

PROFESSIONAL LIABILITY COVERAGE
Claims-Made and Reported Coverage

THIS POLICY IS CLAIMS-MADE AND REPORTED COVERAGE. CLAIMS-MADE AND REPORTED COVERAGE REQUIRES CLAIMS TO BE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO THE COMPANY DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD.

DEFENSE EXPENSE REDUCES THE LIMITS OF INSURANCE AND IS INCLUDED WITHIN THE DEDUCTIBLE. READ THE ENTIRE POLICY CAREFULLY TO DETERMINE YOUR RIGHTS, DUTIES, AND WHAT IS OR IS NOT COVERED.

Throughout this policy, the words “you” and “your” refer to the “named insured” shown in the Declarations. The words “we,” “us” and “our” refer to the Company providing this insurance. Other words and phrases that appear in “quotes” have special meaning. Refer to Section **II. DEFINITIONS**. The terms and conditions described in this coverage part are specific to this coverage part and are not applicable to any other coverage form or coverage part.

In consideration of the premium paid and in reliance upon the statements that you provided to us in the application and any other supplemental information provided in connection with the application, we agree to provide coverage as shown in the Declarations and described as follows:

I. INSURING AGREEMENT

A. Professional Liability – Claims-Made

1. We will pay on behalf of the “insured” for “professional loss” in excess of the deductible that the “insured” becomes legally obligated to pay as a result of a “claim” caused by an actual or alleged negligent act, error or omission in the performance of “your professional services” provided:
 - a. Such “claim” is first made against the “insured” and reported to us, in writing, during the “policy period”, or as expressly provided for in the “extended reporting period”, if applicable; and
 - b. “Your professional services” were first rendered on or after the Professional Liability Retroactive Date listed at ITEM 8. of the Declarations, and prior to expiration of the “policy period”.
2. We will reimburse the “insured” for reasonable attorney fees, costs and expenses incurred in responding to a “disciplinary proceeding”, provided:
 - a. A “disciplinary proceeding” is commenced during the “policy period” against you, by reason of any actual or alleged negligent act, error or omission in the rendering of “your professional services”;

- b. “Your professional services” that are subject to such “disciplinary proceeding” are first rendered for others on or after the Professional Liability Retroactive Date listed at ITEM 8. of the Declarations and before expiration of the “policy period”; and
- c. The “insured” reports the actual or alleged negligent act, error or omission to us during the “policy period” and prior to such “disciplinary proceeding”.

The maximum amount payable, regardless of the number of “disciplinary proceedings” or the number of “insureds”, shall be \$10,000 per “policy period”. The deductible shall not apply to this provision; however, any payments made by us under this provision will erode the applicable Limit of Insurance and are not in addition thereto. The Company will not be obligated to defend, or pay any fine, penalty or award resulting from any “disciplinary proceeding”.

II. DEFINITIONS

- A. “Claim” means a written demand, notice, or assertion of a legal right seeking a remedy or alleging liability or responsibility on the part of you or any “insured” as a result of an alleged or actual act, error or omission. Such demand, notice, or assertion of a legal right includes, but is not limited to legal actions, orders, petitions or governmental or regulatory actions, filed against you or any “insured”.
- B. “Defense expense” means reasonable and necessary legal fees and expenses incurred in the defense, investigation or adjustment of any “claim” to which this insurance applies. “Defense expense” does not include salaries, wages, overhead or benefit expenses incurred by the “insured”, including but not limited to employees or supervisory or monitoring counsel, or legal fees or expenses incurred in connection with any dispute, disagreement or controversy arising out of the formation, interpretation, alleged breach, termination, or invalidity of this policy, or as to any other issue regarding the respective duties and responsibilities of us or any “insured” regarding this policy.
- C. “Employee” includes temporary and leased staff working on behalf of and under direct supervision and control by you, but only while acting within the scope of performing “your professional services”. Out of alphabetical order
- D. “Disciplinary proceeding” means any proceeding by a regulatory official or disciplinary agency to investigate charges made by a client or former client alleging professional misconduct in rendering or failing to render “your professional services”.
- E. “Extended reporting period” means either:
 - 1. Automatic “extended reporting period” under Section VIII. **EXTENDED REPORTING PROVISIONS**, Paragraph A. Supplemental “extended

reporting period” under Section **VIII. EXTENDED REPORTING PROVISIONS, Paragraph B.;**

Whichever is applicable, in which to report a “claim” that was first made against the “insured” during the “policy period” following termination of coverage, as described in Section **VIII. EXTENDED REPORTING PROVISIONS.**

- F.** “Inception date” means: (i) the first date shown in ITEM 3. in the Declarations; or (ii) with respect to any endorsement the Company issues after the first date shown in ITEM 3. in the Declarations, the effective date listed in such endorsement.
- G.** “Insured” means:
- 1.** The “named insured”;
 - 2.** Any past or present director, officer, partner or employee of the “insured”, including a temporary or leased “employee”, while acting within the scope of his or her employment as such;
 - 3.** Any joint venture in which you participate as a member or co-venturer, but solely with regard to your liability as arising out of “your professional services” provided in such joint venture. “Insured” does not include the legal entity itself, the joint venture itself or any other entity that is part of either the legal entity or joint venture.
- H.** “Named insured” means the individual or entity shown in ITEM 1. in the Declarations and responsible for acting on behalf of all insureds, if any, under this policy, as described in **J.** “Sole Agent” of the Common Policy Terms and Conditions endorsement.
- I.** “Policy period” means the period set forth in ITEM 3. of the Declarations, or any shorter period arising as a result of cancellation of this policy.
- J.** “Professional loss” means:
- 1.** A monetary judgment, award or settlement of compensatory damages;
 - 2.** Only where insurance coverage is allowable by law for:
 - a.** Civil fines and penalties assessed against a third party other than the “insured” for which the “insured” is legally liable;
 - b.** Civil fines and penalties assessed against the “insured”; and
 - c.** Punitive, exemplary or multiplied damages for which the “insured” is legally liable; and

3. “Defense expense” associated with Subsections 1. and 2. of this definition referenced above.

“Professional loss” does not include:

- (a) Injunctive or equitable relief;
 - (b) The return of fees or charges for services rendered;
 - (c) Costs and expenses incurred by the “insured” to redo, change, supplement or fix the “insured’s” work or services, including redesign, unless we have agreed, in writing, to such costs as part of a claim settlement; or
 - (d) Any of the “insured’s” overhead, mark-up or profit.
- K.** “Responsible individual” means any officer, director, partner or project manager of the “insured” or; the manager or supervisor of the “insured” who is responsible for environmental or health and safety affairs, risk management or compliance.
- L.** “Your professional services” means services performed by you or on your behalf for your client that arise out of a vocation, calling, occupation, or employment involving specialized knowledge, labor, or skill, and the labor or skill involved is predominantly mental or intellectual, rather than physical or manual and includes but is not limited to the following:
1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications;
 2. Supervisory, inspection, quality control, architectural or engineering activities;
 3. Any testing, evaluation, analysis, investigation, design, consultation or advice performed or provided by or on the “insured’s” behalf; or
 4. The reporting of any testing, evaluation, analysis, investigation.

III. LIMITS OF INSURANCE AND DEDUCTIBLE

The Limits of Insurance and the Deductible shown in ITEM 4. B. of the Declarations and the rules listed below fix the most we will pay regardless of the number of “insureds”, acts, errors, omissions, “claims” or claimants:

- A.** The Professional Liability Aggregate Limit shown in ITEM 4. B. of the Declarations is the most we will pay for all “professional loss” under this policy.

- B. The most we will pay for “claims” from any one “professional loss”, under the Insuring Agreement or endorsement is the applicable Professional Liability Limit of Insurance shown in ITEM 4. B. of the Declarations, or on an applicable endorsement. If no Limit of Insurance is shown for a particular Insuring Agreement in the Declarations or on the applicable endorsement, then no coverage is provided under that particular Coverage Part or Insuring Agreement.
- C. All “professional loss” arising out of the same, related or continuous acts, errors or omissions in rendering or failure to render “your professional services” shall be deemed to arise out of a single act, error or omission to which the Professional Liability Limit of Insurance and Deductible shall apply.
- D. Regardless of the “policy period” in which such “claim” or other coverage afforded under this policy is reported to us, and arising out of such act, error or omission, we will consider it to have been first made under the policy in effect at the time the “insured” first becomes aware of such act, error or omission. The Limits of Insurance from that policy only will apply. In the event that more than one Deductible amount could apply to the same act, error or omission and resulting “professional loss” or other coverage afforded under this policy, only the highest Deductible amount may be applied.
- E. We will pay the amount of “professional loss” in excess of the applicable Deductible and up to the applicable Professional Liability Limit of Insurance. In no event will payment exceed the Professional Liability Aggregate Limit shown in ITEM 4. of the Declarations. In the event that we advance any portion of the Deductible, the “insured” shall reimburse us for those amounts promptly and as soon as possible.

IV. EXCLUSIONS

This policy does not apply to “claims” for “professional loss” or “defense expense” for:

A. **Bankruptcy**

Based upon or arising out of bankruptcy or insolvency of an “insured” or of any other individual, firm or organization.

B. **Contractual Liability**

Based upon or arising out of the “insured’s”:

1. Liability of others assumed under any contract or agreement; or
2. Breach of contract or agreement.

This exclusion does not apply to liability:

- a. That the “insured” would have in the absence of such contract or agreement;
- b. For actual or alleged negligent acts, errors or omissions in the performance of “your professional services”.

C. Criminal Fines

Based upon or arising out of any criminal fines, criminal assessments or criminal penalties.

D. Damage to Insured’s Product

Based upon or arising out of the “named insured’s” product or work.

E. Damage to Insured’s Property

Based upon or arising out of physical injury to or destruction of property owned by an “insured” or leased, rented, or loaned to an “insured”, including property in the “insured’s” care, custody and control.

F. Discrimination

Based upon or arising out of discrimination by an “insured” on the basis of race, creed, national origin, disability, age, marital status, sex, or sexual orientation.

G. Employer Liability

Based upon or arising out of “bodily injury” to any “employee”, partner or member of any “insured” or by anyone who has a right to make a claim against any “insured” because of any employment, blood, marital or any other relationship with such “employee”, partner or member. This exclusion applies:

1. Whether the “insured” may be responsible as an employer or in any other capacity; or
2. To any obligation to share damages with or repay someone else who must pay damages because of “claims”.

H. Fiduciary Liability

Based “insured’s” services and/or capacity as:

1. An officer, director, partner, trustee or employee of an organization not identified in ITEM 1. of the Declarations, or charitable organization or pension, welfare, profit sharing, mutual or investment fund or trust; or

2. A fiduciary pursuant to the Employee Retirement Income Security Act of 1974 and its amendments, or any regulation or order issued pursuant thereto; or any other employee benefit plan.

I. Hostile Acts

Based upon or arising out of any consequence of, whether direct or indirect, war, invasion, act of a foreign enemy, hostilities whether declared or not, civil war, rebellion, revolution, insurrection, military or usurped power, or any covert military action.

J. Insurance and Suretyship

Based upon or arising out of the requiring, obtaining, procuring, purchasing, maintaining, advising as to, or the failure to require, obtain, procure, purchase, maintain or advise as to any form of insurance, suretyship or bond, either with respect to any “insured” or any individual or organization.

K. Insured versus Insured

Based upon or arising out of a “claim” by any “insured” against any other “insured” under this policy.

L. Known Conditions

Based upon or arising out of any actual or alleged negligent act, error or omission in “your professional services” or fact, circumstance, event or situation that could reasonably be expected to give rise to a “claim” under this policy in existence prior to the “inception date” or prior to the effective date of an endorsement to this policy and known by or reasonably should have been known by any “responsible individual” of the “insured”.

M. Personal Injury

Based upon or arising out of the false arrest, humiliation, harassment, detention, imprisonment, wrongful entry or eviction or other invasion of private occupancy, malicious prosecution, abuse of process, libel, slander, harassment, or other defamatory or disparaging material, or a publication or an utterance in violation of an individual’s right of privacy.

N. Prior Claims

Based upon or arising from a “claim” or circumstances reported or required to be reported by you under any other insurance that was in effect prior to the applicable “inception date” and was not issued by us or one of our affiliates.

O. Product Liability

Based upon or arising out of goods or products designed, manufactured, sold, handled or distributed by the “insured” or others trading under the “insured’s” name, after possession of such goods or products has been relinquished by the insured or others trading under its name.

P. Related Entities

Based upon or arising out of an “insured’s” involvement; (i) in “your professional services” performed by, or on behalf of, any organization, or subsidiary or affiliate thereof, not named in the Declarations, which an “insured” controls, manages, operates or holds more than a 25% ownership interest in, or which controls, manages, operates or holds more than a 25% ownership interest in an “insured” or (ii) as a partner, officer, director, stockholder, employer or “employee” of a business enterprise not named in the Declarations

Q. Securities Violations

Based upon or arising out of any 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, regulation or order issued pursuant to any of the foregoing statutes.

R. Separately Insured Project

Based upon or arising out of any project that is insured under a valid and collectible project specific insurance policy, including but not limited to a project specific policy, owner protective insurance policy, owner controlled insurance program, contractor controlled insurance program, wrap-up policy or other similar policy or program, under which an “insured” is provided coverage similar to this policy. This exclusion does not apply to projects specifically scheduled as an Insured Project in an endorsement to this policy.

S. Vehicles

Based upon or arising out of the use, maintenance or operation of an automobile, aircraft, watercraft or other conveyance.

T. Warranties and Guarantees

Based upon or arising out of any express warranty or guarantee. This exclusion does not apply to a warranty or guarantee by the “insured” that “your professional services” conform to generally accepted standards or a legal obligation that you would have in absence of such warranty or guarantee.

U. Willful Non-Compliance and Dishonest Acts

Based upon, arising out of or attributable to:

1. A “responsible individual’s” intentional, willful or deliberate noncompliance with or intentional disregard of any statute, regulation, ordinance, administrative complaint, notice of violation, notice letter, executive order, or instruction of any governmental agency or body; or
2. Actual or alleged fraudulent, dishonest, knowingly wrongful or malicious conduct by or at the direction of the “responsible individual”.

V. Workers Compensation / Employment Practices

Based upon or arising out of:

1. The Merchant Marine Act of 1920 (Jones Act) or any workers compensation, unemployment compensation, disability, employee benefits, profit sharing, ERISA law or similar or related laws; or
2. Any type of employment relationship, terms of conditions of employment, or law relating to the employment of any person, including but not limited to: (i) termination of employment; (ii) refusal to employ; or (iii) any employment-related practices, policies, procedures, acts or omissions.

V. DEFENSE AND SETTLEMENT

- A. We shall have the right and duty to defend any “insured” against any “claim” to which this insurance applies, even if such claim is groundless, false or fraudulent. For any “claim” for “professional loss” to which this insurance applies, we will pay “defense expense” in excess of the deductible: (i) for the investigation or defense of such “claim”; or (ii) incurred in connection with the payment of such “professional loss”. “Defense expense” is included within the Limits of Insurance and is included within the Deductible stated in ITEM 4. B. of the Declarations. Our duty to defend and to pay “defense expenses” ends once the Limits of Insurance are exhausted or tendered into a court of applicable jurisdiction or once the “insured” refuses a settlement offer as provided in Paragraph C. below. We shall have no duty to defend any “claim” or to pay “defense expense” for any “professional loss” to which this insurance does not apply.
- B. We shall have the right to select counsel for the investigation, adjustment and defense of “claims” to which this insurance applies. The “insured” shall have the right to propose such counsel and we will consult with the “insured” on the selection. If more than one “insured” is involved in a “claim” to which this insurance applies, we may, in our sole discretion, appoint separate counsel for one or more of such “insureds” if there is a material (actual or potential) conflict of interest among any such “insureds”.

- C. We reserve the right, but not the duty, to at any time, with the “insured’s” consent, settle any “claim” to which this insurance applies as we deem expedient. If with respect to any “claim” to which this insurance applies, the “insured” refuses to consent to the first settlement acceptable to the claimant which we recommend to the “insured” in writing, and elects to further contest such “claim”, then our liability for such “claim” shall not exceed the amount for which such “claim” could have been settled, including legal expenses incurred, up to the date of such refusal, plus fifty (50) percent of covered “professional loss” under this policy in excess of such first settlement amount. It being a condition of this insurance that the remaining fifty (50) percent of such “professional loss” in excess of the first settlement amount is uninsured and shall be borne by the “insured” at the “insured’s” own risk. Notwithstanding the foregoing, this paragraph shall not apply until the settlement amount exceeds the deductible amount stated in ITEM 4. B. of the Declarations or applicable endorsement.

In addition, if we recommend a first settlement of a “claim” to which this insurance applies within the policy’s applicable Limit of Insurance that is acceptable to the claimant, and the “insured” consents to such settlement, then the “insured’s” applicable deductible for such “claim” shall be retroactively reduced by ten (10) percent. It shall be a condition to such reduction that you must consent to the first settlement amount within thirty (30) days after the date we recommend to the “insured” such first settlement amount, or in the case of a first settlement amount which arises from a first settlement offer by the claimant, then within the time permitted by the claimant to accept such first settlement offer, but in all events no later than thirty (30) days after we recommend to the “insured” such first settlement offer. If the “insured” does not consent to the first settlement within the time prescribed above, the applicable deductible amount shall remain the respective amount set forth in ITEM 4. B. of the Declarations or applicable endorsement, even if consent is given to a subsequent settlement.

VI. NOTICE AND CLAIM REPORTING PROVISIONS

- A. Notice under this policy shall be given by the “insured”, or on your behalf:
1. In writing to us at:
 One Bala Plaza, Suite 100
 Bala Cynwyd, PA 19004-0950
 ATTN: Claims – Environmental
 2. By fax at: 1 (800) 685-9238; or
 3. By telephone at: 1 (800) 765-9749.

As a condition precedent to our obligations under this policy, the “insured” shall give written notice to us as soon as practicable during the policy period of any “claim”

made against the “insured” for “professional loss”. Oral notification must be followed with a written notice to us as soon as practicable during the policy period.

VII. DUTIES IN THE EVENT OF A CLAIM

A. The Insured’s Duties

As a condition precedent to our obligations under this policy, in the event of a “claim” under this policy and pursuant to **VI. NOTICE AND CLAIM REPORTING PROVISIONS** above, the “insured” shall:

1. Give sufficient notice containing all reasonable ascertainable information including but not limited to the particulars sufficient to identify the “insured”, witnesses, injured parties, time, place and underlying circumstances to us;
2. Give sufficient notice to us regarding the specific particulars of any contamination and reasonably anticipated response to such contamination and extent of expected remediation expense that may reasonably be anticipated to be incurred as a result of any contamination;
3. Immediately forward to us every demand, notice, summons, or other process received by the “insured” or the “insured’s” representatives;
4. Authorize us to obtain records and other information on an “insured’s” behalf
5. Take reasonable measures to protect its interests and to mitigate “professional loss”.
6. Except at the “insured’s” sole expense, admit no liability, make no payments, assume no obligation and incur no expense without our prior written consent, except in the case of emergency expense;
7. Fully cooperate with us and, upon our request, assist in investigations, making settlements and in the conduct and defense of “claims” or contamination incidents, including but not limited to securing any rights of indemnity, contribution or apportionment that an “insured” may have. Upon our request, the “insured” shall, at the “insured’s” sole cost, provide us with a sworn proof of loss (we will provide forms), submit to an examination by our representatives, under oath, and shall attend inquiries, interviews, hearings, trials and depositions and shall assist in securing and giving evidence and in obtaining the attendance of witnesses and employees; and
8. Not demand or agree to arbitration of any “claim” or any part of your responsibilities for remediation expense, loss or other coverage afforded or contamination without our prior written consent. Such consent shall not be unreasonably withheld.

VIII. EXTENDED REPORTING PERIOD PROVISIONS

A. Automatic Extended Reporting Period

1. If you cancel or refuse to renew this policy or, if we cancel or refuse to renew this policy for reasons other than non-payment of premium or fraud or material misrepresentation on your part, we will provide to you a ninety (90) day automatic “extended reporting period”, at no additional charge.
2. The automatic “extended reporting period” will apply to any claim first made against you and reported to us in writing during the ninety (90) day extension period, but only with respect to:
 - a. A negligent act, error or omission in “your professional services”, provided that “your professional services” are otherwise covered by this policy; or
 - b. Contamination that the “named insured” discovers during the “policy period” and reports to us in writing during the “policy period”; or
 - c. Solely with respect to contamination that the named insured discovers within twenty-four (24) hours prior to the termination of the policy and reports to us in writing during the five (5) days immediately following the termination of the policy;

Provided that such contamination is otherwise covered by this policy.

3. If you purchase replacement coverage for this policy or a supplemental “extended reporting period” under B. below, the ninety (90) day automatic extension period will end on the effective date of the replacement coverage or on the effective date of the supplemental “extended reporting period”, whichever is earliest.

B. Supplemental Extended Reporting Period

1. If you cancel or refuse to renew this policy or, if we cancel or refuse to renew this policy for reasons other than non-payment of premium or fraud or material misrepresentation on your part, you shall have the right to purchase a supplemental “extended reporting period” of three (3) years for a premium of not more than two hundred and fifty percent (250%) of the expiring policy premium.
2. The supplemental “extended reporting period” will apply to any claim first made against you and reported to us in writing during the supplemental “extended reporting period” but only with respect to:

- a. A negligent act, error or omission in “your professional services”, provided that “your professional services” are otherwise covered by this policy; or
- b. Contamination that the “named insured” discovers during the “policy period” and reports to us in writing during the “policy period”; or
- c. Solely with respect to contamination that the “named insured” discovers within twenty four (24) hours prior to the termination of the policy and reports to us in writing during the five (5) days immediately following the termination of the policy;

Provided that such contamination is otherwise covered by this policy.

3. You must apply for this extension in writing, accompanied by payment of premium, prior to the expiration of the ninety (90) day automatic “extended reporting period” under A. above.

C. Extended Reporting Periods

The “extended reporting periods” are subject to the following conditions, as applicable:

1. All premium paid with respect to a supplemental “extended reporting period” shall be deemed to be fully earned as of the first day of the extension period.
2. The supplemental “extended reporting period” described herein shall commence upon the day that the automatic “extended reporting period” terminates.
3. For the purpose of any “extended reporting period”, any change in premium, deductible, Limits of Insurance or other terms or conditions at renewal is not a refusal to renew.
4. Limits of Insurance available during any “extended reporting period” shall not exceed the balance of the Limits of Insurance in effect at the time the policy terminated.
5. In the event similar insurance is in force covering any claims first made during the automatic “extended reporting period”, there is no coverage under this policy.
6. In the event similar insurance is in force covering any claims first made during the supplemental “extended reporting period”, coverage provided by this policy shall be excess over any such other insurance, including any applicable deductible or self-insured retention amounts of such other insurance. For purposes of this provision, other insurance includes all types of self-insurance,

indemnification or other funding arrangement or program that is available to compensate an insured for liability.

7. Any “extended reporting period” does not extend the policy period. Any claim first made against you during an extended reporting period” will be deemed to have been first made during the last day of the “policy period”.

IN WITNESS WHEREOF, WE HAVE CAUSED THIS POLICY TO BE SIGNED BY OUR PRESIDENT AND SECRETARY. THIS POLICY SHALL NOT BE VALID UNLESS SIGNED ON THE DECLARATIONS PAGE BY OUR DULY AUTHORIZED REPRESENTATIVE.

SPECIMEN