

**DECLARATIONS**

**POLICY NO.**

Travelers Casualty and Surety Company of America  
Hartford, Connecticut 06183-9062  
(A Stock Insurance Company, herein called the Company)

**THE LIABILITY COVERAGES ARE WRITTEN ON A CLAIMS-MADE BASIS. THE LIABILITY COVERAGES COVER ONLY CLAIMS FIRST MADE AGAINST INSURED DURING THE POLICY PERIOD. THE LIMIT OF LIABILITY AVAILABLE TO PAY SETTLEMENTS OR JUDGMENTS WILL BE REDUCED BY DEFENSE EXPENSES, AND DEFENSE EXPENSES WILL BE APPLIED AGAINST THE RETENTION. THE COMPANY HAS NO DUTY TO DEFEND ANY CLAIM UNLESS DUTY-TO-DEFEND COVERAGE HAS BEEN SPECIFICALLY PROVIDED HEREIN.**

ITEM 1	<p><b>NAMED INSURED:</b> <u>&lt;enter name&gt;</u></p> <p>D/B/A: <u>&lt;enter name of d/b/a&gt;</u></p> <p>Principal Address: <u>&lt;enter address&gt;</u></p>
ITEM 2	<p><b>POLICY PERIOD:</b> Inception Date: <u>&lt;enter date&gt;</u> Expiration Date: <u>&lt;enter date&gt;</u> 12:01 A.M. standard time both dates at the Principal Address stated in ITEM 1.</p>
ITEM 3	<p><b>ALL NOTICES OF CLAIMS OR LOSS TO THE COMPANY MUST BE ADDRESSED TO:</b> Travelers Casualty and Surety Company of America Bond &amp; Financial Products Claim One Tower Square, 2S2 Hartford, CT 06183-9062 Email: <a href="mailto:BondLossNotices@travelers.com">BondLossNotices@travelers.com</a> Fax: (888)201-5587</p>

ITEM 4

**COVERAGES INCLUDED AS OF THE INCEPTION DATE IN ITEM 2:**

Only those coverages marked "☒" are included in this policy.

**Liability Coverages**

- Health Care Organization Directors, Officers and Trustees Liability
- Health Care Organization Employment Practices Liability

SPECIMEN

**COVERAGE FEATURES:**

Only those coverage features marked "☒ Applicable" are included in this policy.

**Health Care Organization Directors, Officers and Trustees Liability**

**Limit of Liability:**      \$<enter amount>    for all **Claims**

**Additional Defense Coverage:**                     Applicable     Not Applicable

**Additional Defense Limit of Liability:**      \$<enter amount> for all **Claims**

**Antitrust Claim Limit of Liability:**      \$<enter amount> which amount is included within, and not in addition to, the Limit of Liability stated herein

**Antitrust Claim Coinsurance Percentage:**    <enter percentage%> for each **Antitrust Claim**

**EMTALA Coverage:**                     Applicable     Not Applicable

**EMTALA Coverage Limit of Liability:**      \$<enter amount> which amount is included within, and not in addition to, the Limit of Liability stated herein

**Excess Benefit Transaction Tax Coverage:**                     Applicable     Not Applicable

**Excess Benefit Transaction Tax Coverage Limit of Liability:**      \$<enter amount> which amount is included within, and not in addition to, the Limit of Liability stated herein

**HIPAA Violation Coverage:**                     Applicable     Not Applicable

**HIPAA Violation Coverage Limit Of Liability:**      \$<enter amount> which amount is included within, and not in addition to, the Limit of Liability stated herein

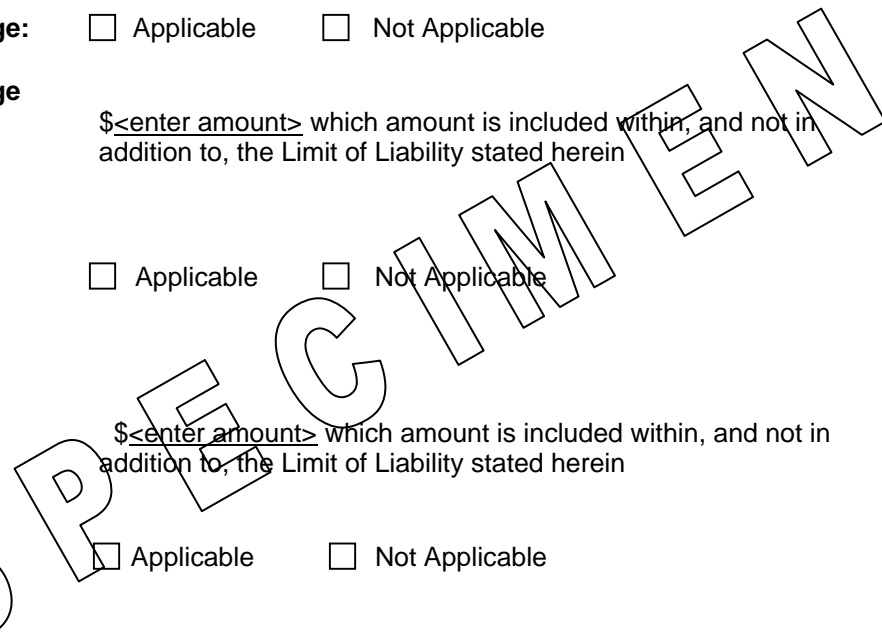
**Internal Revenue Code Violation:**                     Applicable     Not Applicable

**Internal Revenue Code Violation Limit of Liability:**      \$<enter amount> which amount is included within, and not in addition to, the Limit of Liability stated herein

**Retention:**                    \$<enter amount> for each **Claim** under Insuring Agreement B.  
\$<enter amount> for each **Claim** under Insuring Agreement C.  
\$<enter amount> for each **Antitrust Claim**

**Prior and Pending Proceeding Date:**                    <enter date>

**Continuity Date:**                    <enter date>



ITEM 5  
(Continued)

**COVERAGE FEATURES (Continued):**

Only those coverage features marked "☒ Applicable" are included in this policy.

**Health Care Organization Employment Practices Liability**

**Limit of Liability:**        \$<enter amount>    for all **Claims**

**Third Party Wrongful  
Act Coverage:**

Applicable

Not Applicable

**Additional Defense  
Coverage:**

Applicable

Not Applicable

**Additional Defense  
Limit of Liability:**

\$<enter amount>    for all **Claims**

**Retention:**

\$<enter amount>

for each **Claim** under Insuring Agreement A.

\$<enter amount>

for each **Claim** under Insuring Agreement B.,  
if applicable.

**Prior and Pending  
Proceeding Date:**

**Claims for Wrongful Employment Practices:** <enter date>

**Claims for Third Party Wrongful Acts:** <enter date>

**Continuity Date:**

**Claims for Wrongful Employment Practices:** <enter date>

**Claims for Third Party Wrongful Acts:** <enter date>

SPECIMEN

ITEM 6

**PREMIUM FOR THE POLICY PERIOD:**

\$<enter amount>

\$<enter amount> Annual Installment Premium if ITEM 10 below is applicable.

ITEM 7	<p><b>TYPE OF LIABILITY COVERAGE:</b></p> <p><input type="checkbox"/> Reimbursement</p> <p><input type="checkbox"/> Duty-to-Defend</p> <p>Only the type of liability coverage marked "<input checked="" type="checkbox"/>" is included in this policy.</p>
ITEM 8	<p><b>LIABILITY COVERAGE EXTENDED REPORTING PERIOD:</b></p> <p>Additional Premium Percentage:        <u>&lt;enter percentage&gt;</u> %</p> <p>Additional Months:                        <u>&lt;enter number of months&gt;</u></p> <p>(If exercised in accordance with Section III. CONDITIONS O. EXTENDED REPORTING PERIOD of the Liability Coverage Terms and Conditions.)</p>
ITEM 9	<p><b>LIABILITY COVERAGE RUN-OFF EXTENDED REPORTING PERIOD:</b></p> <p>Additional Premium Percentage:        <u>&lt;enter percentage&gt;</u> %</p> <p>Additional Months:                        <u>&lt;enter number of months&gt;</u></p> <p>(If exercised in accordance with Section III. CONDITIONS K. CHANGE OF CONTROL of the Liability Coverage Terms and Conditions.)</p>
ITEM 10	<p><b>ANNUAL REINSTATEMENT OF THE LIABILITY COVERAGE LIMIT OF LIABILITY:</b></p> <p><input type="checkbox"/> Applicable</p> <p><input type="checkbox"/> Not Applicable</p> <p>Only those coverage features marked "<input checked="" type="checkbox"/> Applicable" are included in this policy.</p>
ITEM 11	<p><b>FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION:</b></p>
ITEM 12	<p><b>LIABILITY COVERAGE SHARED LIMIT OF LIABILITY:</b></p> <p><u>\$&lt;enter amount&gt;</u> for all <b>Claims</b> under the following <b>Liability Coverages:</b> <u>&lt;enter coverages&gt;</u></p>

The Declarations, the **Application**, the Liability Coverage Terms and Conditions, each purchased **Liability Coverage**, as set forth in ITEM 4 of the Declarations, and any endorsements attached thereto, constitute the entire agreement between the Company, the entity named in ITEM 1 of the Declarations, and any **Insured**.

\_\_\_\_\_  
Countersigned By  
(where applicable)

## Liability Coverage Terms and Conditions

**THIS IS A CLAIMS MADE POLICY WITH DEFENSE EXPENSES INCLUDED IN THE LIMIT OF LIABILITY.  
PLEASE READ ALL TERMS CAREFULLY.**

### CONSIDERATION CLAUSE

**IN CONSIDERATION** of the payment of the premium stated in the Declarations, in reliance on the statements in the **Application**, subject to the Declarations, and pursuant to all the terms, exclusions, conditions and limitations of this **Liability Policy**, the Company and the **Insured** agree as follows:

#### I. GENERAL

These Liability Coverage Terms and Conditions apply to all **Liability Coverages**. Unless otherwise stated to the contrary, the terms and conditions of each **Liability Coverage** apply only to that particular **Liability Coverage**. If any provision in these Liability Coverage Terms and Conditions is inconsistent or in conflict with the terms and conditions of any particular **Liability Coverage**, such **Liability Coverage's** terms, conditions, and limitations shall control for purposes of that **Liability Coverage**.

#### II. DEFINITIONS

Wherever appearing in this **Liability Policy**, the following words and phrases appearing in bold type shall have the meanings set forth in this Section II. DEFINITIONS:

- A. **"Additional Defense Limit of Liability"** means the amount set forth in ITEM 5 of the Declarations for each applicable **Liability Coverage**. If **"Not Applicable"** is shown as the amount of any **Liability Coverage's Additional Defense Limit of Liability**, then any reference to the **Additional Defense Limit of Liability** shall be deemed to be deleted from such **Liability Coverage**.
- B. **"Annual Reinstatement of the Liability Coverage Limit of Liability"** means, if included in ITEM 10 of the Declarations, the reinstatement of each applicable **Liability Coverage Limit of Liability** or, if applicable, the **Liability Coverage Shared Limit of Liability** for each applicable **Liability Coverage** for each **Policy Year** during the **Policy Period**.
- C. **"Application"** means the Application deemed to be attached to and forming a part of this **Liability Policy**, including any materials submitted and statements made in connection therewith. If the **Application** uses terms or phrases that differ from the terms defined in this **Liability Policy**, no inconsistency between any term or phrase used in the **Application** and any term defined in this **Liability Policy** will waive or change any of the terms, conditions and limitations of this **Liability Policy**.
- D. **"Change of Control"** means:
1. the acquisition of the **Named Insured**, or of all or substantially all of its assets, by another entity, or the merger or consolidation of the **Named Insured** into or with another entity such that the **Named Insured** is not the surviving entity;
  2. the appointment of a trustee, including an interim trustee, a receiver, conservator, liquidator or rehabilitator, or any similar official, for or with respect to the **Named Insured**; provided, that, the **Named Insured** operating as a "debtor in possession" does not in and of itself constitute a **Change of Control** as defined in this section; or
  3. the obtaining by any person, entity or affiliated group of persons or entities the right to elect, appoint or designate more than fifty percent (50%) of the board of directors, board of trustees, board of managers, or functional equivalent thereof or to exercise a majority control of the board of directors, board of trustees, board of managers, or a functional equivalent thereof of the **Named Insured**.
- E. **"Claim"** shall have the meaning set forth in the applicable **Liability Coverage**.

- F. “**Defense Expenses**” means reasonable and necessary legal fees and expenses incurred by the Company or the **Insured**, with the Company’s consent, in the investigation, defense, settlement and appeal of a **Claim**, including but not limited to, cost of expert consultants and witnesses, premiums for appeal, injunction, attachment or supersedeas bonds (without the obligation to furnish such bonds) regarding such **Claim**; provided, that **Defense Expenses** shall not include the salaries, wages, benefits or overhead of, or paid to, any **Insured** or any employee thereof.
- G. “**Executive Officer**” shall have the meaning set forth in the applicable **Liability Coverage**.
- H. “**Financial Insolvency**” means, with respect to the **Insured Organization**, the appointment of a receiver, conservator, liquidator, trustee, or similar official; or the inability of the **Insured Organization** financially or under applicable law to indemnify the **Insured Persons**.
- I. “**Foreign Parent Corporation**” means any entity incorporated outside the United States, which owns more than fifty percent (50%) of the outstanding securities or voting rights representing the right to vote for the election of, or to appoint the **Named Insured’s** board of directors, board of trustees or board of managers, or to exercise a majority control of the board of directors, board of trustees or board of managers of the **Named Insured**.
- J. “**Insured**” shall have the meaning set forth in the applicable **Liability Coverage**.
- K. “**Insured Organization**” shall have the meaning set forth in the applicable **Liability Coverage**.
- L. “**Insured Person**” shall have the meaning set forth in the applicable **Liability Coverage**.
- M. “**Liability Coverage**” means, individually or collectively, the **Liability Coverages** that have been purchased, as indicated in ITEM 4 of the Declarations.
- N. “**Liability Coverage Limit of Liability**” means the amount set forth in ITEM 5 of the Declarations for each applicable **Liability Coverage**.
- O. “**Liability Coverage Shared Limit of Liability**” means the amount set forth in ITEM 12 of the Declarations. If “*Not Applicable*” is shown in ITEM 12 of the Declarations or ITEM 4 of the Declarations indicates that only one **Liability Coverage** is included in this **Liability Policy**, any reference to either the **Liability Coverage Shared Limit of Liability** or ITEM 12 of the Declarations shall be deemed to be deleted from this **Liability Policy**.
- P. “**Liability Policy**” means, collectively, the Declarations, the **Application**, the **Liability Coverage Terms and Conditions**, each purchased **Liability Coverage**, and any endorsements attached thereto.
- Q. “**LLC Manager**” means any natural person who was, is or becomes a manager, member of the board of managers, or a functionally equivalent executive of an **Insured Organization** that is a limited liability company.
- R. “**Loss**” shall have the meaning set forth in the applicable **Liability Coverage**.
- S. “**Named Insured**” means the entity named in ITEM 1 of the Declarations.
- T. “**Policy Period**” means the period from the Inception Date to the Expiration Date set forth in ITEM 2 of the Declarations. In no event shall the **Policy Period** continue past the effective date of cancellation or termination of this **Liability Policy**.
- U. “**Policy Year**” means:
1. the period of one year following the Inception Date set forth in ITEM 2 of the Declarations or any anniversary thereof;
  2. if the time between the Inception Date set forth in ITEM 2 of the Declarations or any anniversary thereof and the effective date of cancellation or termination of this **Liability Policy** is less than one year, then such lesser period;
  3. if a **Liability Coverage** is added to this **Liability Policy** after the Inception Date set forth in ITEM 2 and the time between the inception date of such **Liability Coverage** and any anniversary of this **Liability Policy** is less than one year, then such lesser period with respect to such **Liability Coverage**; and

4. if a **Liability Coverage** is added to this **Liability Policy** after the Inception Date set forth in ITEM 2 and the time between the inception date of such **Liability Coverage** and the effective date or cancellation or termination of this **Liability Policy**, or such **Liability Coverage**, is less than one year, then such lesser period with respect to such **Liability Coverage**.

V. “**Pollution**” means any actual, alleged or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials (including materials which are intended to be or have been recycled, reconditioned or reclaimed) or other irritants, pollutants or contaminants (collectively “**Toxins**”); or any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any such **Toxins**, or any action taken in contemplation or anticipation of any such regulation, order, direction or request.

W. “**Potential Claim**” means any **Wrongful Act** that may subsequently give rise to a **Claim**.

X. “**Related Wrongful Act**” means **Wrongful Acts** which are logically or causally connected by reason of any fact, circumstance, situation, transaction, casualty, event or decision.

Y. “**Subsidiary**” shall have the meaning set forth in the applicable **Liability Coverage**.

Z. “**Wage and Hour Law**” means any federal, state, or local law or regulation governing or related to the payment of wages including the payment of overtime, on-call time or minimum wages, or the classification of employees for the purpose of determining employees' eligibility for compensation under such law(s).

AA. “**Wrongful Act**” shall have the meaning set forth in the applicable **Liability Coverage**.

### III. CONDITIONS

#### A. TERRITORY

This **Liability Policy** applies to **Claims** made or **Wrongful Acts** occurring anywhere in the world.

#### B. RETENTION

The **Insured** shall bear uninsured at its own risk the amount of any applicable Retention.

If any **Claim** gives rise to coverage under a single **Liability Coverage**, the Company shall have no obligation to pay **Loss**, including **Defense Expenses**, until the applicable Retention amount set forth in ITEM 5 of the Declarations has been paid by the **Insured**.

If any **Claim** is subject to different Retentions under a single **Liability Coverage**, the applicable Retentions will be applied separately to each part of such **Claim**, but the sum of such Retentions will not exceed the largest applicable Retention under such **Liability Coverage**.

If any **Claim** gives rise to coverage under two or more **Liability Coverages**, the Company shall have no obligation to pay **Loss**, including **Defense Expenses**, until the largest Retention that is applicable to such **Claim** under such **Liability Coverages** has been paid by the **Insured**.

No Retention shall apply to an **Insured Person** if indemnification by the **Insured Organization** is not permitted by law or if the **Insured Organization** is unable to make such indemnification solely by reason of its **Financial Insolvency**. The **Insured Organization** will be conclusively deemed to have indemnified all **Insured Persons** to the extent that the **Insured Organization** is permitted or required to indemnify them pursuant to law, common or statutory, or contract, or the charter or by-laws of the **Insured Organization**.

The Company may, at its sole discretion, pay all or part of the Retention amount on behalf of any **Insured**, and in such event, the **Insureds** agree to repay the Company any amounts so paid.

#### C. LIMITS OF LIABILITY

##### 1. Liability Coverage Limit of Liability



Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, and further subject to any applicable **Liability Coverage Shared Limit of Liability** or **Annual Reinstatement of the Liability Coverage Limit of Liability**:

the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** under each applicable **Liability Coverage** shall not exceed the remaining **Liability Coverage Limit of Liability** stated in ITEM 5 of the **Declarations** for each applicable **Liability Coverage**; and

in the event that a **Claim** triggers more than one **Liability Coverage**, the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for any such **Claim** shall not exceed the sum of the remaining **Liability Coverage Limits of Liability** of the applicable **Liability Coverages**.

2. Liability Coverage Shared Limit of Liability

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established; and further subject to any applicable **Annual Reinstatement of the Liability Coverage Limit of Liability**, if ITEM 4 of the **Declarations** indicates that more than one **Liability Coverage** has been purchased and a **Liability Coverage Shared Limit of Liability** is shown in ITEM 12 of the **Declarations**:

the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** under all **Liability Coverages** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**, shall not exceed the remaining **Liability Coverage Shared Limit of Liability**; and

b. if the **Liability Coverage Shared Limit of Liability** is exhausted by the payment of amounts covered under any **Liability Coverage** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**, the premium for all **Liability Coverages** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**, shall be fully earned, all obligations of the Company under all **Liability Coverages** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**, shall be completely fulfilled and exhausted, including any duty to defend, and the Company shall have no further obligations of any kind or nature whatsoever under any **Liability Coverage** subject to the **Liability Coverage Shared Limit of Liability**, as set forth in ITEM 12 of the **Declarations**.

3. Annual Reinstatement of the Liability Coverage Limit of Liability

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, if ITEM 10 of the **Declarations** includes an **Annual Reinstatement of the Liability Coverage Limit of Liability**:

the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** made during each **Policy Year** shall not exceed the remaining **Liability Coverage Limit of Liability** stated in ITEM 5 of the **Declarations** for each applicable **Liability Coverage** or, if applicable, the remaining **Liability Coverage Shared Limit of Liability**; and

with regard to the Extended Reporting Period or the Run-Off Extended Reporting Period, if applicable, the Company's maximum limit of liability for all **Claims** made during the Extended Reporting Period or the Run-Off Extended Reporting Period shall not exceed the remaining **Liability Coverage Limit of Liability** or, if applicable, the **Liability Coverage Shared Limit of Liability** for the last **Policy Year** in effect at the time of the termination or cancellation of the **Liability Coverage** or the **Change of Control**.

4. Other Provisions

Payment of **Defense Expenses** shall reduce and may exhaust all applicable limits of liability. In the event the amount of **Loss** exceeds the portion of the applicable limit of liability remaining after prior payments of **Loss**, the Company's liability shall not exceed the remaining amount of the applicable limit of liability. In no event shall the Company be obligated to make any payment for **Loss**, including **Defense Expenses**, with regard to a **Claim** after the applicable limit of liability has been exhausted by payment or tender of payment of **Loss**.

If a **Liability Coverage Limit of Liability** is exhausted by the payment of amounts covered under such **Liability Coverage**, the premium for such **Liability Coverage** shall be fully earned, all obligations of the Company under such **Liability Coverage** shall be

completely fulfilled and exhausted, including any duty to defend, and the Company shall have no further obligations of any kind or nature whatsoever under such **Liability Coverage**.

#### D. ADDITIONAL DEFENSE COVERAGE

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, if ITEM 5 of the Declarations indicates that any **Liability Coverage** includes Additional Defense Coverage, **Defense Expenses** incurred by the Company or the **Insured**, with the Company's consent, in the defense of any **Claim** made during the **Policy Period** under any such **Liability Coverage** shall apply first to and reduce the **Additional Defense Limit of Liability**. The **Additional Defense Limit of Liability** shall be in addition to, and not part of, such **Liability Coverage's** applicable **Liability Coverage Limit of Liability** or **Liability Coverage Shared Limit of Liability**, if applicable. The **Additional Defense Limit of Liability** is applicable to **Defense Expenses** only. If the **Annual Reinstatement of the Liability Coverage Limit of Liability** is applicable, the **Additional Defense Limit of Liability** shall be reinstated for each **Policy Year**.

Upon exhaustion of the **Additional Defense Limit of Liability**:

1. **Defense Expenses** incurred by the Company or the **Insured**, with the Company's consent, in the defense of a **Claim** are part of and not in addition to any applicable limit of liability; and
2. payment by the Company or the **Insured**, with the Company's consent, of **Defense Expenses** reduces any applicable limit of liability.

#### E. CLAIM DEFENSE

1. If Duty-to-Defend coverage is provided with respect to this **Liability Policy** as indicated in ITEM 7 of the Declarations:
  - a. the Company shall have the right and duty to defend any **Claim** covered by a **Liability Coverage**, even if the allegations are groundless, false or fraudulent, including the right to select defense counsel with respect to such **Claim**; provided, that the Company shall not be obligated to defend or to continue to defend any **Claim** after the applicable limit of liability has been exhausted by payment of **Loss**; and
  - b. the **Insured** shall cooperate with the Company and, upon the Company's request, assist in making settlements and in the defense of **Claims** and in enforcing rights of contribution or indemnity against any person or entity which may be liable to the **Insured** because of an act or omission insured under such **Liability Coverage**, shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.
2. If Reimbursement coverage is provided with respect to this **Liability Policy** as indicated in ITEM 7 of the Declarations:
  - a. the Company shall have no duty to defend any **Claim** covered by a **Liability Coverage**. It shall be the duty of the **Insured** to defend such **Claims**; and the Company shall have the right to participate with the **Insured** in the investigation, defense and settlement, including but not limited to the negotiation of a settlement of any **Claim** that appears reasonably likely to be covered in whole or in part by such **Liability Coverage** and the selection of appropriate defense counsel; and
  - b. upon written request, the Company will advance **Defense Expenses** with respect to such **Claim**. Such advanced payments by the Company shall be repaid to the Company by the **Insureds** severally according to their respective interests in the event and to the extent that the **Insureds** shall not be entitled to payment of such **Defense Expenses** under such **Liability Coverage**. As a condition of any payment of **Defense Expenses** under this subsection, the Company may require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of any **Defense Expenses** paid to or on behalf of any **Insured** if it is finally determined that any such **Claim** or portion of any **Claim** is not covered under such **Liability Coverage**.

#### F. INSURED'S DUTIES IN THE EVENT OF A CLAIM

In the event an **Executive Officer** shall become aware that a **Claim** has been made against any **Insured**, the **Insured**, as a condition precedent to any rights under this **Liability Policy**, shall give to the Company written notice of the particulars of such **Claim**, including all facts related to any alleged **Wrongful Act**, the identity of each person allegedly involved in or affected by such

**Wrongful Act**, and the dates of the alleged events, as soon as practicable. The **Insured** shall give the Company such information, assistance and cooperation as it may reasonably require.

All notices under this subsection must be sent by mail or prepaid express courier to the address set forth in ITEM 3 of the Declarations and shall be effective upon receipt. The **Insured** shall not voluntarily settle any **Claim**, make any settlement offer, assume or admit any liability or, except at the **Insured's** own cost, voluntarily make any payment, pay or incur any **Defense Expenses**, or assume any obligation or incur any other expense, without the Company's prior written consent, such consent not to be unreasonably withheld. The Company shall not be liable for any settlement, **Defense Expenses**, assumed obligation or admission to which it has not consented.

#### G. NOTICE OF POTENTIAL CLAIMS

If an **Insured** becomes aware of a **Potential Claim** and gives the Company written notice of the particulars of such **Potential Claim**, including all facts related to the **Wrongful Act**, the identity of each person allegedly involved in or affected by such **Wrongful Act**, the dates of the alleged events, and the reasons for anticipating a **Claim**, as soon as practicable during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, any **Claim** subsequently made against any **Insured** arising out of such **Wrongful Act** shall be deemed to have been made during the **Policy Period**.

All notices under this subsection must be sent by mail or prepaid express courier to the address set forth in ITEM 3 of the Declarations and shall be effective upon receipt.

#### H. RELATED CLAIMS

All **Claims** or **Potential Claims** for **Related Wrongful Acts** shall be considered as a single **Claim** or **Potential Claim**, whichever is applicable, for purposes of this **Liability Policy**. All **Claims** or **Potential Claims** for **Related Wrongful Acts** shall be deemed to have been made at the time the first of such **Claims** or **Potential Claims** for **Related Wrongful Acts** was made whether prior to or during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period.

#### I. SUBROGATION

In the event of payment under this **Liability Policy**, the Company shall be subrogated to all of the **Insured's** rights of recovery against any person or organization to the extent of such payment and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing to prejudice such rights.

#### J. RECOVERIES

All recoveries from third parties for payments made under this **Liability Policy** shall be applied, after first deducting the costs and expenses incurred in obtaining such recovery, in the following order of priority:

1. first, to the Company to reimburse the Company for any Retention amount it has paid on behalf of any **Insured**;
2. second, to the **Insured** to reimburse the **Insured** for the amount it has paid which would have been paid hereunder but for the fact that it is in excess of the applicable limits of liability hereunder;
3. third, to the Company to reimburse the Company for the amount paid hereunder; and
4. fourth, to the **Insured** in satisfaction of any applicable Retention;

provided, recoveries do not include any recovery from insurance, suretyship, reinsurance, security or indemnity taken for the Company's benefit.

#### K. CHANGE OF CONTROL

If, during the **Policy Period**, a **Change of Control** occurs, coverage shall continue in full force and effect with respect to **Claims** for **Wrongful Acts** committed before such event, but coverage will cease with respect to **Claims** for **Wrongful Acts** committed after such event. No coverage will be available hereunder for **Loss**, including **Defense Expenses**, for any **Claim** based upon, alleging, arising out of, or in any way relating to, directly or indirectly any **Wrongful Act** committed or allegedly committed after such event. After any such event, the **Liability Policy** may not be canceled by the **Named Insured** and the entire premium for the **Liability Policy** will be deemed fully earned.

Upon the occurrence of any **Change of Control**, the **Named Insured** shall have the right to give the Company notice that it desires to purchase a Run-Off Extended Reporting Period for any **Liability Coverage** for the period set forth in ITEM 9 of the Declarations following the effective date of such **Change of Control**, regarding **Claims** made during such Run-Off Extended Reporting Period against persons or entities who at the effective date of the **Change of Control** are **Insureds**, but only for **Wrongful Acts** occurring wholly prior to such **Change of Control** and which otherwise would be covered by such **Liability Coverage**, subject to the following provisions:

1. such Run-Off Extended Reporting Period shall not provide new, additional or renewed limits of liability; and
2. the Company's total liability for all **Claims** made during such Run-Off Extended Reporting Period shall be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the **Change of Control**.

The premium due for the Run-Off Extended Reporting Period shall equal the percentage set forth in ITEM 9 of the Declarations of the annualized premium of the applicable **Liability Coverage**, including the fully annualized amount of any additional premiums charged by the Company during the **Policy Period** prior to the **Change of Control**. The entire premium for the Run-Off Extended Reporting Period shall be deemed fully earned at the commencement of such Run-Off Extended Reporting Period.

The right to elect the Run-Off Extended Reporting Period shall terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within thirty (30) days of the **Change of Control**. In the event the Run-Off Extended Reporting Period is purchased, the option to purchase the Extended Reporting Period in Section III. CONDITIONS O. EXTENDED REPORTING PERIOD of these Liability Coverage Terms and Conditions shall terminate. In the event the Run-Off Extended Reporting Period is not purchased, the **Named Insured** will have the right to purchase the Extended Reporting Period under the terms of Section III. CONDITIONS O. EXTENDED REPORTING PERIOD of these Liability Coverage Terms and Conditions.

If, at any time during the **Policy Period**, the **Insured Organization** eliminates or reduces its ownership interest in, or control over a **Subsidiary**, such that it no longer meets the definition of a **Subsidiary**, coverage shall continue for such entity but only with regard to **Claims** for **Wrongful Acts** which occurred wholly during the time that the entity was a **Subsidiary**.

#### L. ACQUISITIONS

If, during the **Policy Period**, the **Insured Organization** acquires or forms a **Subsidiary**, this **Liability Policy** will provide coverage for such **Subsidiary** and its respective **Insured Persons**, subject to all other terms and conditions of this **Liability Policy**, provided written notice of such acquisition or formation has been given to the Company, and specific application has been submitted on the Company's form in use at the time, together with such documentation and information as the Company may require, all within ninety (90) days after the effective date of such formation or acquisition. Coverage for such **Subsidiary** shall not be afforded following such 90-day period unless the Company has agreed to provide such coverage, subject to any additional terms and conditions as the Company may require, and the **Named Insured** has paid the Company any additional premium as may be required by the Company.

The 90-day notice requirement shall not apply provided that: (1) the assets of the acquired or formed **Subsidiary** do not exceed twenty-five percent (25%) of the total assets of the **Insured Organization** as reflected in the **Insured Organization's** most recent fiscal year-end financial statement; or (2) the acquisition or formation occurs less than ninety (90) days prior to the end of the **Policy Period**.

#### M. SPOUSAL AND DOMESTIC PARTNER LIABILITY COVERAGE

This **Liability Policy** will, subject to all of its terms, conditions, and limitations, be extended to apply to **Loss** resulting from a **Claim** made against a person who, at the time the **Claim** is made, is a lawful spouse or a person qualifying as a domestic partner under the provisions of any applicable federal, state or local law (a "Domestic Partner") of an **Insured Person**, but only if and so long as:

1. the **Claim** against such spouse or Domestic Partner results from a **Wrongful Act** actually or allegedly committed by the **Insured Person**, to whom the spouse is married, or who is joined with the Domestic Partner; and
2. such **Insured Person** and his or her spouse or Domestic Partner are represented by the same counsel in connection with such **Claim**.

No spouse or Domestic Partner of an **Insured Person** will, by reason of this subsection have any greater right to coverage under this **Liability Policy** than the **Insured Person** to whom such spouse is married, or to whom such Domestic Partner is joined.

The Company shall have no obligation to make any payment for **Loss** in connection with any **Claim** against a spouse or Domestic Partner of an **Insured Person** for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such spouse or Domestic Partner.

N. FOREIGN PARENT CORPORATION COVERAGE

This **Liability Policy** will, subject to all of its terms, conditions, and limitations, be extended to apply coverage for **Defense Expenses** resulting from any **Claim** made against a **Foreign Parent Corporation**, but only if and so long as:

1. such **Claim** results from a **Wrongful Act** actually or allegedly committed solely by any **Insured**;
2. such **Insured** and the **Foreign Parent Corporation** are represented by the same counsel in connection with such **Claim**; and
3. such **Insured** is included as a co-defendant.

No **Foreign Parent Corporation** will, by reason of this subsection, have any greater right to coverage under this **Liability Policy** than any **Insured**.

The Company shall have no obligation to make any payment for **Loss** in connection with any **Claim** against a **Foreign Parent Corporation** for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such **Foreign Parent Corporation** or any member of the board of directors, officer, employee, or functional equivalent thereof.

O. EXTENDED REPORTING PERIOD

At any time prior to or within thirty (30) days after the effective date of termination or cancellation of any **Liability Coverage** for any reason other than nonpayment of premium, the **Named Insured** may give the Company written notice that it desires to purchase an Extended Reporting Period for the period set forth in ITEM 8 of the Declarations following the effective date of such termination or cancellation, regarding **Claims** made during such Extended Reporting Period against persons or entities who at or prior to the effective date of termination or cancellation are **Insureds**, but only for **Wrongful Acts** occurring wholly prior to the effective date of the termination or cancellation and which otherwise would be covered by such **Liability Coverage**, subject to the following provisions:

1. such Extended Reporting Period shall not provide a new, additional or renewed limit(s) of liability; and
2. the Company's maximum limit of liability for all **Claims** made during such Extended Reporting Period shall be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the termination or cancellation;

The premium due for the Extended Reporting Period shall equal the percentage set forth in ITEM 8 of the Declarations of the annualized premium of the applicable **Liability Coverage**, including the fully annualized amount of any additional premiums charged by the Company during the **Policy Year** prior to such termination or cancellation. The entire premium for the Extended Reporting Period shall be deemed to have been fully earned at the commencement of such Extended Reporting Period.

The right to elect the Extended Reporting Period shall terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within thirty (30) days of the effective date of the termination or cancellation.

P. ALLOCATION

1. If Duty-to-Defend coverage is indicated in ITEM 7 of the Declarations and there is a **Claim** under any **Liability Coverage** in which the **Insureds** who are afforded coverage for such **Claim** incur an amount consisting of both **Loss** that is covered by such **Liability Coverage** and also loss that is not covered by such **Liability Coverage** because such **Claim** includes both covered and uncovered matters or covered and uncovered parties, then such covered **Loss** and uncovered loss shall be allocated as follows:

- a. one hundred percent (100%) of **Defense Expenses** shall be allocated to covered **Loss**; and
- b. all loss other than **Defense Expense** shall be allocated between covered **Loss** and uncovered loss based upon the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the **Claim** by the **Insured Persons**, the **Insured Organization**, and others not insured under such **Liability Coverage**. In making such a determination, the **Insured Organization**, the **Insured Persons** and the Company agree to use their best efforts to determine a fair

and proper allocation of all such amounts. In the event that an allocation cannot be agreed to, then the Company shall be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of the applicable **Liability Coverage** and applicable law.

Notwithstanding the above, if ITEM 4 of the Declarations indicates that Employment Practices Liability or Fiduciary Liability coverage has been purchased, with respect to such **Liability Coverages**, the **Insureds** and the Company agree to use their best efforts to determine a fair and proper allocation of all covered **Defense Expenses** and uncovered defense expenses for **Claims** alleging a violation of responsibilities, duties, or obligations imposed under any **Wage and Hour Law**. In the event that an allocation cannot be agreed to, the Company shall be obligated to make an interim payment of the amount of **Defense Expenses** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of the applicable **Liability Coverage** and applicable law.

2. If Reimbursement coverage is indicated in ITEM 7 of the Declarations and there is a **Claim** under any **Liability Coverage** in which the **Insureds** who are afforded coverage for such **Claim** incur an amount consisting of both **Loss** that is covered by such **Liability Coverage** and also loss that is not covered by such **Liability Coverage** because such **Claim** includes both covered and uncovered matters or covered and uncovered parties, the **Insureds** and the Company agree to use their best efforts to determine a fair and proper allocation of all such amounts. In making such a determination, the parties shall take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the **Claim** by the **Insured Persons**, the **Insured Organization**, and others not insured under the applicable **Liability Coverage**. In the event that an allocation cannot be agreed to, then the Company shall be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of the applicable **Liability Coverage** and applicable law.

#### Q. CANCELLATION

The Company may cancel this **Liability Policy** for failure to pay a premium when due, in which case twenty (20) days written notice shall be given to the **Named Insured**, unless, payment in full is received within twenty (20) days of the **Named Insured's** receipt of such notice of cancellation. The Company shall have the right to the premium amount for the portion of the **Policy Period** during which this **Liability Policy** was in effect.

Subject to the provisions set forth in Section III. CONDITIONS K. CHANGE OF CONTROL, the **Named Insured** may cancel any **Liability Coverage** by mailing the Company written notice stating when, thereafter, not later than the Expiration Date set forth in ITEM 2 of the Declarations, such cancellation will be effective. In the event the **Named Insured** cancels, the earned premium will be computed in accordance with the customary short rate table and procedure. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

The Company will not be required to renew this **Liability Policy** upon its expiration. If the Company elects not to renew, it will provide to the **Named Insured** written notice to that effect at least thirty (30) days before the Expiration Date set forth in ITEM 2 of the Declarations.

#### R. ACTION AGAINST THE COMPANY

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

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

#### S. CHANGES

Only the **Named Insured** is authorized to make changes in the terms of this **Liability Policy** and solely with the Company's prior written consent. This **Liability Policy's** terms can be changed, amended or waived only by endorsement issued by the Company and made a part of this **Liability Policy**. Notice to any representative of the **Insured** or knowledge possessed by any agent or by any other person shall not effect a waiver or change to any part of this **Liability Policy**, or estop the Company from asserting any right

under the terms, conditions and limitations of this **Liability Policy**, nor may the terms, conditions and limitations hereunder be waived or changed, except by a written endorsement to this **Liability Policy** issued by the Company.

#### T. ASSIGNMENT

This **Liability Policy** shall not be assigned or transferred, and any such attempted assignment or transfer shall be void and without effect unless the Company has provided its prior written consent to such assignment or transfer.

#### U. REPRESENTATIONS

By acceptance of the terms set forth in this **Liability Policy**, each **Insured** represents and agrees that the statements contained in the **Application**, which is deemed to be attached hereto, incorporated herein, and forming a part hereof, are said **Insured's** agreements and representations, that such representations are material to the Company's acceptance of this risk, that this **Liability Policy** is issued in reliance upon the truth of such representations, and embodies all agreements existing between said **Insured** and the Company or any of its agents.

In the event that any statement or representation in the **Application** is untrue with respect to any **Liability Coverage**, such **Liability Coverage** shall be void and of no effect whatsoever, but only with respect to:

1. any **Insured Person** who knew, as of the Inception Date set forth in ITEM 2 of the Declarations, that the statement or representation was untrue;
2. any **Insured Organization**, to the extent it indemnifies any such **Insured Person**; and
3. any **Insured Organization**, if the person who signed the **Application** knew that the statement or representation was untrue.

Whether an **Insured Person** had such knowledge shall be determined without regard to whether the **Insured Person** actually knew the **Application**, or any other application completed for this **Liability Policy**, contained any such untrue statement or representation.

#### V. LIBERALIZATION

If, during the **Policy Period**, the Company is required, by law or by insurance supervisory authorities of the state in which this **Liability Policy** was issued, to make any changes in the form of this **Liability Policy**, by which the insurance afforded by this **Liability Policy** could be extended or broadened without increased premium charge by endorsement or substitution of form, then such extended or broadened insurance shall inure to the benefit of the **Insured** as of the date the revision or change is approved for general use by the applicable department of insurance.

#### W. AUTHORIZATION

By acceptance of the terms herein, the **Named Insured** agrees to act on behalf of all **Insureds** with respect to the payment of premiums, the receiving of any return premiums that may become due hereunder, and the receiving of notices of cancellation, nonrenewal, or change of coverage, and the **Insureds** each agree that they have, individually and collectively, delegated such authority exclusively to the **Named Insured**; provided, that nothing herein shall relieve the **Insureds**, and each of them, from giving any notice to the Company that is required under this **Liability Policy**.

#### X. ENTIRE AGREEMENT

The Declarations, the **Application**, the Liability Coverage Terms and Conditions, each **Liability Coverage**, and any endorsements attached thereto, constitute the entire agreement between the Company and the **Insured**.

#### Y. HEADINGS

The titles of the various paragraphs of this **Liability Policy** and its endorsements are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provision to which they relate.

IN WITNESS WHEREOF, the Company has caused this **Liability Policy** to be signed by its authorized officers at Hartford, CT.



Executive Vice President



Corporate Secretary

SPECIMEN



**THIS IS A CLAIMS MADE COVERAGE WITH DEFENSE EXPENSES INCLUDED IN THE LIMIT OF LIABILITY.  
PLEASE READ ALL TERMS CAREFULLY.**

## **I. INSURING AGREEMENTS**

The Company shall pay on behalf of:

- A. the **Insured Persons Loss for Wrongful Acts**, except for **Loss** which the **Insured Organization** pays to or on behalf of the **Insured Persons** as indemnification;
- B. the **Insured Organization Loss for Wrongful Acts** which the **Insured Organization** pays to or on behalf of the **Insured Persons** as indemnification; and
- C. the **Insured Organization Loss for Wrongful Acts**;

resulting from any **Claim** first made during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period.

The Company shall pay on behalf of the **Insureds Loss** for any **Antitrust Claim** first made during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, subject to the amount set forth in ITEM 5 of the Declarations, as the Antitrust Claim Limit of Liability. The Company's maximum limit of liability for **Loss**, including **Defense Expenses**, for all **Antitrust Claims** shall be the amount set forth in ITEM 5 of the Declarations as the Antitrust Claim Limit of Liability, which shall be part of, and not in addition to, the **Liability Coverage Limit of Liability** for this **Liability Coverage**.

If ITEM 5 of the Declarations indicates that any of the following apply:

- a) EMTALA Coverage for violation of the Emergency Medical Treatment and Active Labor Act ("EMTALA") or any similar state or local statutes;
- b) Excess Benefit Transaction Tax Coverage for **Excess Benefit Transaction Tax** involving any **Insured Organization** that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- c) HIPAA Violation Coverage for any **HIPAA Violation**; or
- d) Internal Revenue Code Violation Coverage for any **Internal Revenue Code Violation**,

the Company shall pay on behalf of the **Insureds** taxes, fines, penalties and sanctions for each applicable Coverage described in a) through d) above, for which the **Insured** is legally obligated to pay as a result of a **Claim** first made during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, subject to the amount set forth in ITEM 5 of the Declarations as the respective applicable Coverage Limit of Liability for each such Coverage described in a) through d) above. The Company's maximum limit of liability for all taxes, fines, penalties and sanctions for each Coverage described in a) through d) above shall be the amount set forth in ITEM 5 of the Declarations as the respective applicable Coverage Limit of Liability, which shall be part of, and not in addition to, the **Liability Coverage Limit of Liability** for this **Liability Coverage**.

## **II. DEFINITIONS**

Wherever appearing in this **Liability Coverage**, the following words and phrases appearing in bold type shall have the meanings set forth in this Section II. DEFINITIONS:

A. "**Antitrust Claim**" means any **Claim** based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any actual or alleged violation of any law, rule or regulation relating to antitrust, the prohibition of monopolies, activities in restraint of trade, unfair methods of competition or deceptive acts or practices in trade or commerce, including any actual or alleged violation of the Sherman Act, the Clayton Act, the Robinson-Patman Act, the Federal Trade Commission Act, the Hart-Scott Rodino Antitrust Improvements Act or any rule or regulation promulgated thereunder.

B. "**Claim**" means:

- 1. a written demand for monetary or non-monetary relief;

2. a civil proceeding commenced by service of a complaint or similar pleading;
3. a criminal proceeding commenced by a filing of charges;
4. a formal administrative or regulatory proceeding, commenced by a filing of charges, formal investigative order, service of summons or similar document;
5. an arbitration, mediation or similar alternative dispute resolution proceeding if the **Insured** is obligated to participate in such proceeding or if the **Insured** agrees to participate in such proceeding, with the Company's written consent, such consent not to be unreasonably withheld; or
6. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding;

against an **Insured** for a **Wrongful Act**, provided that **Claim** does not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement, or any proceeding against an individual member of the **Health Care Staff** brought by or before any **Governmental Entity**, which is related to the medical license of such individual staff member.

A **Claim** shall be deemed to be made on the earliest date such written notice is received by an **Executive Officer**.

C. "**Credentiaing**" means the process of reviewing a **Health Care Staff** member's or prospective member's credentials, training, demonstrated practical experience, license verification, malpractice history or insurance, in order to determine such member or prospective member's qualification for the granting or renewal of **Health Care Staff** membership or privileges.

D. "**Disqualified Person**" means a "disqualified person" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended.

E. "**Employee**" means a natural person whose labor or service is engaged by and directed by the **Insured Organization** and:

1. who is on the payroll of the **Insured Organization**, including:
  - a. any in-house general counsel of the **Insured Organization**; and
  - b. any other full-time, part-time, temporary and seasonal workers;
2. who is a volunteer; or
3. whose services have been leased by the **Insured Organization**.

**Independent Contractors** are not **Employees**. The status of an individual as an **Employee** shall be determined as of the date of the alleged **Wrongful Act**.

F. "**Excess Benefit Transaction**" means an "excess benefit transaction" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended.

G. "**Excess Benefit Transaction Tax**" means any excise tax imposed by the Internal Revenue Service on an **Insured Person** who is an **Organizational Manager** as a result of such **Insured Person's** participation in an **Excess Benefit Transaction**.

H. "**Executive Officer**" means the chairperson, chief executive officer, president, chief financial officer, in-house general counsel, chief compliance officer, executive director, **LLC Manager**, human resources manager, or an individual acting in the capacity of a human resources manager, or managing director of the **Insured Organization** or a functional equivalent thereof.

I. "**Governmental Entity**" means the United States of America or any federal, state or local governmental, regulatory or administrative agency or entity.

J. "**Health Care Services**" means health care or treatment, including medical, surgical, psychiatric, dental, ophthalmologic, optometric, podiatric, holistic, nursing, chiropractic, diagnostic imaging, or other professional health care or treatment of any natural person; counseling or other social services in connection with such health care or treatment; furnishing or dispensing of medications, drugs, blood, blood products, tissue, or medical, surgical, psychiatric, dental, ophthalmologic, optometric, podiatric, or chiropractic

equipment, supplies or appliances; or the handling of, or the performance of, post-mortem procedures on, human bodies including autopsies and the harvesting of organs.

K. “**Health Care Staff**” means physicians including resident physicians, medical directors, nurses, and other professional health care practitioners providing **Health Care Services** on behalf of the **Insured Organization**.

L. “**HIPAA Violation**” means any actual or alleged error, misstatement, misleading statement, act, omission, neglect, or breach of duty by an **Insured** in violation of Title II of the Health Insurance Portability and Accountability Act of 1996, amendments to such law, or regulations promulgated under such law concerning privacy of health information.

M. “**Independent Contractor**” means any natural person independent contractor, who performs labor or service for the **Insured Organization** pursuant to a written contract or agreement, where such labor or service is under the exclusive direction of the **Insured Organization**. The status of an individual as an **Independent Contractor** shall be determined as of the date of the alleged **Wrongful Act**.

N. “**Insured**” means the **Insured Persons** and the **Insured Organization**.

O. “**Insured Organization**” means the **Named Insured** and any **Subsidiary**.

P. “**Insured Person**” means:

1. any natural person who was, is or becomes a duly elected or appointed member of the board of directors, officer, **LLC Manager**, member of the board of trustees, member of the board of regents, member of the board of governors, or a functional equivalent thereof, **Executive Officer**, **Employee**, or member of a duly constituted committee of the **Insured Organization**;

2. any employee of an independent management organization acting as an officer or as the administrator of the **Insured Organization** pursuant to a written contractual agreement with the **Insured Organization** and solely while performing his or her duties in such capacity as specified by such contract; or

3. any **Independent Contractor**, but only while acting in his or her capacity as such, and only if the **Insured Organization** actually indemnifies such **Independent Contractor** for liability arising out of any **Claim**.

In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** against the estate, heirs, legal representatives or assigns of such **Insured Person** for a **Wrongful Act** of such **Insured Person** will be deemed to be a **Claim** against such **Insured Person**.

Q. “**Internal Revenue Code Violation**” means any actual or alleged violation of any of the following sections of the Internal Revenue Code of 1986, as amended, involving any **Insured Organization** that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended:

Section 4911 (Taxes on Excess Expenditures to Influence Legislation);  
Section 4941 (a) and (b) (Taxes on Self-Dealing);  
Section 4942 (Taxes on Failure to Distribute Income);  
Section 4943 (Taxes on Excess Business Holdings);  
Section 4944 (Taxes on Investments which Jeopardize Charitable Purpose);  
Section 4945 (Taxes on Taxable Expenditures);  
Section 6652 (c) (1) (A)(B) (Penalties for Failure to File Certain Information Returns or Registration Statements);  
Section 6655 (a)(1) (Penalties for Failure to Pay Estimated Income Taxes); or  
Section 6656(a) and (b) (Penalties for Failure to Make Deposit of Taxes).

R. “**Loss**” means **Defense Expenses** and money which an **Insured** is legally obligated to pay as a result of a **Claim**, including: settlements; judgments; compensatory damages; punitive or exemplary damages if insurable under the applicable law most favorable to the insurability of punitive or exemplary damages; prejudgment and postjudgment interest; and legal fees and expenses awarded pursuant to a court order or judgment. “**Loss**” does not include:

1. civil or criminal fines; penalties or sanctions; the multiplied portion of any multiplied damage award; liquidated damages; or damages, penalties or types of relief deemed uninsurable under applicable law; provided that this subpart 1. shall not apply to any EMTALA Coverage, Excess Benefit Transaction Tax Coverage, HIPAA Violation Coverage or Internal Revenue Code Violation Coverage identified as applicable in ITEM 5 of the Declarations;

2. any tax assessed for failure to correct an **Excess Benefit Transaction** assessed against any **Disqualified Person** or any other tax; provided that this subpart 2. shall not apply to any Excess Benefit Transaction Tax Coverage or Internal Revenue Code Violation Coverage identified as applicable in ITEM 5 of the Declarations; or

3. any amount allocated to non-covered loss pursuant to Section III. CONDITIONS P. ALLOCATION of the Liability Coverage Terms and Conditions.

S. “**Organization Manager**” means an “organization manager” as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended.

T. “**Outside Entity**” means a corporation or organization:

1. other than the **Insured Organization**, which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; or

2. specifically scheduled as an **Outside Entity** by endorsement to this **Liability Policy**.

U. “**Outside Position**” means service by an **Insured Person** as a member of the board of directors, officer, member of the board of trustees, member of the board of managers, member of the board of regents, member of the board of governors or a functional equivalent thereof, with an **Outside Entity**, but only during such time that such service is with the knowledge, consent, and at the specific request of the **Insured Organization**.

V. “**Peer Review**” means **Credentialing** through:

1. formally adopted written procedures, or

2. any duly authorized review of quality and cost of **Health Care Services**,

of members of the **Health Care Staff** by a professional review board or designated committee of the **Insured Organization**.

W. “**Regulatory Action Wrongful Act**” means:

1. any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty or neglect by any **Insured** in performing or failing to perform any billing (including calculation of payments under any managed care plan), procedure coding, or any submission of any claim, data or report with respect to Medicare or Medicaid under the Social Security Act, as amended, or any similar federal, state or local program; or

2. any offer, acceptance, payment or credit by an **Insured**:

a. in exchange for any patient or other business referral(s) in violation of any federal, state or local law; or

b. in violation of any anti-kickback, self-referral or health care fraud and abuse law, or any similar or related federal, state or local law or regulation.

X. “**Subsidiary**” means:

1. any corporation, partnership or any limited liability company organized under the laws of any state, in which, on or prior to the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** owns, directly or through one or more **Subsidiaries**, more than fifty percent (50%) of the outstanding securities or voting rights representing the right to vote for the election of, or to appoint such entity’s board of directors, board of trustees, board of managers, or a functional equivalent thereof, or in cases where no such securities have been issued, the ability to control or direct such entity’s managerial decisions;

2. any corporation, partnership or limited liability company operated as a joint venture, and which is scheduled by endorsement to this **Liability Policy**, in which, on or prior to the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** owns, directly or through one or more **Subsidiaries**, exactly fifty percent (50%) of the issued and outstanding voting stock and which, pursuant to a written agreement with the owner(s) of the remaining issued and outstanding voting stock of such entity, the **Named Insured** solely controls the management and operation of such entity; or

3. subject to the provisions set forth in Section III. CONDITIONS L. ACQUISITIONS of the Liability Coverage Terms and Conditions, any entity that the **Insured Organization** forms or acquires during the **Policy Period** in which the **Named Insured** owns, directly or through one or more **Subsidiaries** more than fifty percent (50%) of the outstanding securities or voting rights representing the right to vote for the election of, or to appoint such entity's board of directors, board of trustees, board of managers or a functional equivalent thereof, or to exercise a majority control of the board of directors, board of trustees, board of managers or a functional equivalent thereof.

Y. "**Wrongful Act**" means:

1. any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty or neglect by, or any matter asserted against an **Insured Person** in his or her capacity as such;

2. any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty or neglect by, or any matter asserted against an **Insured Person** in his or her **Outside Position**; or

3. any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty or neglect by, or any matter asserted against the **Insured Organization**.

All **Related Wrongful Acts** are a single **Wrongful Act** for purposes of this **Liability Coverage**, and all **Related Wrongful Acts** shall be deemed to have occurred at the time the first of such **Related Wrongful Acts** occurred whether prior to or during the **Policy Period**.

### III. EXCLUSIONS

A. This **Liability Coverage** shall not apply to, and the Company shall have no duty to defend or to pay, advance or reimburse **Defense Expenses** for, any **Claim**:

1. for any actual or alleged damage to, or destruction of, loss of, or loss of use of, any tangible property including without limitation inadequate or insufficient protection from soil or ground water movement, soil subsidence, mold, toxic mold, spores, mildew, fungus, or wet or dry rot;

2. based upon, alleging, arising out of, or in any way relating to, directly or indirectly any actual or alleged bodily injury, sickness, disease, death, loss of consortium, emotional distress, mental anguish, humiliation, loss of reputation, libel, slander, oral or written publication of defamatory or disparaging material, or invasion of privacy; provided that this exclusion shall not apply to a) allegations of emotional distress, mental anguish, humiliation, or loss of reputation if and only to the extent that such allegations are made by a current, former or prospective member of the **Health Care Staff** as part of a **Claim** relating to **Peer Review** or **Credentialing** activities, or b) invasion of privacy arising out of, or in any way relating to a **HIPAA Violation**;

3. based upon, alleging, arising out of, or in any way relating to, directly or indirectly any actual or alleged nuclear reaction, nuclear radiation, radioactive contamination, or radioactive substance, or the hazardous properties of nuclear material, including infectious nuclear waste or nuclear medical waste;

4. based upon, alleging, arising out of, or in any way relating to, directly or indirectly any **Pollution**; provided that this exclusion shall not apply to any **Claim** to which Insuring Agreement A. solely applies;

5. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged in any prior or pending civil, criminal, administrative or regulatory proceeding against any **Insured** as of or prior to the applicable Prior and Pending Proceeding Date set forth in ITEM 5 of the Declarations for this **Liability Coverage**;

6. for or arising out of facts, transactions or events which are or reasonably would be regarded as a **Wrongful Act**, about which any **Executive Officer** had knowledge prior to the applicable Continuity Date set forth in ITEM 5 of the Declarations for this **Liability Coverage**;

7. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any fact, circumstance, situation, transaction, event or **Wrongful Act** which, before the Inception Date set forth in ITEM 2 of the Declarations, was the subject of any notice of claim or potential claim given by or on behalf of any **Insured** under any policy of insurance of which this **Liability Coverage** is a direct or indirect renewal or replacement;

8. for any actual or alleged violation of responsibilities, duties or obligations under the Employee Retirement Income Security Act of 1974 ("ERISA"), including amendments thereto and regulations promulgated thereunder, or any similar or related federal, state or local law; or for an **Insured's** failure or refusal to establish, contribute to, pay for, insure, maintain, provide benefits pursuant to, or enroll or maintain the enrollment of an **Employee** or dependent in, any employee benefit plan, fund or program, including contracts or agreements which are not subject to the provisions of ERISA;

9. for any actual or alleged violation of responsibilities, duties or obligations under any law concerning social security, unemployment insurance, workers' compensation, disability insurance, or any similar or related federal, state or local law or regulation, or for any actual or alleged violation of the Worker Adjustment and Retraining Notification Act (WARN), Occupational Safety and Health Act (OSHA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the National Labor Relations Act (NLRA), Fair Labor Standards Act (FLSA) (except the Equal Pay Act), or amendments thereto or regulations promulgated thereunder, or any similar or related federal, state or local law or regulation;

10. by or on behalf of, or in the name or right of, any **Insured**; provided that this exclusion shall not apply to:

- a. any **Claim** brought by a receiver, liquidator, bankruptcy trustee or similar official of the **Insured Organization**;
- b. any **Claim** brought by any current, former or prospective member of the **Health Care Staff** with respect to **Peer Review** or **Credentialing** activities;
- c. any **Claim** in the form of a crossclaim, third party claim or other claim for contribution or indemnity by an **Insured Person** and which is part of or results directly from a **Claim** which is not otherwise excluded by the terms of this **Liability Coverage**;
- d. any **Claim** brought or maintained by a natural person who was a member of the board of directors, officer, member of the board of trustees, member of the board of managers, or a functional equivalent thereof, but who has not served in such capacity for at least four (4) years preceding the date the **Claim** is first made; and who brings and maintains the **Claim** without the solicitation, assistance or participation of any current member of the board of directors, officer, member of the board of trustees, board of managers, or functional equivalent thereof or anyone who has served in such capacity during the four (4) year period immediately preceding the date the **Claim** is first made; or

11. based upon, alleging, arising out of, or in any way relating to, directly or indirectly:

- a. the offer, sale, solicitation or distribution of securities issued by the **Insured Organization**; or
- b. the actual or alleged violation of any federal, state, local or provincial statute relating to securities, including but not limited to the Securities Act of 1933 and the Securities and Exchange Act of 1934, or any rules or regulations promulgated thereunder;

provided that this exclusion will not apply to any tax exempt debt offering;

12. by or on behalf of, or in the name or right of, any **Outside Entity** against an **Insured Person** for a **Wrongful Act** in his or her **Outside Position** with respect to such **Outside Entity**;

13. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any **Wrongful Act** by a **Subsidiary** or any related **Insured Person** occurring at any time during which such entity was not a **Subsidiary**;

14. for any actual or alleged liability of others assumed by an **Insured** under any contract or agreement, whether oral or written, except to the extent that the **Insured** would have been liable in the absence of such contract or agreement;

15. based upon, alleging, arising out of, or in any way relating to, directly or indirectly any actual or alleged liability of any **Insured** under any express contract or agreement; provided that this exclusion shall not apply to liability which would have attached in the absence of such express contract or agreement, and that, for the purposes of this exclusion, an express contract or agreement is an actual agreement among the contracting parties, the terms of which are openly stated in distinct or explicit language, either orally or in writing, at the time of its making;

16. based upon, alleging, arising out of, or in any way relating to, directly or indirectly any employment related **Wrongful Act** ;

17. based upon, alleging, arising out of, or in any way relating to, directly or indirectly any actual or alleged **Regulatory Action Wrongful Act**;

18. with respect to Insuring Agreement C. only, for any actual or alleged plagiarism, misappropriation, infringement or violation of copyright, patent, trademark, service mark, trade name, trade secret or any other intellectual property rights.

B. The Company shall have no duty to pay **Loss**, other than **Defense Expenses** for any **Claim**:

1. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any **Insured**:
  - a. committing any intentionally dishonest or fraudulent act or omission;
  - b. committing any willful violation of any statute, rule or law; or
  - c. gaining in fact any profit, remuneration or advantage to which such **Insured** was not legally entitled

provided that this Exclusion B.1(a) and (b) shall not apply unless a judgment or other final adjudication establishes that such **Insured** committed such intentionally dishonest or fraudulent act or omission, or willful violation of any statute, rule or law; or

2. seeking costs and expenses incurred or to be incurred to comply with an order, judgment or award of injunctive or other equitable relief of any kind, or that portion of a settlement encompassing injunctive or other equitable relief, including but not limited to actual or anticipated costs and expenses associated with or arising from an **Insured's** obligation to provide reasonable accommodation under, or otherwise comply with, the Americans With Disabilities Act or the Rehabilitation Act of 1973, including amendments thereto and regulations promulgated thereunder, or any similar or related federal, state or local law or regulation.

#### IV. SEVERABILITY OF EXCLUSIONS.

No conduct of any **Insured Person** shall be imputed to any other **Insured Person** to determine the application of any of the Exclusions set forth in Section III. EXCLUSIONS above. Solely with respect to Exclusion B. 1. set forth above, only the conduct of or knowledge possessed by any **Executive Officer** shall be imputed to the **Insured Organization** to determine if coverage is available.

#### V. CONDITIONS

##### A. SETTLEMENT

The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends an offer of settlement of any **Claim** which is acceptable to the claimant(s) (a "Settlement Offer"), and if the **Insured** shall refuse to consent to such Settlement Offer, the **Insured** shall be solely responsible for thirty percent (30%) of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** shall also be responsible for thirty percent (30%) of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Liability Coverage** for such **Claim** shall not exceed the remaining applicable limit of liability.

##### B. COINSURANCE

Solely with regard to any **Loss** resulting from any **Antitrust Claim** other than under Insuring Agreement A, the **Insured** shall bear uninsured and at its own risk:

- a. the retention amount set forth in ITEM 5 of the Declarations as the Antitrust Claim Retention; and
- b. the percentage of **Loss** set forth in ITEM 5 of the Declarations as the Antitrust Claim Coinsurance Percentage that is in excess of the applicable Antitrust Claim Retention.

##### C. PRESUMPTION OF INDEMNIFICATION

Regardless of whether **Loss** resulting from any **Claim** against **Insured Persons** is actually indemnified, Insuring Agreement B. and the Retention set forth in the Declarations shall apply to any **Loss** as to which indemnification by the **Insured Organization** or any **Outside Entity** is legally permissible, whether or not actual indemnification is made, unless such indemnification is not made by the **Insured Organization** or such **Outside Entity** solely by reason of its **Financial Insolvency**.

The certificate of incorporation, charter, articles of association or other organizational documents of the **Insured Organization** and each **Outside Entity**, including by-laws and resolutions, will be deemed to have been adopted or amended to provide indemnification to the **Insured Persons** to the fullest extent permitted by law.

D. OTHER INSURANCE AND INDEMNIFICATION

This **Liability Coverage** shall apply only as excess insurance over, and shall not contribute with: (1) any other valid and collectible insurance available to any **Insured**, including but not limited to any insurance under which there is a duty to defend, unless such insurance is written specifically excess of this **Liability Coverage** by reference in such other policy to the Policy Number of this **Liability Policy**; (2) any self-insurance or self-insurance program of the **Insured**, or any self-insured retention obligation assumed by the **Insured** under any valid insurance, including but not limited to any healthcare professional liability insurance, any comprehensive general liability insurance, or any comprehensive healthcare liability insurance; or (3) indemnification to which any **Insured Person** is entitled from any **Outside Entity**. This **Liability Coverage** will not be subject to the terms of any other insurance.

E. OUTSIDE POSITIONS – LIMIT OF LIABILITY

If any **Claim** against the **Insureds** gives rise to an obligation both under this **Liability Coverage** and under any other coverage or policy of insurance issued by the Company or any of its affiliates to any **Outside Entity**, the Company's maximum aggregate limit of liability under all such policies for all **Loss**, including **Defense Expenses**, for such **Claim** shall not exceed the largest single available limit of liability under any such coverage.

F. ORDER OF PAYMENTS

If **Loss** from any **Claim** exceeds the remaining applicable limit of liability as set forth in ITEM 5 of the Declarations:

1. the Company will first pay **Loss** for such **Claim** to which Insuring Agreement A. applies; then
2. to the extent that any amount of the applicable limit of liability shall remain available, the Company shall pay **Loss** for such **Claim** to which Insuring Agreements B. and C. apply.

Upon written request of the **Insured Organization** by and through any **Executive Officer**, the Company shall either pay or withhold payment of **Loss** from such **Claim** under Insuring Agreements B. and C., as applicable. In the event of a written request to withhold payment, the Company shall make any future payment only for **Loss** from any such **Claim** to which Insuring Agreement A. applies, unless otherwise so instructed upon written request by and through an **Executive Officer** of the **Insured Organization**.



**THIS IS A CLAIMS MADE COVERAGE WITH DEFENSE EXPENSES INCLUDED IN THE LIMIT OF LIABILITY. PLEASE READ ALL TERMS CAREFULLY.**

**I. INSURING AGREEMENTS**

A. The Company shall pay on behalf of the **Insured Loss** for any **Employment Claim** first made during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, for a **Wrongful Employment Practice**.

B. If ITEM 5 of the Declarations indicates that Third Party Wrongful Act Coverage has been purchased, the Company shall pay on behalf of the **Insured Loss** for any **Third Party Claim** first made during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, for a **Third Party Wrongful Act**.

**II. DEFINITIONS**

Wherever appearing in this **Liability Coverage**, the following words and phrases appearing in bold type shall have the meanings set forth in this Section II. DEFINITIONS:

A. “**Claim**” means an **Employment Claim** or, if Third Party Wrongful Act Coverage is purchased, a **Third Party Claim**.

A **Claim** shall be deemed to be made on the earliest date such written notice is received by an **Executive Officer**.

B. “**Claimant**” means:

1. a past, present or future **Employee** of, or applicant for employment with, the **Insured Organization**;
2. a **Governmental Entity** or agency, including but not limited to the Equal Employment Opportunity Commission or similar federal, state or local agency, when acting on behalf of or for the benefit of a past, present or future **Employee** or applicant for employment; or
3. any **Independent Contractor**.

C. “**Credentialing**” means the process of reviewing a **Health Care Staff** member’s or prospective member’s credentials, including training, demonstrated practical experience, license verification, malpractice history or insurance, in order to determine such member’s or prospective member’s qualification for the granting or renewal of **Health Care Staff** membership or privileges.

D. “**Discrimination**” means any actual or alleged:

1. violation of any employment discrimination law; or
2. disparate treatment of, or the failure or refusal to hire a **Claimant** or **Outside Claimant** because he or she is or claims to be a member of a class which is or is alleged to be legally protected.

E. “**Employee**” means a natural person whose labor or service is engaged by and directed by the **Insured Organization** and:

1. who is on the payroll of the **Insured Organization**, including:
  - a. any in-house general counsel of the **Insured Organization**; and

- b. any other full-time, part-time, temporary and seasonal workers;
2. who is a volunteer; or
3. whose services have been leased by the **Insured Organization**.

**Independent Contractors** are not **Employees**. The status of an individual as an **Employee** shall be determined as of the date of the alleged **Wrongful Act**.

F. “**Employment Agreement**” means any express or implied employment agreement regardless of the basis in which such agreement is alleged to exist, other than a collective bargaining agreement.

G. “**Employment Claim**” means:

1. a written demand for monetary damages or non-monetary relief;
2. a civil proceeding commenced by service of a complaint or similar pleading;
3. a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order, service of summons or similar document, including a proceeding before the Equal Employment Opportunity Commission or any similar governmental agency; provided that in the context of an audit conducted by the Office of Federal Contract Compliance Programs, **Employment Claim** shall be limited to a Notice of Violation or Order to Show Cause or written demand for monetary or non-monetary relief;
4. an arbitration, mediation or similar alternative dispute resolution proceeding if the **Insured** is obligated to participate in such proceeding or if the **Insured** agrees to participate in such proceeding, with the Company’s written consent, such consent not to be unreasonably withheld; or
5. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding;

against an **Insured** by or on behalf of or for the benefit of a **Claimant**, or against an **Insured Person** serving in an **Outside Position** by or on behalf of or for the benefit of an **Outside Claimant**, for a **Wrongful Employment Practice**; provided that **Employment Claim** does not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement, any type of criminal proceeding, or any **Peer Review** activities.

H. “**Executive Officer**” means the chairperson, chief executive officer, president, chief financial officer, in-house general counsel, chief compliance officer, executive director, **LLC Manager**, human resources manager, or an individual acting in the capacity of a human resources manager, or managing director of the **Insured Organization** or a functional equivalent thereof.

I. “**Governmental Entity**” means the United States of America or any federal, state or local governmental, regulatory or administrative agency or entity.

J. “**Health Care Services**” means health care or treatment, including medical, surgical, psychiatric, dental, ophthalmologic, optometric, podiatric, holistic, nursing, chiropractic, diagnostic imaging, or other professional health care or treatment of any natural person; counseling or other social services in connection with such health care or treatment; furnishing or dispensing of medications, drugs, blood, blood products, tissue, or medical, surgical, psychiatric, dental, ophthalmologic, optometric, podiatric, or chiropractic equipment, supplies or appliances; or the handling of, or the performance of, post-mortem procedures on, human bodies including autopsies and the harvesting or organs.

K. “**Health Care Staff**” means physicians including resident physicians, medical directors, nurses, and other healthcare practitioners providing **Health Care Services** on behalf of the **Insured Organization**, but only for a **Claim** where such **Health Care Staff** member is actually indemnified by the **Insured Organization**.

L. “**Independent Contractor**” means any natural person independent contractor who performs labor or service for the **Insured Organization** pursuant to a written contract or agreement, where such labor or service is under the exclusive

direction of the **Insured Organization**. The status of an individual as an **Independent Contractor** shall be determined as of the date of the alleged **Wrongful Act**.

M. “**Insured**” means the **Insured Persons** and the **Insured Organization**.

N. “**Insured Organization**” means the **Named Insured** and any **Subsidiary**.

O. “**Insured Person**” means any natural person who was, is or becomes an **Employee**, duly elected or appointed member of the board of directors, officer, member of the board of trustees, member of the board of regents, member of the board of governors, natural person partner, **LLC Manager** or a functional equivalent thereof of the **Insured Organization** for **Wrongful Acts** committed in the discharge of his or her duties as such, or while serving in an **Outside Position**.

In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** against the estate, heirs, legal representatives or assigns of such **Insured Person** for a **Wrongful Act** of such **Insured Person** will be deemed to be a **Claim** against such **Insured Person**.

P. “**Loss**” means **Defense Expenses** and money which an **Insured** is legally obligated to pay as a result of a **Claim**, including settlements; judgments; back and front pay; compensatory damages; punitive or exemplary damages or the multiple portion of any multiplied damage award if insurable under the applicable law most favorable to the insurability of punitive, exemplary, or multiplied damages; prejudgment and postjudgment interest; and legal fees and expenses of a **Claimant** or **Outside Claimant** awarded pursuant to a court order or judgment. “**Loss**” does not include:

1. civil or criminal fines; sanctions; liquidated damages other than liquidated damages awarded under the Age Discrimination in Employment Act or the Equal Pay Act; payroll or other taxes; or damages, penalties or types of relief deemed uninsurable under applicable law;

2. future compensation, including salary or benefits, for a **Claimant** or **Outside Claimant** who has been or will be hired, promoted or reinstated to employment pursuant to a settlement, court order, judgment, award or other resolution of a **Claim**; or that part of any judgment or settlement which constitutes front pay, future monetary losses including but not limited to pension and other benefits, or other future economic relief or the value or equivalent thereof, if the **Insured** has been ordered, or has the option pursuant to a judgment, order or other award or disposition of a **Claim**, to promote, accommodate, reinstate, or hire the **Claimant** or **Outside Claimant** to whom such sums are to be paid, but fails to do so;

3. medical, pension, disability, life insurance, stock options or other similar employee benefits, except and to the extent that a judgment or settlement of a **Claim** includes a monetary component measured by the value of pension, medical, disability, life insurance, stock options or other similar employee benefits, as consequential damages for a **Wrongful Act**; or

4. any amount allocated to non-covered loss pursuant to Section III. CONDITIONS P. ALLOCATION of the Liability Coverage Terms and Conditions.

Q. “**Outside Claimant**” means:

1. a past, present or future **Outside Employee** of, or applicant for employment with, an **Outside Entity**;

2. a **Governmental Entity** or agency, including but not limited to the Equal Employment Opportunity Commission or similar federal, state or local agency, when acting on behalf of, or for the benefit of, present or former **Outside Employees** or applicants for employment; or

3. any natural person independent contractor who performs labor or service solely for the **Outside Entity** on a full-time basis pursuant to a written contract or agreement, where such labor or service is under the exclusive direction of the **Outside Entity**.

R. “**Outside Employee**” means a natural person whose labor or service is engaged by and directed by an **Outside Entity** and:

1. who is on the payroll of an **Outside Entity**, including:
  - a. any in-house general counsel of the **Outside Entity**; and
  - b. any other full-time, part-time, temporary and seasonal workers;
2. who is a volunteer; or
3. whose services have been leased by the **Outside Entity**.

The status of an individual as an **Outside Employee** shall be determined as of the date of the alleged **Wrongful Employment Practice**.

S. “**Outside Entity**” means a corporation or organization:

1. other than the **Insured Organization**, which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; or
2. specifically scheduled as an **Outside Entity** by endorsement to this **Liability Policy**.

T. “**Outside Position**” means service by an **Insured Person** as a member of the board of directors, officer, member of the board of trustees, member of the board of managers, member of the board of regents, member of the board of governors or a functional equivalent thereof with an **Outside Entity**, but only during such time that such service is with the knowledge, consent, and at the specific request of the **Insured Organization**.

U. “**Peer Review**” means **Credentialing** :

1. formally adopted written procedures, or
2. any duly authorized review of quality and cost of **Health Care Services**,

of members of the **Health Care Staff** by a professional review board or designated committee of the **Insured Organization**.

V. “**Retaliation**” means any actual or alleged **Wrongful Termination** or other adverse employment action against a **Employee** or **Outside Employee** on account of such **Employee's** or **Outside Employee's** exercise or attempted exercise of rights protected by law, refusal to violate any law, disclosure or threat to disclose to a superior or to any **Governmental Entity** alleged violations of the law, or on account of the **Employee** or **Outside Employee** having assisted or testified in or cooperated with a proceeding or investigation regarding alleged violations of law.

W. “**Sexual Harassment**” means any actual or alleged unwelcome sexual advances, requests for sexual favors or any other conduct of a sexual nature:

1. which is made a term or condition of a **Claimant's** or **Outside Claimant's** employment or advancement;
2. which the submission to, or rejection of, is used as a basis for decisions affecting the **Claimant** or **Outside Claimant**; or
3. which has the purpose or effect of creating an intimidating, hostile or offensive work environment.

X. “**Subsidiary**” means:

1. any corporation, partnership or any limited liability company organized under the laws of any state, in which, on or prior to the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** owns, directly or through one or more **Subsidiaries**, more than fifty percent (50%) of the outstanding securities or voting rights representing the right to vote for the election of, or to appoint such entity's board of directors, board of trustees, board of managers or a

functional equivalent thereof, or in cases where no such securities have been issued, the ability to control or direct such entity's managerial decisions;

2. any corporation, partnership or limited liability company operated as a joint venture, and which is scheduled by endorsement to this **Liability Policy**, in which, on or prior to the Inception Date set forth in ITEM 2 of the Declarations, the **Named Insured** owns, directly or through one or more **Subsidiaries**, exactly fifty percent (50%) of the issued and outstanding voting stock and which, pursuant to a written agreement with the owner(s) of the remaining issued and outstanding voting stock of such entity, the **Named Insured** solely controls the management and operation of such entity; or

3. subject to the provisions set forth in Section III. CONDITIONS L. ACQUISITIONS of the Liability Coverage Terms and Conditions, any entity that the **Insured Organization** forms or acquires during the **Policy Period** in which the **Named Insured** owns, directly or through one or more **Subsidiaries** more than fifty percent (50%) of the outstanding securities or voting rights representing the right to vote for the election of, or to appoint such entity's board of directors, board of trustees, board of managers or a functional equivalent thereof, or to exercise a majority control of the board of directors, board of trustees, board of managers or a functional equivalent thereof.

Y. "**Third Party Claim**" means:

1. a written demand for monetary or non-monetary relief;
2. a civil proceeding commenced by service of a complaint or similar pleadings;
3. a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order, service of summons, or similar document;
4. an arbitration, mediation or similar alternative dispute resolution proceeding if the **Insured** is obligated to participate in such proceeding or if the **Insured** agrees to participate in such proceeding, with the Company's written consent, such consent not to be unreasonably withheld; or
5. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding;

against an **Insured** by or on behalf of or for the benefit of any natural person other than a **Claimant** for a **Third Party Wrongful Act**; provided that **Third Party Claim** does not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement, any type of criminal proceeding, or any **Peer Review** activities.

Z. "**Third Party Wrongful Act**" means, with respect to any natural person other than a **Claimant**, any actual or alleged:

1. disparate treatment in violation of any discrimination law or because he or she is or claims to be a member of a class which is or is alleged to be legally-protected; or
2. unwelcome sexual advances, requests for sexual favors or any other conduct of a sexual nature which violates the civil rights of any such person,  
  
committed or attempted by any **Insured**.

AA. "**Workplace Harassment**" means any actual or alleged harassment, other than **Sexual Harassment**, which creates a work environment that interferes with job performance, or creates an intimidating, hostile, or offensive work environment.

BB. "**Wrongful Act**" means:

1. a **Wrongful Employment Practice** occurring in the course of or arising out of a **Claimant's** employment, application for employment or performance of services with the **Insured Organization**;

2. a **Wrongful Employment Practice** by an **Insured Person** in his or her **Outside Position** occurring in the course of or arising out of an **Outside Claimant's** employment, application for employment or performance of services with an **Outside Entity**; or

3. a **Third Party Wrongful Act**, if ITEM 5 of the Declarations indicates that Third Party Wrongful Acts Coverage has been purchased.

All **Related Wrongful Acts** are a single **Wrongful Act** for purposes of this **Liability Coverage**, and all **Related Wrongful Acts** shall be deemed to have occurred at the time the first of such **Related Wrongful Acts** occurred whether prior to or during the **Policy Period**.

CC. “**Wrongful Employment Practice**” means any actual or alleged:

1. **Discrimination;**
2. **Retaliation;**
3. **Sexual Harassment;**
4. **Workplace Harassment;**
5. **Wrongful Termination;**
6. breach of **Employment Agreement;**
7. violation of the Family Medical Leave Act;
8. employment-related misrepresentation;
9. defamation, including libel or slander, or invasion of privacy;
10. failure to create or enforce adequate workplace or employment policies and procedures, employ or promote, or grant tenure;
11. wrongful discipline, denial of training, deprivation of career opportunity, denial or deprivation of seniority, or evaluation; and
12. negligent hiring, supervision of others, training, or retention, but only if such act is alleged in connection with a **Wrongful Employment Practice** set forth in 1. through 11. above.

DD. “**Wrongful Termination**” means the actual, alleged or constructive termination of an employment relationship between a **Claimant** and the **Insured Organization**, or the actual or constructive termination of an employment relationship between an **Outside Claimant** and an **Outside Entity**, in a manner or for a reason which is contrary to applicable law or public policy, or in violation of an **Employment Agreement**.

### III. EXCLUSIONS

A. This **Liability Coverage** shall not apply to, and the Company shall have no duty to defend or to pay, advance or reimburse **Defense Expenses** for, any **Claim**:

1. for any actual or alleged damage to, or destruction of, loss of, or loss of use of, any tangible property including without limitation inadequate or insufficient protection from soil or ground water movement, soil subsidence, mold, toxic mold, spores, mildew, fungus, or wet or dry rot;

2. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any actual or alleged bodily injury, sickness, disease, death, or loss of consortium; provided that this exclusion shall not apply to that portion of a **Claim** seeking **Loss** for emotional distress, mental anguish, humiliation, or loss of reputation;

3. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any actual or alleged nuclear reaction, nuclear radiation, radioactive contamination, or radioactive substance, or the hazardous properties of nuclear material, including infectious nuclear waste or nuclear medical waste; provided that this exclusion shall not apply to **Claims for Retaliation**;

4. based upon, alleging, arising out of, or in any way relating to, directly or indirectly any **Pollution**; provided that this exclusion shall not apply to **Claims for Retaliation**;

5. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged in any prior or pending civil, criminal, administrative or regulatory proceeding, including audits initiated by the Office of Federal Contract Compliance Programs, against any **Insured** as of or prior to the applicable Prior and Pending Proceeding Date set forth in ITEM 5 of the Declarations for this **Liability Coverage**;

6. for or arising out of facts, transactions or events which are or reasonably would be regarded as a **Wrongful Act**, about which any **Executive Officer** had knowledge prior to the applicable Continuity Date set forth in ITEM 5 of the Declarations for this **Liability Coverage**;

7. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any fact, circumstance, situation, transaction, event or **Wrongful Act** which, before the Inception Date set forth in ITEM 2 of the Declarations, was the subject of any notice of claim or potential claim given by or on behalf of any **Insured** under any policy of insurance of which this **Liability Coverage** is a direct or indirect renewal or replacement;

8. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any **Retaliation** in connection with the Federal False Claims Act, any anti-kickback, self-referral or healthcare fraud and abuse law, including amendments thereto and regulations thereunder, or any similar or related federal, state or local law or regulation;

9. for any actual or alleged violation of responsibilities, duties or obligations under any law concerning social security, unemployment insurance, workers' compensation, disability insurance, or any similar or related federal, state or local law or regulation; or for any actual or alleged violation of the Worker Adjustment and Retraining Notification Act (WARN), Occupational Safety and Health Act (OSHA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), or amendments thereto or regulations promulgated thereunder, or any similar or related federal, state or local law or regulation; provided that this exclusion shall not apply to:

a. **Claims for Retaliation**, other than a **Claim** to which exclusion A.8. above applies; or

b. **Defense Expenses** in connection with a **Claim** for any actual or alleged violation of WARN or OSHA, or amendments thereto or regulations promulgated thereunder;

10. for any actual or alleged liability of others assumed by an **Insured** under any contract or agreement, whether oral or written, except to the extent that the **Insured** would have been liable in the absence of such contract or agreement;

11. for any actual or alleged violation of responsibilities, duties or obligations under the Employee Retirement Income Security Act of 1974 ("ERISA"), including amendments thereto and regulations promulgated thereunder, or any similar or related federal, state or local law or regulation; or for an **Insured's** failure or refusal to establish, contribute to, pay for, insure, maintain, provide benefits pursuant to, or enroll or maintain the enrollment of an **Employee or Outside Employee** or dependent in, any employee benefit plan, fund or program, including contracts or agreements which are not subject to the provisions of ERISA; provided that this exclusion shall not apply to **Claims for Retaliation**;

12. for any actual or alleged violation of responsibilities, duties or obligations imposed on an **Insured** under the National Labor Relations Act (NLRA) or amendments thereto or regulations promulgated thereunder, or any similar or related federal, state or local law or regulation; or for any actual or alleged lockout, strike, picket line, hiring of replacement workers or other similar action in connection with any labor dispute or labor negotiation;

13. based upon, alleging, arising out of, or in any way relating to, directly or indirectly, any **Wrongful Act** by a **Subsidiary** or any related **Insured Person** occurring at any time during which such entity was not a **Subsidiary**;

14. for a **Third Party Claim**:

- a. alleging price discrimination, or other violation of any antitrust or unfair trade practices law; or
- b. against an **Insured Person** solely due to their service in an **Outside Position**; or

15. for any actual or alleged liability under any agreement governing the terms of the labor or service of an **Independent Contractor**, temporary worker or leased employee with the **Insured Organization** or for liability under any agreement governing the terms of the labor or service of any natural person independent contractor who performs labor or service solely for the **Outside Entity** on a full-time basis pursuant to a written contract or agreement.

B. The Company shall have no duty to pay **Loss**, other than **Defense Expenses**, for any **Claim**:

1. seeking costs and expenses incurred or to be incurred to comply with an order, judgment or award of injunctive or other equitable relief of any kind, or that portion of a settlement encompassing injunctive or other equitable relief, including but not limited to actual or anticipated costs and expenses associated with or arising from an **Insured's** obligation to provide reasonable accommodation under, or otherwise comply with, the Americans With Disabilities Act or the Rehabilitation Act of 1973, including amendments thereto and regulations thereunder, or any similar or related federal, state or local law or regulation;

2. seeking severance pay, damages or penalties under an express written **Employment Agreement**, or under any policy or procedure providing for payment in the event of separation from employment; or sums sought solely on the basis of a claim for unpaid services; or

3. for an alleged violation of responsibilities, duties or obligations imposed on an **Insured** under any **Wage and Hour Law**; provided that this exclusion shall not apply to **Claims** for **Retaliation** or any actual or alleged violation of the Equal Pay Act.

The Company's maximum aggregate limit of liability for all **Defense Expenses** resulting from **Claims** for an alleged violation of responsibilities, duties or obligations imposed on an **Insured** under any **Wage and Hour Law**, except for **Claims** for **Retaliation** or any actual or alleged violation of the Equal Pay Act, shall be \$100,000, which amount shall be part of and not in addition to, the applicable Limit of Liability set forth in the Declarations;

#### IV. CONDITIONS

##### A. SETTLEMENT

The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends an offer of settlement of any **Claim** which is acceptable to the claimant(s) (a "Settlement Offer"), and if the **Insured** shall refuse to consent to such Settlement Offer, the **Insured** shall be solely responsible for thirty percent (30%) of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** shall also be responsible for thirty percent (30%) of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Liability Coverage** for such **Claim** shall not exceed the remaining applicable limit of liability.

##### B. OTHER INSURANCE

Except for **Claims** against **Insured Persons** for **Wrongful Employment Practices** in their **Outside Positions**, this **Liability Coverage** shall apply only as excess insurance over, and shall not contribute with any:

1. fiduciary liability insurance or other insurance which applies to any claim for any violation of ERISA (other than Fiduciary Liability coverage, if purchased from the Company); or
2. insurance which applies to any **Claim**:



- a. against an **Independent Contractor** or leased or temporary employee; or
- b. for a **Third Party Wrongful Act**.

With respect to **Claims** against **Insured Persons** for **Wrongful Employment Practices** in their **Outside Positions**, this **Liability Coverage** shall apply only as excess insurance over, and shall not contribute with: (1) any other valid and collectible insurance available to any **Insured**, including but not limited to any insurance under which there is a duty to defend, unless such insurance is written specifically excess of this **Liability Coverage** by reference in such other policy to the Policy Number of this **Liability Policy**; (2) any self-insurance or self-insurance program of the **Insured**, or any self-insured retention obligation assumed by the **Insured**, under any valid insurance, including but not limited to any healthcare professional liability insurance, any comprehensive general liability insurance, or any comprehensive healthcare liability insurance; or (3) indemnification to which an **Insured Person** is entitled from any **Outside Entity**. This **Liability Coverage** will not be subject to the terms of any other insurance.

C. OUTSIDE POSITIONS – LIMIT OF LIABILITY

If any **Claim** against an **Insured Person** gives rise to an obligation both under this **Liability Coverage** and under any other coverage or policy of insurance issued by the Company or any of its affiliates to any **Outside Entity**, the Company's maximum aggregate limit of liability under all such policies for any **Loss** for such **Claim** shall not exceed the largest single available limit of liability under such coverage.

S P E C I M E N