

Cover-Prosm Healthcare

PROFESSIONAL LIABILITY INSURANCE POLICY

THIS IS A CLAIMS MADE POLICY - PLEASE READ IT CAREFULLY

In consideration of the payment of the premium and in reliance upon all statements and information furnished to **us** including all statements made in the application form, its attachments and the material incorporated therein, which are incorporated herein and deemed to be a part of this policy, **we** agree as follows:

I. INSURING AGREEMENTS

A. Professional Liability Coverage

We shall pay on **your** behalf all sums, not exceeding the Limits of Liability and in excess of the applicable Deductible set forth in the Declarations, for which **you** shall become legally obligated to pay as **damages** resulting from any **claim** first made against **you** during the **policy period** or any subsequent extended reporting period arising out of a **wrongful act** committed after the **retroactive date** stated in Item 6. of the Declarations and prior to the end of the **policy period**.

B. Defense And Settlement

We, in **your** name and on **your** behalf, shall have the right and duty to investigate, defend, and conduct settlement negotiations, including selection of defense counsel, in any **claim** or suit.

We shall not settle any **claim** without **your** consent, such consent not to be unreasonably withheld. Should **you** refuse to consent to any settlement recommended by **us**, and acceptable to the claimant, and elect to further contest the **claim**, **our** liability for such **claim** shall not exceed the amount for which the **claim** could have been settled, including **claim expenses** incurred, up to the date of such refusal, plus 50% of covered **damages** and **claim expenses** in excess of such settlement amount, it being a condition of this insurance that the remaining 50% of such **damages** and **claim expenses** excess of the first settlement amount shall be borne by **you** at **your** own risk and be uninsured. Notwithstanding the foregoing, this paragraph shall not apply until the settlement amount exceeds the Deductible amount stated in Item 5. of the Declarations.

You shall not admit liability for, or make any voluntary settlement, or incur any costs or expenses in connection with any **claim** except with **our** written consent.

We shall not be obligated to pay any **claim** or judgment or **claim expenses** or to defend any suit after the applicable Limits of Liability have been exhausted.

C. Supplemental Payments

We will pay up to two hundred and fifty dollars (\$250) per **individual insured** per day for each day any such **individual insured** is required to appear at a trial, hearing or arbitration proceeding involving a **claim** against such **insured**, subject to a five thousand dollar (\$5,000) sublimit of liability ("Trial Sublimit of Liability"). The Trial Sublimit of Liability shall be in addition to the Limits of Liability as shown in Item 4. of the Declarations.

II. DEFINITIONS

THE FOLLOWING WORDS AND PHRASES APPEARING IN BOLD HAVE SPECIAL MEANING WHENEVER USED IN THIS POLICY:

- A. **Bodily injury** means physical injury, sickness, disease, disability, mental anguish, mental injury or emotional distress sustained by a person, including death resulting therefrom at any time.
- B. **Claim** means a demand or suit received by **you** for **damages** for **bodily injury** arising from any alleged **wrongful act**. **Claim** shall also include any request to toll the statute of limitations relating to a potential **claim** involving an alleged **wrongful act**.
- C. **Claim expenses** means fees charged by any lawyer designated by **us** and all other fees, costs, and expenses resulting from the investigation, adjustment, defense, and appeal of a **claim**, if incurred by **us**. **Claim expenses** shall also include:

- 1. Premiums on bonds to release attachments and appeal bonds, limited to that portion of such bonds that does not exceed the Limits of Liability of this policy, but without any obligation by **us** to apply for or furnish such bonds;
- 2. Costs taxed against **you** in any suit except for any contempt citations;
- 3. Interest accruing after the entry of judgment, but only for that portion of the judgment which does not exceed the applicable Limits of Liability, and only until **we** have tendered to the court thereon; or paid to **you our** portion of such judgment as does not exceed **our** Limit of Liability and
- 4. Reasonable expenses incurred by **you** at **our** request in assisting in the investigation and defense of any **claim**, other than loss of earnings.

Claim expenses shall not include:

- a. any amounts incurred in defense of any **claim** for which any other insurer has a duty to defend, regardless of whether or not such other insurer undertakes such duty; or
- b. salaries, wages, overhead or benefit expenses associated with any **insured** except as specified in Section **I. INSURING AGREEMENTS**, Paragraph **C.** above; or
- c. salaries, wages, overhead or benefit expenses associated with your employees.

- D. **Continuity Date** means the date listed in Item 7. of the Declarations.
- E. **Damages** means a monetary judgment, award or settlement, including punitive damages or exemplary damages where insurable by law, but does not include the multiple part of multiplied damages, fines, taxes, sanctions or statutory penalties, including those based upon legal fees whether imposed by law, court or otherwise.
- F. **Domestic partner** means any person who qualifies as a domestic partner under the provisions of any federal, state or local statute or regulation, or under the terms and provisions of any employee benefit or other program established by **you**.
- G. **Individual Insured** means:

1. Any current partner, director, officer, member or employee of **yours** while acting within the scope of their duties as such.
 2. Any former or retired partner, director, officer, member or employee of **yours**, but only for those **professional services** rendered on behalf of the **named insured** prior to the date of separation or retirement from such entity(ies).
 3. The lawful spouse or **domestic partner** of an **individual insured**, but only for actual or alleged **wrongful acts** of such **individual insured** for which said spouse or **domestic partner** may be liable as the spouse or **domestic partner** of such **individual insured**.
 4. The heirs, executors, administrators, assignees, and legal representatives of each **insured** in the event of such **insured's** death, incapacity or bankruptcy as respects the liability of each **insured** as is otherwise covered herein.
- H. **Named Insured** means the proprietor, firm or organization specified in Item 1. of the Declarations.
- I. **Personal Injury** means wrongful entry or eviction or other invasion of private occupancy, the publication or utterance of a libel or slander or other defamatory or disparaging material, wrongful imprisonment or a publication or an utterance in violation of an individual's right of privacy.
- J. **Policy Period** means the period from the inception date of this policy to the expiration date as set forth in Item 2. of the Declarations or such earlier termination date, if any.
- K. **Professional Services** means services rendered to others for a fee solely in the conduct of **your** profession as stated in Item 9. of the Declarations.
- L. **Property Damage** means physical injury to tangible property, including all resulting loss of use of such property or loss of use of tangible property that is not physically injured.
- M. **Retroactive Date** means the date listed in Item 6. of the Declarations.
- N. **Subsidiary** means:
1. A corporation or other entity of which the **named insured** owns on or before the inception of the **policy period** more than 50% of the issued and outstanding voting stock either directly, or indirectly through one or more of its **subsidiaries** or the right to elect, appoint or designate more than 50% of such entity's board of directors, trustees, or managers and which is set forth in the application or, if the entity is a limited partnership, the **named insured** or one of its **subsidiaries** must serve as the general partner.

A corporation or other entity which becomes a **subsidiary** during the **policy period** and whose revenues total less than 15% of the total consolidated revenues of the **named insured** as disclosed by **you** on the most recently completed application as of the inception date of this **policy period**.
 2. A corporation or other entity, which becomes a **subsidiary** during the **policy period** other than a corporation or other entity described in Paragraph 1. above, but only upon the condition that within 90 days of its becoming a **subsidiary**, the **named insured** shall have provided **us** with a completed application and all materials requested by **us** and agreed to any additional premium and/or amendment of the provisions of this policy required by **us** relating to the addition of such new **subsidiary**. Further, coverage as shall be afforded to the new **subsidiary** is conditioned upon the **named insured** paying when due any additional premium required by **us** relating to such new **subsidiary**. Failure to provide the requested information

within the 90 days or failure to pay the additional premium when requested will result in the denial of coverage to said **subsidiary** under this policy.

A corporation or other entity becomes a **subsidiary** when the **named insured** owns more than 50% of the issued and outstanding voting stock, either directly or indirectly through one or more of its **subsidiaries** or serves as a general partner for a limited partnership. A corporation ceases to be a **subsidiary** when the **named insured** ceases to own more than 50% of the issued and outstanding voting stock, either directly or indirectly through one or more of its **subsidiaries** or is removed or ceases to act as general partner of a limited partnership. Coverage for **claims** made against any **subsidiary** or the **insureds** of any **subsidiary** shall only apply to **wrongful acts** of such **subsidiary** or the **insureds** of such **subsidiary** occurring after the effective time that such **subsidiary** became a **subsidiary** and prior to the time that such **subsidiary** ceased to be a **subsidiary**.

- O. **We, us, our** means the insurance company shown in the Declarations (a stock insurance company).
- P. **Wrongful Act** means a negligent act, error, or omission committed or alleged to have been committed by **you** or any person for whom **you** are legally responsible in the rendering of **professional services**. **Wrongful Act** shall include **personal injury** arising out of the rendering of **professional services**.
- Q. **You, your, insured** means:
 1. The **named insured**.
 2. Any **subsidiary**.
 3. Any independent contractor while acting on **your** behalf but solely as respects the provision of **professional services**.
 4. Any **individual insured**.

III. EXCLUSIONS

THIS POLICY DOES NOT APPLY TO ANY CLAIM OR CLAIM EXPENSES:

- A. arising out of, resulting from, based upon or in consequence of, any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, or gaining of any profit or advantage to which **you** are not legally entitled; however, **we** will defend **suits** alleging the foregoing until there is a judgment, final adjudication, adverse admission, plea *nolo contendere* or no contest or finding of fact against **you** as to such conduct.
- B. arising out of, resulting from, based upon or in consequence of **property damage** or **personal injury**, however, **we** will defend **you** for any claim alleging an improper release of medical information in violation of the Health Insurance Portability and Accountability Act (HIPAA) up to a sublimit of liability ("HIPAA Sublimit") of thirty thousand dollars (\$30,000). The HIPAA Sublimit shall be part of, not in addition to, the Limits of Liability as shown in Item 4. of the Declarations and shall no way serve to increase the Limits of Liability. Defense for HIPAA proceedings will still be subject to all other terms and provisions in this policy.
- C. arising out of any costs of corrections, costs of complying with non-pecuniary relief, fines or penalties imposed by law or other matters which may be deemed uninsurable under the law pursuant to which this policy may be construed.

- D. arising out of any Disciplinary Proceeding against any **insured**, however, **we** will defend **you** for said Disciplinary Proceeding up to a sublimit of liability ("Disciplinary Proceeding Sublimit") of thirty thousand dollars (\$30,000). The Disciplinary Proceeding Sublimit shall be part of, not in addition to, the Limits of Liability as shown in Item 4. of the Declarations and shall no way serve to increase the Limits of Liability. Defense for disciplinary proceedings will still be subject to all other terms and provisions in this policy.
- E. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any failure to effect or maintain any insurance or bond.
- F. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any sexual abuse or molestation.
- G. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any infringement of copyright, patent, trademark service mark, trade name, or misappropriation of ideas or trade secrets.
- H. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any violation of the Securities Exchange Act of 1933 as amended, the Securities Exchange Act of 1934 as amended, any state Blue Sky or Securities Law or any rules, regulations or amendments issued in relation to such acts, or any similar state, federal or foreign statutes or regulations.
- I. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any express warranties or guarantees or any liability **you** assume under contract unless **you** would have been legally liable in the absence of such contract.
- J. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any **claim** brought by any **insured** against another **insured**.
- K. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any pending or prior litigation as of the **continuity date** of this policy, as well as all future **claims** or litigation based on the pending or prior litigation derived from the same or essentially the same facts (actual or alleged) that gave rise to the prior or pending litigation.
- L. alleging, arising out of, resulting from, based upon or in consequence of, directly or indirectly, any employment practices or any discrimination against any person or entity on any basis, including but not limited to: race, creed, color, religion, ethnic background, national origin, age, handicap, disability, sex, sexual orientation or pregnancy.
- M. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any discharge, dispersal, release or escape of any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, spores, fungi, germs, soot, fumes, asbestos, acids, alkalis, chemicals and waste (including, but not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials) into or upon land, the atmosphere or any water-course or body of water or any cost or expense arising out of any direction, request or voluntary action to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any pollutants.
- N. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any services as an attorney, accountant, actuary, tax preparer, tax consultant, real estate broker, securities broker, securities dealer, registered representative of a securities broker or dealer, financial planner, nurse, doctor of medicine, doctor of veterinary medicine, doctor of dentistry, architect or engineer.
- O. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any **professional services** performed for any entity in which any **insured** is a principal, partner,

officer, director or owns or controls more than three percent (3%) of the issued and outstanding stock of such entity.

- P. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any disputes involving **your** fees or charges.
- Q. arising out of, resulting from, based upon or in consequence of, directly or indirectly, any **wrongful act** committed prior to the **policy period** and subsequent to the **retroactive date** for which you gave notice under any prior insurance policy or which you had any basis to believe might reasonably be expected to give rise to a **claim** under this Policy
- R. arising out of, resulting from, based upon or in consequence of, directly or indirectly any **wrongful act** committed while any license **you** are required by law in order to practice **your** profession is suspended, lapsed or revoked.

No **wrongful act** of any **individual insured** nor any fact pertaining to any **individual insured** shall be imputed to any other partner, director, officer or employee for the purposes of determining the applicability of Exclusion **A** above.

IV. LIMITS OF LIABILITY

Regardless of the number of (a) **insureds** under this policy, (b) persons or entities who allege **damages** or (c) **claims** made or suits brought, **our** liability is limited as follows:

- A. **We** shall be liable to pay that portion of any **damages** and **claim expenses** in excess of the applicable Deductible as stated in the Declarations for any one **claim** up to the Limits of Liability as stated in Item 4. of the Declarations. A Deductible shall apply to each and every **claim**, including **claim expenses**, and such Deductible shall be borne by **you**. The Deductible shall be uninsured and be at **your** own risk.
- B. **Our** maximum aggregate liability for all **damages** and **claim expenses** arising out of all **claims** made during the **policy period** shall be the Limit of Liability stated in the Declarations. The Limit of Liability during any Extended Reporting Period added to this policy shall be the remaining portion, if any, of the aggregate Limit of Liability provided by this policy as stated in Item 4. of the Declarations.
- C. **Claims** based on or arising out of the same act or circumstance, or a series of similar or related acts or circumstances shall be considered a single **claim** and shall be considered first made during the **policy period** or the Extended Reporting Period (if applicable), of the policy in which the earliest **claim** arising out of such act(s) or circumstance(s) was first made and all **damages** and **claim expenses** shall be subject to the same Each **Claim** Limit of Liability.

V. GENERAL CONDITIONS

A. Policy Territory

This policy shall extend to any **wrongful act** committed anywhere in the world.

All premiums, limits, retentions, **damages**, **claim expenses** and other amounts under this policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of **damages** or **claims expenses** under this policy is stated in a currency other than United States dollars, payment under this policy shall be made in United States dollars at the rate of exchange published in *The Wall Street Journal* on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of **damages** or **claims expenses** is due, respectively.

B. Notice and Claim Reporting Provisions

Notice hereunder shall be given by **you** or on **your** behalf in writing to **us** at One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 Attn: Claims Department.

1. **You** shall, as a condition precedent to **our** obligations under this policy, give written notice to **us** as soon as practicable during the **policy period**, or during the Extended Reporting Period (if any) of any **claim** made against **you**.
2. If during the **policy period**, or during the Extended Reporting Period (if any), but not during the Automatic Extension, **you** shall become aware of any circumstance which could reasonably be expected to give rise to a **claim**, **you** shall give written notice to **us** regarding all particulars of said incident as soon as practicable after **you** become aware of said circumstance. Such written notice of any circumstance must include:
 - a. the specific **wrongful act**; and
 - b. the **damages** which have or may result from such **wrongful act**; and
 - c. the circumstances by which **you** first became aware of such **wrongful act**.

Any **claim** then arising out of such **wrongful act** will be considered to have been first made at the time of the original notice.

C. Extended Reporting Period

1. If **we** or **you** cancel or refuse to renew this policy for reasons other than non-payment of premium, **we** will provide to **you** a 60 day Automatic Extension of the coverage granted by this policy, at no additional charge, for any **claim** first made against **you** and reported to **us** during the 60 day extension period but only as respects **wrongful acts** committed after the **Retroactive Date** (if any) stated in the Declarations and prior to the date of cancellation or non-renewal. In the event you purchase replacement coverage for this policy or a Supplemental Extended Reporting Period under **2.** below, said 60 day Automatic Extension period will terminate upon the effective date of said replacement coverage or Extended Reporting Period.
2. If **we** or **you** cancel or refuse to renew this policy for reasons other than non-payment of premium, **you** shall have the right to purchase, for the appropriate additional payment as listed in Item 8. of the Declarations, a Supplemental Extended Reporting Period of a duration and for a premium as described on the Declarations. This extension will provide coverage granted by this policy for any **claim** first made against **you** and reported to **us** during the Supplemental Extended Reporting Period. This Supplemental Extended Reporting Period only applies to **wrongful acts** committed after the **Retroactive Date** (if any) stated in the Declarations and prior to the date of cancellation or non-renewal. **You** must apply for this extension in writing accompanied by payment of the appropriate premium prior to the expiration of the 60 day Automatic Extension period under **1.** above.
3. All premium paid with respect to an extension period shall be deemed to be fully earned as of the first day of the extension period. For the purpose of this clause, any change in premium, retention, Limits of Liability or other terms on renewal shall not constitute a refusal to renew.
4. Limits of Liability available during any Extended Reporting Period shall not exceed the balance of the Limits of Liability in effect at the time the policy terminated.

5. In the event similar insurance is in force covering any **claims** first made during the 60 day extension period or during any Extended Reporting Period, coverage provided by this policy shall be excess over any such other insurance

D. Deductible

It is **your** responsibility to pay the Deductible amount as stated in Item 5. of the Declarations as the result of each **claim**. **We** may pay part of or all of the Deductible amount to effect a settlement of any **claim**, however, upon notification of any such action taken, **you** shall promptly reimburse **us** for all of the Deductible amount as has been paid by **us**.

E. Your Duties in the Event of a Claim

1. Pursuant to **B. Notice and Claim Reporting Provisions**, Paragraph **1.** above, **you** shall give written notice containing particulars sufficient to identify the **insured**, time, place and underlying circumstances of the **claim** to **us**.
2. **You** shall admit no liability, make no payments, assume no obligation and incur no expense related to such **claim** without **our** written consent.
3. When a **claim** is made against **you**, **you** shall immediately forward to **us** every demand, notice, summons, or other process received by **you** or **your** representatives.
4. **You** shall cooperate with **us** and, upon **our** request, assist in making settlements and in the conduct of suits. **You** shall attend hearings, trials and depositions and shall assist in securing and giving evidence and in obtaining the attendance of witnesses.
5. **You** shall not demand or agree to arbitration of any **claim** without **our** written consent. Such consent shall not be unreasonably withheld.

F. Subrogation

If **we** pay any amount hereunder as **damages, claim expenses** or any combination thereof, **we** shall be subrogated to **your** rights of recovery against any person, firm or organization. **You** shall execute and deliver instruments and papers and do whatever is necessary to secure such rights. **You** shall not waive or prejudice such rights prior to or subsequent to any **claim**.

G. Changes

Notwithstanding anything to the contrary, no provision of this policy may be amended, waived or otherwise changed except by endorsement issued by **us** to form part of this policy.

H. Action Against Us

1. No action shall lie against **us** unless, as a condition precedent thereto, there shall have been compliance with all terms of this policy, and until the amount of **your** obligation to pay shall have been finally determined either by judgment entered in a court of law against **you** or by **your** written agreement with the claimant or claimant's legal representative and **us**.
2. Any person or the legal representatives thereof who has secured such a judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or entity shall have any right under this policy to join **us** as a party to any action against **you** to determine **your** liability, nor shall **we** be impeded by **you** or their legal representatives. **Your** bankruptcy or insolvency or that of **your** successors in interest shall not relieve **us** of **our** obligations hereunder.

I. Change in Control

If during the **policy period**:

1. the **named insured** merges into or consolidates with another entity such that the **named entity** is not the surviving entity; or
2. another entity, person, or group of entities and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by other entity(ies) or person(s) of more than fifty percent (50%) of the outstanding securities representing the rights to vote for the election of the **named insured's** directors;

(either of the above events hereinafter referred to as the "Transaction") then coverage shall continue until the later of the termination of the **policy period** or such other date to which **we** may agree, but only with respect to **wrongful acts** which occurred prior to the Transaction and are otherwise covered by this policy and premium shall be considered fully earned.

J. Cancellation or Non-Renewal

1. This policy may be canceled by the **named insured** by surrender thereof and selection of a future date to **us** at the address stated in the Declarations or by mailing to **us** written notice stating when thereafter such cancellation shall be effective. If this policy is canceled by **you**, **we** shall retain the customary short-rate portion of the premium.
2. The policy may be canceled by **us** by mailing to the **named insured** at the address stated in the Declarations written notice stating when, not less than 45 days thereafter or 10 days in the case of cancellation for non-payment of premium or Deductible, such cancellation shall become effective. If the policy is canceled by **us**, earned premium shall be computed pro-rata.
3. In the event **we** refuse to renew this policy, **we** shall mail to the **named insured**, at the address stated in the Declarations, not less than 45 days prior to the expiration of this policy, written notice of non-renewal. Such notice shall be conclusive on all **insureds**.
4. The mailing of Notice of Cancellation or Non-Renewal as aforementioned shall be sufficient notice of the intent to cancel or non-renew. The effective date of cancellation or non-renewal specified in the notice shall terminate this **policy period**.

K. Conformity to Statutes

Terms of this policy which are in conflict with the statutes of the state wherein this policy is issued are hereby amended to conform to such statutes.

L. Assignment

Assignment of interest under this policy shall not bind **us** unless **our** consent is endorsed hereon.

M. Authorization Clause

By acceptance of this policy, **you** agree that the statements in the application are **your** agreements and representations and that this policy is issued in reliance upon the truth of such representations. This policy embodies all existing agreements between **you** and **us** relating to this insurance.

N. Other Insurance

This insurance is excess over any other valid and collectable insurance available to **you** except as respects such insurance written to apply specifically in excess of this insurance.

O. Liability Coverage Disputed and Reservation of Rights

If a controversy or dispute arises with regard to whether coverage exists with respect to a **claim** submitted by **you** under the coverage sections of this policy, **we** may elect to provide a defense under a Reservation of Rights whereby **we** reserve **our** rights to deny and reject any **claim** for **claim**.

P. False or Fraudulent Claims

If any **insured** shall commit fraud in presenting any **claim** as regards amounts or otherwise, this insurance shall become void as to such **insured** from the date such fraudulent **claim** is presented.

Q. Headings

The descriptions in the headings of this policy and any endorsements attached hereto are solely for convenience, and form no part of the terms and conditions of coverage.

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