obligations owed by us under this Policy, including the effect of any applicable statutes or common law upon the contractual obligations otherwise owed, either party may request that the dispute be subjected to binding arbitration.

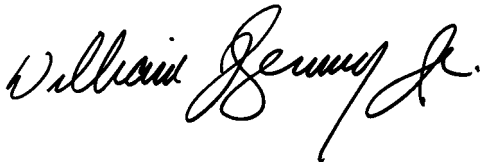
In the event that the parties cannot agree upon an arbitration forum and process, The American Arbitration Association shall be used, with each party selecting an arbitrator from the list of qualified arbitrators for insurance coverage disputes provided by that association. The two chosen arbitrators shall select a third arbitrator from the same list; if they cannot agree to a selection, the American Arbitration Association shall make the selection for them. Each party shall bear the costs of its arbitrator and shall share equally the costs of the third arbitrator and of the arbitration process.

In the event you prevail in the arbitration and we promptly offer to you arbitration costs and reasonable attorney's fees incurred in connection therewith, in addition to the disputed contract benefit, you shall have no right to sue us for breach of implied covenants or unreasonable withholding of contract benefits.

To the extent that we prevail in the arbitration, the arbitrators may award us any "Claims Expenses" and/or "Damages" incurred or paid under reservation of rights in excess of our contract obligations as determined by the arbitrators.

In Witness Whereof, we have caused the President and Secretary to execute and attest these presents; but this policy shall not be valid unless countersigned in accordance with state law by a duly authorized representative of this Company.

SECRETARY



PRESIDENT

