

In consideration of the payment of the premium and subject to the General Terms and Conditions ("GTC"), the Insurer and the **Insureds** agree as follows:

I. INSURING CLAUSE

The Insurer shall pay, on behalf of an **Insured**, **Loss** on account of a **Claim** first made during the **Policy Period**.

II. EXCLUSIONS

In addition to the Exclusions set forth in Section II. EXCLUSIONS of the GTC, no coverage shall be provided under this Coverage Part for **Loss** on account of that portion of a **Claim**:

- A. Aircraft, Automobile, Mobile Equipment or Watercraft – for injury or damage arising out of the ownership, maintenance, use (including operation and loading and unloading) or entrustment to others of any aircraft, **Automobile**, **Mobile Equipment** or watercraft. This exclusion shall not apply to loading and unloading of **Patients**;
- B. Contractual Liability – for any liability in connection with any contract, agreement, warranty or guarantee to which an **Insured** is a party, provided that this exclusion shall not apply:
 - 1. to **Loss** to the extent that such **Insured** would have been liable for such **Loss** in the absence of such contract, agreement, warranty or guarantee, including for any **Medical Professional Injury**; or
 - 2. to the extent coverage is provided for an **Insured Person** as defined in paragraph Q. subparagraph 6. of Section VI. GLOSSARY;
- C. Disciplinary Proceedings – based upon, arising out of or resulting from any:
 - 1. disciplinary proceeding against an **Insured** conducted by any regulatory body, disciplinary board or governmental agency; or
 - 2. federal or state inquiry or review involving an **Insured's** professional licensure.

However, this exclusion shall not apply to the extent coverage is provided by Paragraph B. Hearing Cost Reimbursement in Section III. ADDITIONAL COVERAGES;

- D. Employer's Liability – for injury or damage to:
 - 1. an **Employee** arising out of and in the course of:
 - (a) employment by an **Insured**; or
 - (b) performing duties related to the conduct of an **Insured's** business; or
 - 2. the spouse, child, parent, brother or sister of that **Employee** as a consequence of the injury or damage stated in paragraph 1. above.

This exclusion shall apply:

- a. whether the **Insured** may be liable as an employer in any other capacity; and
 - b. to any obligation to share damages with or repay someone else who must pay damages due to such injury or damage;
- E. Employment-Related Practices –
 - 1. for injury or damage resulting from:
 - (a) refusal of employment;
 - (b) termination of employment; or

(c) employment-related practices, policies, acts or omissions including coercion, demotion, evaluation, reassignment, discipline, false imprisonment, invasion of rights to privacy, infliction of emotional distress, defamation, harassment, humiliation or discrimination.

2. by the spouse, child, parent, brother or sister as a consequence of the injury or damage stated in paragraph 1. above;

- F. Goods and Products – based upon, arising out of or resulting from general liability, or goods or products manufactured, sold, or distributed by an **Insured** or by others trading under an **Insured's** name;
- G. Intoxication – based upon, arising out of or resulting from any **Wrongful Act** which takes place while an **Insured** is under the influence of any drug or intoxicant; however, this exclusion shall not apply to preclude or limit coverage for allegations based on the vicarious liability of the **Company** for an otherwise covered **Loss**;
- H. License Restrictions – for injury or damage arising from **Medical Services** performed by an **Insured** whose required license, certification, or license to dispense or prescribe controlled substances is under suspension or has been restricted, revoked, surrendered, or otherwise terminated at the time such **Medical Services** take place;
- I. Managed Care Activities – based upon, arising out of or resulting from **Managed Care Activities**, but this exclusion shall not apply to a **Claim** for **Peer Review**;
- J. Non-FDA Approved – for injury or damage arising out of the design, manufacture, use, purchase, distribution, promotion, or sale of any non-FDA approved medication, device, equipment or protocol. However, this exclusion shall not apply to **Professional Services** related to a clinical trial of such non-FDA approved medication, device or equipment or protocol when the applicable Institutional Review Board has made written approval of the trial;
- K. Other Coverage Parts – that is covered under any other Coverage Part attached to this Policy, unless otherwise stated;
- L. Prior Knowledge – based upon, arising out of or resulting from any **Wrongful Act** committed prior to the **First Inception Date**, if, on or before such date, any **Insured** knew or could reasonably have foreseen that such **Wrongful Act** would result in a **Claim**;
- M. Qui tam – for injury or damage arising out of any qui tam or similar **Claim**;
- N. Services By Non-Insured – based upon, arising out of or resulting from the rendering or failure to render **Medical Services** by any person other than an **Insured**; however, this exclusion shall not apply to an **Insured's** vicarious liability with regard to such **Medical Services**; and
- O. Services Outside Employment – based upon, arising out of or resulting from any **Medical Services** provided by an **Insured Person**, or person for whom an **Insured** is responsible, if such **Medical Services** are provided outside of their employment for the **Company**; however, this exclusion shall not apply to a **Claim** against an **Insured Person** as defined in paragraph Q. subparagraph 2. of Section VI. GLOSSARY;

III. ADDITIONAL COVERAGES

- A. Evacuation Expenses – The Insurer shall reimburse the **Insured** for **Evacuation Expenses** actually incurred in connection with an **Evacuation**:
 - 1. first occurring during the **Policy Period**; and
 - 2. reported as soon as practicable, but in no event later than 30 days after the **Insured** incurs **Evacuation Expenses** for which coverage is sought, or 30 days after the termination of the **Policy Period**, whichever is earliest.

The **Insured** is not required to obtain the Insurer's prior written approval or consent before incurring **Evacuation Expenses**, however, no coverage shall be provided for **Evacuation Expenses** arising out of any:

- (a) strike or bomb threat, unless the **Evacuation** was ordered by a government authority;
- (b) false fire alarm or planned evacuation drill;

- (c) vacating one or more **Patients** due to their individual medical condition;
- (d) nuclear reaction, radiation or any radioactive contamination, however caused;
- (e) seizure or destruction of property by order of a government authority; provided this paragraph shall not apply when a government authority orders **Evacuation** due to such seizure or destruction of property; or
- (f) war, whether or not declared, civil war, insurrection, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization or any act or condition relating to any of the foregoing.

B. Hearing Cost Reimbursement – The Insurer shall reimburse the **Company** for **Hearing Costs** arising out of **Hearings** involving physicians named in the schedule set forth in Item 4. of the Declarations, provided such **Hearings** result from a **Medical Professional Injury**. The Insurer shall have no duty to defend any physician in any **Hearing**.

The Retention or Deductible set forth in Item 2. of the Declarations shall not apply to this Additional Coverage.

This Additional Coverage shall not apply to any **Hearing** based upon, arising out of or resulting from:

- 1. the appointment or reappointment of medical staff or the revocation or restriction of medical staff privileges by any health care facility or managed care organization;
- 2. disputes over timely completion or alteration of medical records;
- 3. fraud, abuse or willful non-compliance with the rules and regulations of Medicaid or Medicare or any other program of a local, state or federal agency;
- 4. allegations of substance abuse by the physician; or
- 5. allegations of improper prescription of any medication, including prescriptions provided without appropriate history or physical.

IV. LIMIT OF LIABILITY

- A. The Combined Aggregate Limit of Liability stated in Item 3 of the Declarations of this Coverage Part represents the maximum amount payable for all **Loss** under this Coverage Part during the **Policy Period** for all Coverage Sub-Parts combined.
- B. The Professional Liability aggregate Limit of Liability stated in Item 2 of the Declarations is the most the Insurer shall pay for all **Loss** under this Coverage Part during the **Policy Period**. This Limit of Liability is part of, and not in addition to, the Limit of Liability shown in Item 3. of the Declarations.
- C. The Professional Liability any one Claim Limit of Liability stated in Item 2 of the Declarations is the most the Insurer shall pay for all **Loss** because of injury arising out of any one **Wrongful Act**.
- D. Payments of **Defense Costs** shall not reduce the Limits of Liability. The Insurer's duty to pay **Defense Costs** shall end when Limits of Liability have been exhausted by the payment of judgments or settlements.
- E. As respects Evacuation Expenses:
 - 1. The Evacuation Expense any one Claim Limit of Liability set forth in Item 4. of the Declarations is the most the Insurer shall pay, in excess of the stated Deductible, for expenses for any one **Claim** in any way related to, in whole or in part, **Evacuation Expenses**.
 - 2. The Evacuation Expense aggregate Limit of Liability set forth in Item 4. of the Declarations is the most the Insurer shall pay, in excess of the stated Deductible, for all expenses in any way related to, in whole or in part, **Evacuation Expenses**.
 - 3. These Limits of Liability are part of, and not in addition to, the Professional Liability aggregate Limit of Liability stated in Item 2. of the Declarations.

F. As respects Hearing Cost Reimbursement:

1. Subject to the Professional Liability aggregate Limit of Liability set forth in paragraph B. above, the hearing cost per physician aggregate limit stated in the schedule set forth in Item 4. of the Declarations is the most the Insurer shall pay for all **Hearing Costs** regarding any one physician.
2. Subject to the hearing cost per physician aggregate limit stated in paragraph 1. above, the per hearing per physician limit stated in the schedule set forth in Item 4. of the Declarations is the most the Insurer shall reimburse for costs associated with any one **Hearing** regarding any one physician.
3. These Limits of Liability are part of, and not in addition to, the Professional Liability aggregate Limit of Liability stated in Item 2. of the Declarations.

V. **OTHER INSURANCE**

With the exception of insurance which is written specifically as excess of the Limit of Liability of this Coverage Part, this Coverage Part shall be excess of and shall not contribute with any valid and collectible insurance providing coverage for **Loss** for which this Coverage Part provides coverage, provided that any payment by an **Insured** of a retention or deductible under any such other insurance shall reduce the Retention or Deductible under this Coverage Part by the amount of such payment which would otherwise have been **Loss** under this Coverage Part.

VI. **GLOSSARY**

A. **Administration** means:

1. handling records in connection with;
2. initiating, continuing or terminating an **Employee's** participation in any benefit included in; or
3. providing information to **Employees**, including their dependents and beneficiaries, with respect to eligibility for or scope of,

Employee Benefit Programs. Administration does not include handling payroll deductions.

B. **Administrative Services** means:

1. services as a **Formal Review Board** member; or
2. planning, organizing, directing and controlling, on the **Company's** behalf, the medical operations of the **Company** by or on behalf of an **Administrator**.

Administrative Services do not include:

- (a) billing services;
- (b) employment benefit plan, program or policy consultation, administration or implementation;
- (c) administration of insurance plans, including **Claims**, **Administration**, billing and collection services;
- (d) recording of accounts or monetary transactions, financial reporting and budgeting;
- (e) marketing and advertising activities;
- (f) case management, utilization management or **Utilization Review**, performed for others;
- (g) quality assurance and risk management activities, performed for others; or
- (h) designing, developing, programming, distributing, installing, licensing, servicing, and maintaining computer hardware and software, including web-based applications, websites and online services.

C. **Administrator** means any natural person who was, now is or shall become an **Executive**, superintendent, medical director, **Formal Review Board** member, staff member or stockholder of the **Company**, but solely to the extent that he or she performs **Administrative Services** on the **Company's** behalf.

D. **Automobile** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment.

- E. **Circumstance** means any act, error, omission, fact, situation, or **Wrongful Act** that takes place during the **Policy Period** and that could give rise to a **Claim**.

Circumstance may include:

1. class action suits;
2. birth related injuries (including maternal or fetal death; anesthesia related injuries; infant resuscitation; shoulder dystocia; or cerebral palsy);
3. any sentinel event;
4. unanticipated neurological, sensory and/or systemic deficits; brain damage; permanent paralysis (including paraplegia and quadriplegia); partial or complete loss of sight or hearing; kidney failure or sepsis;
5. failure to diagnose cancer;
6. severe internal injuries (including lacerations of organs); infectious process; foreign body retention; sensory organ injury; or reproductive organ injury;
7. unexpected death; or
8. severe burns (including thermal, chemical, radiological or electrical burns).

- F. **Claim** means any:

1. written demand for monetary or non-monetary (including injunctive) relief, including a demand for arbitration, mediation or waiving or tolling of a statute of limitations; and

2. civil proceeding, evidenced by the service of a complaint or similar pleading,

against an **Insured** for a **Wrongful Act**, including any appeal therefrom. The time when a **Claim** shall be deemed first made for the purposes of this Coverage Part shall be the date on which the **Claim** is first made against, served upon or received by the **Insured**.

However, the Insurer shall not consider a patient incident report, variance report, or any other report made for loss prevention purposes, to be a **Claim**, even if the **Company** sends it to the Insurer or one of the Insurer's agents.

- G. **Defense Costs** means that part of **Loss** consisting of:

1. reasonable costs, charges, fees (including, attorneys' fees and experts' fees) and expenses (other than regular or overtime wages, salaries, fees or benefits of any **Insured**, unless specified in paragraph 3, below) incurred in investigating, defending, opposing or appealing any **Claim**;
2. the premium for appeal, attachment or similar bonds (but the Insurer shall be under no obligation to furnish any bond); and
3. all reasonable expenses, plus loss of earnings due to time off from work, incurred by an **Insured** as a result of being a defendant or co-defendant in a **Claim** or at the Insurer's request, but not to exceed \$500 per day per **Insured** and \$12,500 per **Claim**.

- H. **Employee Benefit Program** means any group life insurance, group accident and health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers' compensation, unemployment insurance, social security and disability benefits insurance or any other similar plan under the **Administration** of the **Company** for the benefit of **Employees**.

- I. **Evacuation** means the removal of all or the majority of **Patients** from the **Company's** location(s) or facility(ies):

1. in response to an actual or threatened, natural or man-made, **Event** that is expected and unforeseen; and
2. causes the **Patients** of such location or facility to be in imminent danger of loss of life or physical harm.

- J. **Evacuation Expense** means reasonable costs and expenses actually incurred by the **Company** in connection with an **Evacuation**, including the costs associated with transporting and lodging **Patients** who have been evacuated.

Evacuation Expense shall not include any remuneration, salaries, overhead, fees or benefit expenses of the **Company** or any **Insured**.

- K. **Event** means an emergency, or sudden crisis, condition requiring immediate action and not resulting from a latent or hidden condition at the location or facility.

- L. **First Inception Date** means the inception date of the first Professional Liability Coverage Part and any applicable Coverage Sub-Part issued to the **Parent Company** by the Insurer.
- M. **Formal Review Board** means the **Company's** official boards or committees formed for the purposes of:
1. evaluating the qualifications or performance of the **Company's** professional staff; or
 2. evaluating, maintaining and ensuring the quality of **Professional Services** being provided at the **Company's** healthcare facility.
- N. **Hearing** means investigations conducted, or administrative proceedings or actions brought, by state medical licensing boards.
- O. **Hearing Costs** means reasonable and necessary attorney and expert consultant fees, including, investigation, travel, costs of transcripts and filing fees, incurred in the defense of an administrative proceeding or action. **Hearing Costs** associated with appeals are considered part of those incurred during the original proceeding.
- Hearing Costs** does not include salary, charges or incidental expenses of **Employees, Administrators** or agents; or any sanctions, penalties or fines imposed by a medical licensing board.
- P. **Insured** means any **Company** or **Insured Person**.
- Q. **Insured Person** means:
1. any person who is or becomes an **Executive, Employee, Administrator** or **Volunteer Worker** during the **Policy Period**;
 2. any **Employee** for any:
 - (a) **Occurrence**; or
 - (b) act or omission in the providing or failure to provide **Professional Services**, arising out of such **Employee's** rendering of emergency first aid outside of their duties as an **Employee**, provided the emergency first aid is rendered without the expectation or receipt of remuneration;
 3. any medical directors for **Administrative Services** that are performed as part of their employment duties for the **Company**;
 4. any person enrolled as a student in a formal training program offered on-site by the **Company** in connection with the **Company's** operation as a health care organization or provider, but only when such person is acting within the capacity and scope of his or her duties as such;
 5. any person hired or retained by the **Company** to provide language interpretation services in connection with the provision of **Medical Services**; or
 6. any person or organization to whom or to which the **Company** is obligated by virtue of a written contract or agreement:
 - (a) to add to this Policy as an additional insured for its liability; or
 - (b) to hold harmless or indemnify such person or organization,but such person or organization is an **Insured** exclusively for the vicarious liability imposed upon such person or organization because of acts, errors or omissions in the rendering of covered **Professional Services** by the **Company**, and only to the extent of the Limits of Liability required by such contract or agreement, not to exceed the Limits of Liability of this Policy. However, this provision shall not apply:
 - i. unless the written contract or agreement has been executed prior to the act, error or omission in the rendering of **Professional Services** upon which a **Claim** is based. The contract or agreement will be considered executed on the earliest date of when the **Insured's** performance begins, or when it is signed; or
 - ii. to any person or organization for its liability arising out of its own acts, errors or omissions.

Where required by such written contract or agreement, coverage for such person or organization shall be primary and non-contributory as respects any other insurance policy issued to such additional insured. Otherwise, Section V. OTHER INSURANCE as set forth in this Coverage Part shall apply.

Insured Person, unless scheduled by endorsement, does not include any:

- a. nurse midwife, intern, extern, resident or dental, osteopathic or medical doctor for any injury, including death, to others, that results from acts or omissions in the providing of or failure to provide **Professional Services**;

b. person or organization with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not the **Parent Company**; or

c. **Locum Tenens**.

R. **Locum Tenens** means a physician, surgeon, midwife, nurse anesthetist, nurse practitioner, physician assistant or surgical assistant who is temporarily serving as a substitute physician, surgeon, midwife, nurse anesthetist, nurse practitioner, physician assistant or surgical assistant, as applicable, for an **Insured** while such **Insured** is temporarily absent from professional practice.

S. **Loss** means the amount that an **Insured** becomes legally obligated to pay on account of any **Claim** including:

1. compensatory damages;
2. judgments and settlements;
3. pre and post-judgment interest;
4. **Defense Costs**; and
5. punitive, exemplary or multiplied damages, if and to the extent that any such damages are insurable under the law of the jurisdiction most favorable to the insurability of such damages.

In determining the most favorable jurisdiction as set forth in paragraph 5 above, due consideration shall be given to the jurisdiction with a substantial relationship to the relevant **Insureds**, to the **Company** or to the **Claim** giving rise to such damages, and the Insurer shall not challenge any opinion of independent legal counsel (mutually agreed to by the Insurer and the **Insured**) that such damages are insurable under applicable law.

Loss does not include any portion of such amount that constitutes any:

- (a) amount not insurable under the law pursuant to which this Coverage Part is construed;
- (b) cost incurred to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief;
- (c) liquidated damages, except to the extent that the amount of such damages is equal to the amount of **Loss** resulting from a **Wrongful Act**;
- (d) return of any fee, charge, commission, gain or other compensation paid to an **Insured**;
- (e) tax, fine or penalty imposed by law; or
- (f) the payment, satisfaction or writing off of any medical bills or charges by an **Insured**.

T. **Managed Care Activities** means any of the following services or activities performed by or on behalf of the **Insured** for or under any workers' compensation plan, life insurance plan, disability plan, or health care plan, including an automobile insurance plan, behavioral health plan, prescription drug plan, dental plan or vision plan:

1. **Utilization Review**;
2. advertising, marketing, selling, enrollment, administration or management, including pharmaceutical formulary development and management;
3. submitting, handling, investigating, payment or adjustment of claims for benefits or coverage;
4. establishing or maintaining health care provider networks;
5. reviewing or tiering quality or costs of, or providing quality assurance of, any provider of **Medical Services**;
6. designing or implementing of benefit plans or financial incentive plans, including pay for performance programs, that compensate providers of **Medical Services**;
7. preventative, diagnostic or therapeutic measures intended for patients with a chronic illness or condition;
8. rendering advice on, or comparisons of, eligibility requirements, processes or procedures for enrollment or changes in participant status or coverage features;
9. providing risk management services to any provider of **Medical Services**;
10. providing health promotion activities or education;
11. developing or implementing of clinical guidelines, practice parameters or protocols; or
12. triaging for payment of **Medical Services**.

- U. **Medical Event** means any error, act or omission in the rendering of, or failure to render, **Professional Services** by an **Insured**. A series of any such related errors, acts or omissions by an **Insured** shall be considered one **Medical Event**.
- V. **Medical Professional Injury** means injury, including death, to others due to a **Medical Event**.
- W. **Mobile Equipment** means equipment of a mobile nature used as part of the **Company's** business operations.
- Mobile Equipment** does not include:
1. self-propelled vehicles designed and used primarily to carry mounted equipment; or
 2. vehicles designed for highway use that are unlicensed and not operated on public roads.
- X. **Occurrence** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results in injury neither expected nor intended from the standpoint of the **Insured**.
- Y. **Wrongful Act** means any:
1. **Medical Event** that results in a **Medical Professional Injury**;
 2. inadvertent:
 - (a) publication of **Personal Information**; or
 - (b) utterance of confidential health care or other medical information, of a **Patient** by an **Insured** while providing **Medical Services** to such **Patient**; or
 3. error, act or omission, committed by any person other than an **Insured** in rendering or failure to render **Medical Services**, but only for an **Insured's** vicarious liability with regard to such **Medical Services**, happening on or after the **Retroactive Date** and prior to the end of the **Policy Period**.