

PRIOR APPROVAL RATE APPLICATION

Completed by: Lauren Kielian

Date: 6/29/2011

Your File #: MIECCA2011

( 15 Characters Maximum)

☒ SERFF ☐ CD (plus 1 paper copy) ☒ Paper (1 original plus 1 copy)

Does this filing include a variance request? ☐ No ☐

Is this a variance request submitted after the prior approval application to which it applies? ☐ No ☐

If yes, provide the applicable CDI File Number: \_\_\_\_\_

Does this file contain group data? ☐ No ☐

Note: Complete page 2 if this is a group filing

Is this a specialty filing? ☐ No ☐

Latest applicable CDI file number in this line, subline and/or program:  
08-4652 rates 08-14279 form

Company Name Medical Insurance Exchange of California

NAIC Company Code 32433

Group Name Medical Insurance Exchange of California

NAIC Group Code 608

Organized under the Laws of the State of CALIFORNIA

DEPARTMENT USE ONLY	
Filing No.:	<u>11-5742</u>
SERFF No.:	_____
Date Filed:	<u>6-30-11</u>
Compliance Date:	<u>7-11-11</u>
Date Public Notified:	<u>7-15-11</u>
Deemer Date:	<u>9-13-11</u>
Intake Analyst:	<u>Rivera</u>
Bureau & Senior:	<u>SF2-Salazar</u>
Group Filing:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
X-Reference No.:	_____
<input checked="" type="checkbox"/> Rate	<input type="checkbox"/> New Program <input type="checkbox"/> Rule
<input checked="" type="checkbox"/> Form	<input type="checkbox"/> Variance <u>-19.0</u> % Change

Line Type ☐ COMMERCIAL ☐

Subline Other Prof Liab

Line of Insurance: ☐ MEDICAL MALPRACTICE ☐

Program Prof Liab and Physicians and Surgeons and Miscellaneous Professional Liability

Home Office 6250 CLAREMONT AVE OAKLAND CA 94618

Name and Title of Contact Person LAUREN KIELIAN VP UNDERWRITING

Toll Free Phone No. 18002274527

Fax No.: 15106544634

Email Address laurenk@miec.com

Mailing Address 6250 CLAREMONT AVE OAKLAND CA 94618

I declare under penalty of perjury, under the laws of the State of California, that the information filed is true, complete, and correct.

Lauren Kielian  
Authorized Signature

July 1, 2011

Date of Filing

18002274527

Telephone Number

Important note: Refer to CDI website at <http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/> for the most current rate template and prior approval factors.

RATE FILING BUREAU--SF

JUN 30 2011

Prior Approval Rate Application  
(General Information)

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
PHYSICIANS AND SURGEONS AND MISCELLANEOUS  
MEDICAL PROFESSIONAL LIABILITY  
CALIFORNIA**

**FILING MEMORANDUM**

Medical Insurance Exchange of California (MIEC) respectfully submits this rate and form filing for the Physicians and Surgeons and Miscellaneous Professional Liability Program for rates effective for new and renewing policies on or after January 1, 2012.

The overall rate level impact of this revision for all territories and specialties for MIEC is -19.00%.

The following changes are contained within this filing:

- Changes have been made to manual rates
- Territory definitions have been revised
- Territory differentials have been removed for acupuncturists; all acupuncturists will have a territory relativity of 1.00
- Claims made factors have been revised
- The charge for partnerships and corporations coverage has been reduced from 12.50% to 10.00%
- Charges have been eliminated for locums tenens and mid-level shared limits
- New doctor discounts have been revised
- There are endorsements to the three basic policy forms (individual physician, health practitioner, partnership/corporation) for a new coverage (MIEC DATAGUARD), which provides protection for disclosure of confidential information and damage to information systems, limits of liability under the information security endorsement (ISE) are separate and generally limited to \$50,000 with excess limits available subject to underwriting approval

**INSURER GROUP MULTI-COMPANY FILING**

For private passenger auto insurance only, does CIC, 1861.16(c) apply? ☐ No ☒ Yes  
If yes, please complete (Super Group) Exhibit 19.

List each insurance company in alphabetical order.

Company Name Medical Insurance Exchange of California CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code 32433

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

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( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

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( Department use only )  
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( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

**PROPERTY AND LIABILITY FILING SUBMISSION DATA SHEET**

The purpose of this filing is as follows: (More than one may be marked)

TYPE OF FILING

PRIOR APPROVAL RATE APPLICATION  
PAGES and EXHIBITS REQUIRED

- |  |   |
|--|---|
| <input type="checkbox"/> New Program ( Including adoption of advisory organization loss costs, forms and rules.) | Pages 1 through 7, 10, 12, 13 & 14, plus exhibit 17                   |
| <input checked="" type="checkbox"/> Rates ( Including adoption of advisory organization loss costs. )            |   |
| <input type="checkbox"/> Increase rates  | Pages 1 through 10, 13 & 14, plus exhibits                            |
| <input checked="" type="checkbox"/> Decrease rate  | Pages 1 through 10, 13 & 14, plus exhibits                            |
| <input type="checkbox"/> Zero Overall rate impact  | Pages 1 through 10, 13 & 14, plus exhibits                            |
| <input type="checkbox"/> Variance  |   |
| <input type="checkbox"/> Filed together with the prior approval application to which it applies.                 | Page 11 and exhibit 13  |
| <input type="checkbox"/> Filed after the prior approval application to which it applies.                         | Pages 1 through 6, 11, plus exhibit 13                                |
| <input checked="" type="checkbox"/> Coverage Forms ( Including adoption of advisory organization forms. )        |   |
| <input checked="" type="checkbox"/> With rate impact   | Pages 1 through 10, 12a, 13 & 14 plus exhibits                        |
| <input type="checkbox"/> Without rate impact   | Pages 1 through 5, 12a  |
| <input type="checkbox"/> Rules ( Including adoption of advisory organization rules. )                            |   |
| <input type="checkbox"/> With rate impact  | Pages 1 through 10, 12b, 13 & 14 plus exhibits (including exhibit 20) |
| <input type="checkbox"/> Without rate impact   | Pages 1 through 5, 12b, Exhibit 20                                    |

**All Private Passenger Automobile class plans must be filed separately from the Prior Approval Rate Applications.**



**PROPERTY AND LIABILITY FILING SUBMISSION DATA SHEET (Continued)**

Proposed Earned Premium Per Exposure: \$ 5,301.64

Proposed Overall Rate Change -19.00%

	COVERAGE*	INDICATED CHANGE (%)	PROPOSED CHANGE (%)	ADJUSTED EARNED PREMIUM*	PROJECTED EARNED PREMIUM
1.	<u>Phys. &amp; Surg &amp; Misc. PL</u>	<u>-13.63%</u>	<u>-19.00%</u>	<u>28,243,862</u>	<u>22,877,528</u>
2.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
3.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
4.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
5.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
6.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
7.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
8.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
9.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
10.	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
	<b>TOTAL:</b>	<u></u>	<u></u>	<u></u>	<u></u>

Total earned premium must include all income derived from miscellaneous fees and other charges.

\* Commercial Auto Liability and Physical damage must be combined in one application, with separate rate templates for liability and physical damage.

\* Adjusted earned premium is the historical earned premium for the most recent year adjusted to the current rate level and trended to the average date of loss of the proposed rating period.

**FILING CHECKLIST**

**Use this checklist to assemble a complete application**

- ☒ Prior Approval Rate Application, Page 1
- ☒ Group Filing, Page 2
- ☒ Property and Liability Filing Submission  
Data Sheet, Page 3
- ☒ Property and Liability Filing Submission  
Data Sheet, Page 4
- ☒ Filing Checklist, Page 5
- ☒ Supporting Data Exhibits, Page 6
- ☒ Ratemaking Data and Template (s), Page 7
- ☒ Reconciliation of Direct Earned Premium, Page 8
- ☒ Additional Data Required by Statute, Page 9
- ☒ Miscellaneous Fees and Other Charges, Page 10
- ☒ Variance Request, Page 11
- ☒ Forms and Rules, Page 12
- ☒ Excluded Expenses, Page 13
- ☒ Projected Yield and Federal Income Tax Rate on Investment Income, Page 14
- ☒ Filing Memorandum

**See the prior approval rate filing instructions regarding the following attachments.**

- ☒ Printed Rate and Rule Manual Pages
- ☒ Underwriting Rules
- ☒ Forms (Attach all independent forms and list all advisory organization forms )
- ☐ Copies of Reinsurance Agreements  
( Applies only to Medical Malpractice with facultative reinsurance attachment points above one million dollars and  
Earthquake, where the cost of reinsurance is included in the rate development )

**SUPPORTING DATA EXHIBITS**

**Use this document to assemble a complete application**

- ☒ Exhibit 1: Filing History
- ☒ Exhibit 2: Rate Level History
- ☒ Exhibit 3: Policy Term Distribution
- ☒ Exhibit 4: Premium Adjustment Factor
- ☒ Exhibit 5: Premium Trend Factor
- ☒ Exhibit 6: Miscellaneous Fees and Other Charges
- ☒ Exhibit 7: Loss and Defense & Cost Containment Expense ( DCCE ) Development Factors
- ☒ Exhibit 8: Loss and DCCE Trend
- ☒ Exhibit 9: Catastrophe Adjustment
- ☒ Exhibit 10: Credibility Adjustment
- ☒ Exhibit 11: Ancillary Income
- ☒ Exhibit 12: Reinsurance Premium and Recoverables
- ☒ Exhibit 13: Variance
- ☒ Exhibit 14: Insurer's Ratemaking Calculations
- ☒ Exhibit 15: Rate Distribution
- ☒ Exhibit 16: Rate Classification Relativities
- ☒ Exhibit 17: New Program
- ☒ Exhibit 18: Group Filing
- ☒ Exhibit 19: Super Group Corporate Structure Verification (PPA only)
- ☒ Exhibit 20: Rules
- ☒ Exhibit 21:

RATEMAKING DATA				
(Click + to expand for more than 3 years; - to contract)				
Completed by Lauren Kiellian				
Date Completed 6/29/2011				
Company/Group Medical Insurance Exchange of California				
Line Description MEDICAL MALPRACTICE (claims-made)				
Coverage				
<div> <div>%Captive</div> <div>%Direct</div> <div>%Independent</div> <div>(Must add up to 100%)</div> </div>				
Marketing System: 0.00% 100.00% 0.00%				
Prior Effective Date (current rates) 2/1/2007				
Proposed Effective Date (new rates) 1/1/2012				
CDI File Number (Department use only) 0				
Does the data provided below reflect a Request for Variance? No Variance #:				
Data below is: Report Year Data (Claims Made policies only)				
	2nd Prior Year	1st Prior Year	Most Recent Year	Projected*/ New Program**
	2008	2009	2010	
1 California Direct Written Premium	37,436,430	36,273,155	34,752,076	
2 California Direct Earned Premium	37,456,196	36,344,639	34,868,965	
3 Premium Adjustment Factor (Developed in Exhibit 4)	1.000	1.000	1.000	
4 Premium Trend Factor* (Developed in Exhibit 5)	0.980	0.990	1.000	-1.00%
5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6)	-	-	-	
6 Earned Exposure Units	4,567	4,449	4,315	4,315
7 Historic Losses (Projected for New Programs)	15,245,053	16,840,762	13,314,258	
8 Historic Defense and Cost Containment Expense (DCCE)	-	-	-	
9 Loss Development Factor (Developed in Exhibit 7)	1.044	1.025	1.384	
10 DCCE Development Factor (Developed in Exhibit 7)	1.000	1.000	1.000	
11 Loss Trend Factor* (Developed in Exhibit 8)	1.020	1.015	1.010	0.50%
12 DCCE Trend Factor* (Developed in Exhibit 8)	1.000	1.000	1.000	
13 Catastrophe Adjustment Factor (Developed in Exh 9)	1.015	1.013	1.013	
14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10)				41.61%
15 Excluded Expense Factor (From Page 13)				3.24%
16 Ancillary Income (Developed in Exhibit 11)	-	-	-	
17 Projected Federal Income Tax Rate on Investment Income (From Page 14)				31.94%
18 Projected Yield (From Page 14)				4.63%
<u>Complete 19, 20 &amp; 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</u>				
19 Direct Commissions				0.00%
20 Reinsurance Premium (Developed in Exhibit 12)	-	-	-	
21 Reinsurance Recoverables (Developed in Exhibit 12)	-	-	-	
Variance Change to Leverage on the basis that the insurer either writes at least 90% of its direct earned premium in one line or writes at least 90% of its direct earned premium in California. (Must be accompanied by Variance Request, subject to CDI approval)				
Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to CDI approval)				
* For all trend factors, the Projected Column should reflect the annual trend expressed as a percentage.				
** For New Programs, please see Rate Filing Instructions, Page 4.				

STATUTORY PAGE 14 CALENDAR YEAR DATA  
RECONCILIATION OF DIRECT EARNED PREMIUM DATA PER PROGRAM

Program	Most Recent CDI File #	2nd Prior Year 2008	1st Prior Year 2009	Most Recent Year 2010
1 Phys & Surgeons (incl. Defense)	06-4652	\$ 36,452,348	\$ 35,348,945	\$ 34,146,232
2 California Clinics & CAL/ACEP	06-4652	\$ 1,003,848	\$ 995,694	\$ 722,733
3 Blood Banks	99-1158	\$ 688,453	\$ 625,354	\$ 196,867
4				
5		\$ -	\$ -	\$ -
6		\$ -	\$ -	\$ -
7		\$ -	\$ -	\$ -
8		\$ -	\$ -	\$ -
9		\$ -	\$ -	\$ -
10		\$ -	\$ -	\$ -
TOTAL		\$ 38,144,648	\$ 36,969,993	\$ 35,065,832
Statutory Page 14		\$ 38,053,520	\$ 36,599,284	\$ 32,906,906
Difference		\$ 91,128	\$ 370,709	\$ 2,158,927

Explain the Differences

Differences are due to the earning of DD&R premium within the calendar year and the inclusion of defense coverage within the physicians and surgeons analysis. In 2008, Defense Coverage Earned Premium is \$268,645 and the change in DD&R UEPR is positive \$187,357, unexplained difference of \$9,840. In 2009, Defense Coverage Earned Premium is \$278,887 and the change in the DD&R UEPR is negative \$96,909 for unexplained difference of \$5,087. In 2010, Defense Coverage Earned Premium is \$279,208 and the change in DD&R UEPR is -\$1,879,649 for unexplained difference of \$70.

This exhibit requires insurers to itemize each program until all data is reconciled to the corresponding annual statement line of insurance ( Statutory Page 14 ).

For residual market data, a filing number is not required.

**ADDITIONAL DATA REQUIRED BY STATUTE\***

Calendar Year

Year 2010

**DATA**

1	Number of claims outstanding at beginning of year	<u>674</u>
2	Number of claims during the year	<u>487</u>
3	Number of claims closed during the year	<u>421</u>
4	Number of claims outstanding at year's end ( (1) + (2) - (3) )	<u>740</u>
5	Unearned Premiums	<u>3,027,956</u>
6	Dollar amount of claims paid	<u>10,377,795</u>
7	Net loss reserves for outstanding claims excluding claims incurred but not reported	<u>16,713,010</u>
8	Net loss reserves for claims incurred but not reported	<u>9,801,049</u>
9	Losses incurred as a percentage of premiums earned - including IBNR	<u>17.04%</u>
10	Net investment gain or loss and other income or gain or loss allocated to the line.	<u>14,101,507</u>
11	Net income before federal and foreign income taxes ( line 10 plus line 15 )	<u>16,242,066</u>
12	Total number of policies in force on the last day of the reporting period	<u>4112</u>
13	Total number of policies cancelled	<u>39</u>
14	Total number of policies non-renewed	<u>220</u>
15	Net underwriting gain or loss ( =CY earned premiums minus CY incurred loss minus CY incurred expense )	<u>2,140,558</u>
16	Separate allocations of expenses for:	
	a) commissions and brokerage expense,	<u>-</u>
	b) other acquisition costs,	<u>3,185,929</u>
	c) general office expenses,	<u>759,007</u>
	d) taxes, licenses and fees,	<u>652,805</u>
	e) loss adjustment expense ( DCCE & AOE ), and	<u>11,428,064</u>
	f) other expenses	<u>(53)</u>

\*CIC 1857.7, CIC 1857.9 and CIC 1864

**MISCELLANEOUS FEES AND OTHER CHARGES**

Do any fees or installment finance charges apply to this program?

No	▼
----	---

If yes, identify the fee and the amount charged for each type of fee and for each transaction.

**INDIVIDUAL POLICY CHARGES**

	New Business	Renewals
<input type="checkbox"/> Policy fee	_____	_____
<input type="checkbox"/> Installment fee	_____	_____
<input type="checkbox"/> Installment finance charges ( ancillary income )	_____ APR	_____
<input type="checkbox"/> Endorsement fee	_____	_____
<input type="checkbox"/> Inspection fee	_____	_____
<input type="checkbox"/> Cancellation fee	_____	_____
<input type="checkbox"/> Reinstatement fee	_____	_____
<input type="checkbox"/> Late fee	_____	_____
<input type="checkbox"/> SR 22	_____	_____
<input type="checkbox"/> Non-sufficient funds ( NSF ) fee ( ancillary income )	_____	_____
<input type="checkbox"/> Membership dues ( ancillary income )	_____	_____
<input type="checkbox"/> Other, specify:	_____	_____

Except for installment finance charges, NSF fees, and membership dues, data relating to fees must be included in the ratemaking data, Page 7, Line 2 ( direct earned premium) or Line 5 ( miscellaneous fees ) and Exhibit 6, miscellaneous fees, must be completed. Refer to the instructions for additional information.

**REQUEST FOR VARIANCE**

- 1 Identify each variance requested ((See below (F))
- 2 Identify the extent or amount of the variance requested and the applicable component of the ratemaking formula. [ Complete Exhibit 13 ]
- 3 Set forth the expected result or impact on the maximum and minimum permitted earned premium that the granting of the variance will have as compared to the expected result if the variance is denied [ Complete Exhibit 13 ]
- 4 **IMPORTANT** Identify the facts and their source justifying the variance request and provide the documentation supporting the amount of the change to the component of the ratemaking formula (Complete Exhibit 13)

**IDENTIFY THE BASES FOR VARIANCE - Refer to CCR 2644.27 (f) for the full regulation text.**

**Maximum Permitted Rate Change % Excluding Variance**  
(Change At Max Per Template)

\_\_\_\_\_

- 1 ☐ Relief from the efficiency standard for bona fide loss-prevention and loss reduction activities.
- A. ☐ Allocated cost for SIU.  
B. ☐ Expenses for loss prevention programs.

**Maximum Permitted Rate Change % With Only This Variance**  
(Change At Max Per Template)

\_\_\_\_\_

- 2 ☐ Relief from the efficiency standard due to any of the following:
- A. ☐ Higher quality of service, as demonstrated by objective measures of consumer satisfaction, or  
B. ☐ Demonstrated superior service to underserved communities ( CCR 2646 6 ), or  
C. ☐ Significantly smaller or larger than average California policy premium, including any applicable fees

**Maximum Permitted Rate Change % With Only This Variance**  
(Change At Max Per Template)

\_\_\_\_\_

- 3 ☐ The leverage factor should be different from the leverage factor determined pursuant to section 2644 17 on the basis that the insurer either writes at least 90% of its direct earned premium in one line or writes at least 90% of its direct earned premium in California, and its mix of business presents investment risks different from the risks that are typical of the line as a whole.

**Maximum Permitted Rate Change % With Only This Variance**  
(Change At Max Per Template)

\_\_\_\_\_

- 4 ☐ Relief from operation of the efficiency standard for a line of insurance in which the insurer has never written over \$1 million in earned premium annually and the insurer is making a substantial investment in order to enter the market.

**Maximum Permitted Rate Change % With Only This Variance**  
(Change At Max Per Template)

\_\_\_\_\_

- 5 ☐ The minimum permitted earned premium should be lower on the basis of the insurer's certification that the rate will not cause the insurer's financial condition to present an undue risk to its solvency.

- 6 ☐ The insurer's financial condition is such that its maximum permitted earned premium should be increased in order to protect solvency

**Maximum Permitted Rate Change % With Only This Variance**  
(Change At Max Per Template)

\_\_\_\_\_

- 7 ☐ The loss development formula in CCR 2644.6 does not produce an actuarially sound result because:

- A. ☐ There is not enough data to be credible  
B. ☐ There is not enough years of data to fully calculate the development to ultimate,  
C. ☐ There are changes in the insurer's reserving or claims closing practices that significantly affect the data, or,  
D. ☐ There are changes in coverage or other policy terms that significantly affect the data, or,  
E. ☐ There are changes in the law that significantly affect the data.  
F. ☐ There is a significant increase or decrease in the amount of business written or significant changes in the mix of business

**Maximum Permitted Rate Change % With Only This Variance**  
(Change At Max Per Template)

\_\_\_\_\_



The trend formula in CCR 2644 7 does not produce the most an actuarially sound result because

- A ☐ There is a significant increase/decrease in the amount of business written or changes in the mix of business
- B ☐ There are not enough years of data to calculate the trend factor,
- C ☐ There is a significant change in the law affecting frequency or severity of claims,
- D ☐ It can be shown that a trend calculated over a period of at least 4 quarters other than a period permitted pursuant to section 2644 7(b) is more reliable prospectively
- E ☐ There are changes in the insurer's claims closing practices that significantly affect the data, or,
- F ☐ There are changes in coverage or other policy terms that significantly affect the data

Maximum Permitted Rate Change % With Only This Variance  
(Change At Max Per Template)

\_\_\_\_\_

- 9 ☐ The maximum permitted earned premium would be confiscatory if applied

Maximum Permitted Rate Change % With Only This Variance  
(Change At Max Per Template)

\_\_\_\_\_

Overall Maximum Permitted Rate Change %

\_\_\_\_\_

Notwithstanding any other section of these regulations, the aggregate total adjustment to the efficiency standard for all variances combined shall not exceed the difference between the insurer's most recent year total expense ratio excluding defense and cost containment expenses and the efficiency standard

Most Recent  
Year Total  
Expense Ratio

\_\_\_\_\_ %

4/4/2011

## FORMS

Insurers who wish to use a new or replacement form in connection with a new or existing program must furnish the following information and documentation for our review.  
Revisions must be highlighted and the corresponding manual pages must be provided.

FORM NO.	TITLE	TYPE	SOURCE	SOURCE FORM NO *	CATEGORY	Restricts Coverage [Yes/ No]	Broadens Coverage [Yes/ No]	Rate Impact [Yes / No]	% Change	Flat Rate
1] New: Form 1 rev 02/12.1	Individual Physician (and Solo Professional Corporation) Policy	3	3		4	no	no	no	0.00%	
Old: Form 1 rev 02/09.1	Individual Physician (and Solo Professional Corporation) Policy	3	3	08-14279	6	no	no	no	0.00%	
2] New: Form 2 rev 02/12.1	Partnership, Corporation, Unincorporated Association Policy	3	3		4	no	no	no	0.00%	
Old: Form 2 rev 02/09.1	Partnership, Corporation, Unincorporated Association Policy	3	3	08-14279	6	no	no	no	0.00%	
3] New: Form 06 rev 02/12	Individual Health Practitioner (and Solo Professional Corporation) Policy	3	3		4	no	no	no	0.00%	
Old: Form 06 rev 02/09	Individual Health Practitioner (and Solo Professional Corporation) Policy	3	3	08-14279	6	no	no	no	0.00%	
4] New: Form 8.HP	DATAGUARD Endorsement	2	3		1	no	yes	yes	0.00%	60
Old:										
5] New: Form 8.Partcorp	DATAGUARD Endorsement	2	3		1	no	no	yes	0.00%	60
6] New: Form 8.MD	DATAGUARD Endorsement	2	3		1	no	no	yes	0.00%	60

### REQUIRED RESPONSES FOR THE ITEMS ABOVE

#### TYPE:

- 1) Application
- 2) Endorsement
- 3) Policy
- 4) Other ( Please define )

#### SOURCE

- 1) ISO\*
- 2) Other Advisory Organization\*
- 3) Company
- 4) Other (describe)

#### CATEGORY

- 1) New, mandatory
- 2) New, optional
- 3) Replacement, mandatory
- 4) Replacement, optional
- 5) Withdrawn, mandatory
- 6) Withdrawn, optional

\* Provide California Dept. of Insurance number ( CDI# ) under the column identified as Source Form No.

### Additional Information and Documents Required

Describe the purpose of the form or form change

For **NEW FORMS**, furnish a copy of the form to be filed, unless identical to an advisory organization form. If the form is a new endorsement to the policy, describe any changes in coverage under the policy. Describe what adjustments, if any, will be made to the premium due to the introduction of the forms.

For **REVISED FORMS**, describe any changes in coverages between the proposed form and the current form. Reference pertinent sections of each form affected. Brackets [ ] should be used to identify any deletions on the current form and underline all changes in the revised form. Describe what adjustments, if any, will be made to the premium due to the revisions.

## RULES

Insurers wishing to make a rule change filing must provide the following information.  
Exhibit 20 may be completed to provide additional information.

Identify the option(s) that applies.

- ☐ Introducing a new rule
- ☐ Revising an existing rule
- ☐ Adopting an approved Advisory Organization rule
- ☐ Withdrawing an approved rule

Use the following as a checklist to provide the required information.

If introducing a new rule or revising an existing rule, provide:

The purpose for the rule or an explanation for revising an existing rule

A copy of the current and proposed manual page corresponding to the rule

The charge for the rule. Support or justify the charge and provide the rate or premium development method.

The rate impact of the rule to the current book of business, showing the calculation.

Advise if the rule is: Optional ☐ Mandatory ☐

If withdrawing an approved rule, provide:

An explanation for withdrawing the rule

A copy of the current and proposed manual page(s) corresponding to the withdrawn rule

The rate impact of the withdrawn rule to the current book of business

If adopting an approved Advisory Organization rule(s), specify the approved CDI filing number(s) of the AO rule(s):

Insurer Comments:

## EXCLUDED EXPENSE FACTOR

(Insurer Group Data)

Company Organization:

Mutual ▼

	(Enter Year)	2nd Prior Year 2008	1st Prior Year 2009	Most Recent Year 2010
Countrywide direct earned premium:		74,822,428	72,256,492	65,524,486
Countrywide direct earned premium for lines of business subject to Proposition 103:		74,822,428	72,256,492	65,524,486

### 2644.10 (b): Executive Compensation

	2nd Prior Year 2008		1st Prior Year 2009		Most Recent Year 2010	
	Cash & Salary	Bonus	Cash & Salary	Bonus	Cash & Salary	Bonus
1st Highest Paid	591,784	774,408	318,699	530,928	433,484	64,348
2nd Highest Paid	456,607	618,766	429,440	116,695	305,198	50,105
3rd Highest Paid	353,383	243,282	304,275	64,386	297,219	43,908
4th Highest Paid	377,757	56,153	294,440	65,958	288,015	51,901
5th Highest Paid	250,523	37,090	226,325	32,250	225,686	32,552

	2nd Prior Year 2008		1st Prior Year 2009		Most Recent Year 2010	
	Max Permissible Exc Comp	Excessive Compensation	Max Permissible Exc Comp	Excessive Compensation	Max Permissible Exc Comp	Excessive Compensation
1st Highest Paid	179,091	1,187,102	176,571	673,056	174,311	323,521
2nd Highest Paid	125,966	949,406	124,441	421,694	123,071	232,231
3rd Highest Paid	95,301	501,364	94,039	274,623	92,906	248,221
4th Highest Paid	89,150	344,760	88,043	272,355	87,048	252,867
5th Highest Paid	83,011	204,603	82,026	176,549	81,141	177,097

Total Excessive Executive Comp: 3,187,236 1,818,277 1,233,938

## Excluded Expense Factor

Countrywide Data	2nd Prior Year 2008	1st Prior Year 2009	Most Recent Year 2010
2644 10 (a) Political contribution and lobbying	230,577	226,341	224,605
2644 10 (b) Excessive Executive Compensation	3,187,236	1,818,277	1,233,938
2644 10 (c) Bad faith judgments and associated DCCE	0	0	0
2644 10 (d) All costs for unsuccessful defense of discrimination claims	0	0	0
2644 10 (e) Fines and penalties	1,036	67,544	564
2644 10 (f) Institution advertising expenses	0	0	0
2644 10 (g) Excessive payments to affiliates	0	0	0
<b>Total excluded expenses</b>	<b>3,418,849</b>	<b>2,112,162</b>	<b>1,459,107</b>
<b>Excluded expense factor</b>	<b>4.57%</b>	<b>2.92%</b>	<b>2.23%</b>
<b>3-year average excluded expense factor</b>	<b>3.24%</b>		

## PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

	Short Term Assets	Intermediate Term Assets		Long Term Assets	
Line number	One year or less	Over 1 yr through 5 yrs	Over 5 yrs through 10 yrs	Over 10 yrs through 20 yrs	Over 20 yrs
1 7 US governments	0	6,071,542	7,361,153	0	0
2 7 All other governments	0	0	0	0	0
3 7 States, territories and possessions	0	0	0	0	0
4 7 Political subdivisions	0	0	0	0	0
5 7 Special revenue and assessment obligations	10,062,147	18,874,960	17,196,257	1,700,000	8,238,071
6 7 Public utilities unaffiliated	0	0	0	0	0
7 7 Industrial and miscellaneous	33,216,440	73,418,477	106,697,421	5,411,581	18,869,927
8 7 Credit tenant loans	0	0	0	0	0
9 7 Parent, subsidiaries and affiliates	0	0	0	0	0

	One year or less	Over 1 year through 10 years	Over 10 years
(1) US government bonds Sum of line 1.7 and 2.7	0	13,432,695	0
(2) Other taxable bonds Sum of line 6.7, 7.7, 8.7, 9.7 and half of 5.7	38,247,514	198,151,507	29,250,544
(3) Tax exempt bonds Sum of line 3.7, 4.7, and half of 5.7	5,031,074	18,035,609	4,969,036

Data on line 1.7 through 9.7 are from the insurer group's most recent consolidated statutory annual statement, schedule D, part 1A, section 1.

# **PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME**

	Invested Assets [1]	Currently Available Yield * [2]	Return On Invested Assets [3]=[1]*[2]	Federal Income Tax Rate [4]	Federal Income Taxes [5]=[3]*[4]
(1) US government bonds					
(A) Short	0	0.07%	0	35.00%	0
(B) Intermediate	13,432,695	3.35%	449,548	35.00%	157,342
(C) Long	0	4.19%	0	35.00%	0
(2) Other taxable bonds					
(A) Short	38,247,514	0.21%	80,320	35.00%	28,112
(B) Intermediate	198,151,507	4.43%	8,776,503	35.00%	3,071,776
(C) Long	29,250,544	5.29%	1,548,239	35.00%	541,884
(3) Tax exempt bonds					
(A) Short	5,031,074	0.14%	6,867	5.25%	361
(B) Intermediate	18,035,609	3.39%	610,575	5.25%	32,055
(C) Long	4,969,036	5.14%	255,421	5.25%	13,410
(4) Common Stock	37,173,274				
(A) Dividends		1.65%	613,359	14.175%	86,944
(B) Capital gains		8.44%	3,136,598	34.10%	1,069,580
(5) Preferred stock dividends	1,465,913				
		5.72%	83,850	14.175%	11,886
(6) Mortgage loans	0	5.29%	0	35.00%	0
(7) Real estate	2,234,583	4.09%	91,345	35.00%	31,971
(8) Cash**	2,035,451	0.07%	1,357	35.00%	475
(9) Other***	0				
(A) Dividends		1.65%	0	14.175%	0
(B) Capital gains		8.44%	0	34.10%	0
(10) Total					
Sum of line (1) thru (9)	350,027,197		15,653,982		5,045,794

Data in column [1], line 4 through (9), are from the insurer group's most recent consolidated statutory annual statement page 2 - Assets.

\* Currently available yields are defined in CCR §2644.20. Latest values are posted at <http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/0200-prior-approval-factors/>

\*\* Annual statement page 2, line 5, cash only. Cash equivalents and short-term investments are included in Schedule D.

\*\*\* Annual statement page 2, line 6 through 9.

# PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

	Invested Assets [1]	Currently Available Yield [2]	Return On Invested Assets [3]=[1]*[2]	Federal Income Tax Rate [4]	Federal Income Taxes [5]=[3]*[4]
(10) Total line (10) exhibit 13, page 2	<u>350,027,197</u>		<u>15,653,982</u>		<u>5,045,794</u>
(11) Investment expense Annual Statement (AS) page 11, line 25			<u>1,486,924</u>	35.00%	<u>520,423</u>
(12) Total after investment expense line (10) - line (11)	<u>350,027,197</u>		<u>14,167,058</u>		<u>4,525,370</u>
(13) Federal income tax rate line (12) column [5] / column [3]				<u>31.94%</u>	
(14) Projected yield on invested assets line (12) column [3] / column [1]		<u>4.05%</u>			

## Most Recent Year

(15) Loss reserves AS page 3, line 1	<u>84,871,930</u>
(16) Loss adjustment expense reserves AS page 3, line 3	<u>42,683,683</u>
(17) Unearned premium reserves AS page 3, line 9	<u>32,789,416</u>
(18) Surplus as regards to policyholders AS page 3, line 35	<u>145,433,677</u>
(19) Total reserves and surplus Sum of line (15) to (18)	<u>305,778,706</u>
(20) Projected yield adjusted to reserve and surplus base line (14) * line (12) / line (19)	<u>4.63%</u>



		<b>RATE TEMPLATE</b>		<b>Edition Date:</b>	<b>4/4/2011</b>
		<i>(No input by filer)</i>			
<b>CDI FILE NUMBER:</b>	0				
<b>COMPANY/GROUP:</b>	Medical Insurance Exchange of California				
<b>LINE OF INSURANCE:</b>	MEDICAL MALPRACTICE (claims-made)				
<b>COVERAGE:</b>	0				
<b>PRIOR EFF DATE:</b>	2/1/2007			<b>Completed by:</b>	<b>Lauren Kielian</b>
<b>PROPOSED EFF DATE:</b>	1/1/2012			<b>Date:</b>	<b>6/29/2011</b>
<b>DATA PROVIDED BY FILER</b>					
	Year:	2008	2009	2010	
		PRIOR2	PRIOR1	RECENT	PROJECTED/ SUMMARY
WRT PREM		37,436,430	36,273,155	34,752,076	108,461,661
ERN PREM		37,456,196	36,344,639	34,868,965	108,669,800
PREM ADJ		1.000	1.000	1.000	
PREM TREND		0.980	0.990	1.000	-0.010
MISCELLANEOUS FEES (& other flat charges)		0	0	0	0
EARNED EXP		4,567	4,449	4,315	13,331
LOSSES		15,245,053	16,840,762	13,314,258	45,400,074
DCCE		0	0	0	0
LOSS DEV		1.044	1.025	1.384	
DCCE DEV		1.000	1.000	1.000	
LOSS TREND		1.020	1.015	1.010	0.005
DCCE TREND		1.000	1.000	1.000	0.000
CAT ADJ		1.015	1.013	1.013	
CREDIBILITY					41.61%
EXPENSE EXCLUSION FACTOR					3.24%
ANC INC		0	0	0	0
FIT INV					31.94%
YIELD					4.63%
<b>CDI PARAMETERS:</b>					
FIT UW					35.00%
EFF STANDARD					22.14%
LEVERAGE					0.59
PREMIUM TAX RATE					2.35%
SURPLUS RATIO					1.69
UEP RES RATIO					0.42
LOSS RES RATIO					4.21
RISK FREE RATE OF RETURN					2.09%
MAXIMUM RATE OF RETURN					8.09%
MINIMUM RATE OF RETURN					-6.00%
<b>CDI CALCULATIONS:</b>					
ADJ PREM		36,710,817	35,981,193	34,868,965	107,560,978
ADJUSTED LOSSES		16,488,157	17,749,991	18,860,512	53,098,660
ADJUSTED DCCE		0	0	0	0
<b>ADJUSTED LOSS+DCCE RATIO</b>		<b>44.91%</b>	<b>49.33%</b>	<b>54.09%</b>	<b>49.37%</b>
TRENDED CURRENT RATE LEVEL PREMIUM		8039.14	8087.11	8080.54	8068.55
LOSS+DCCE PER EXP		3610.67	3989.47	4370.74	3983.13
COMP LOSS+DCCE PER EXP		7193.69	7236.61	7230.73	7220.00
CRED LOSS PER EXP		5702.64	5885.34	6040.57	5873.00
ANC INC PER EXP		0.00	0.00	0.00	0.00
FIXED INV INC FACTOR					20.42%
VAR INV INC FACTOR					10.24%
ANNUAL NET TREND					1.51%
COMP TREND					6.18%
MAX PROFIT					21.03%
MIN PROFIT					-15.60%
UW PROFIT					-6.42%
MAX DENOM					0.671
MIN DENOM					1.037
MAX PREMIUM					\$6,968.76
MIN PREMIUM					\$4,506.82
CHANGE AT MIN					-44.14%
<b>CHANGE AT MAX</b>					<b>-13.63%</b>
<b>Alternate Calculation with Reinsurance</b>					
COMMISSION RATE					0.00%
RE PREM		-	-	-	0
RE RECOV		-	-	-	0
RE PREM PER EXP		0.00	0.00	0.00	0.00
RE RECOV PER EXP		0.00	0.00	0.00	0.00
COMP LOSS RE		7193.69	7236.61	7230.73	7220.00
RMAX PREMIUM					NA
RCHANGE AT MAX					NA

May 2011

**EFFICIENCY STANDARD TABLE**

SOURCE: 2007 - 2009 ROLLING AVG

DATE REVISED: 2/10/2011

	Blended	Captive	Direct	Indep
ES	25 38%	24 18%	25 38%	33 17%

Line	Captive	Direct	Indep	Line Description
1.0	39.33%	19.17%	32.04%	FIRE
2.1	40.67%	20.08%	29.42%	ALLIED LINES
3.0	33.24%	43.08%	33.53%	FARMOWNERS MULTIPLE PERIL
4.0	36.21%	27.65%	37.12%	HOMEOWNERS MULTIPLE PERIL
5.0	34.65%	42.03%	38.18%	COMMERCIAL MULTIPLE (5 1 & 5 2 Combined)
5.1	35.79%	42.30%	37.12%	COMMERCIAL MULTIPLE PERIL(NON-LIABILITY)
5.2	31.97%	39.07%	39.69%	COMMERCIAL MULTIPLE PERIL(LIABILITY)
9.0	39.06%	25.63%	28.76%	INLAND MARINE
11.0	24.18%	25.38%	33.17%	MEDICAL MALPRACTICE
11.1	24.18%	25.38%	33.17%	MEDICAL MALPRACTICE(occ)
11.2	24.18%	25.38%	33.17%	MEDICAL MALPRACTICE (cm)
12.0	18.07%	17.08%	22.90%	EARTHQUAKE
17.0	32.55%	26.99%	30.50%	OTHER LIABILITY
17.1	32.55%	26.99%	30.50%	OTHER LIABILITY (occ)
17.2	32.55%	26.99%	30.50%	OTHER LIABILITY (cm)
18.0	24.58%	22.59%	31.36%	PRODUCTS LIABILITY
18.1	24.58%	22.59%	31.36%	PRODUCTS LIABILITY (occ)
18.2	24.58%	22.59%	31.36%	PRODUCTS LIABILITY (cm)
19.2	34.03%	26.81%	36.40%	PRIVATE PASSENGER AUTO LIABILITY
19.4	35.77%	31.98%	34.39%	COMMERCIAL AUTO LIABILITY
21.1	34.42%	27.28%	35.01%	PRIVATE PASSENGER AUTO PHYSICAL DAMAGE
21.2	34.41%	35.11%	36.30%	COMMERCIAL AUTO PHYSICAL DAMAGE
22.0	34.10%	34.10%	26.57%	AIRCRAFT
23.0	33.45%	46.91%	32.18%	FIDELITY
24.0	43.84%	43.84%	43.84%	SURETY
26.0	30.37%	30.37%	30.37%	BURGLARY & THEFT
27.0	36.00%	27.67%	39.23%	BOILER & MACHINERY

**LEVERAGE RATIO TABLE**

SOURCE: Bests Aggregates and Averages, 2010 Edition

DATE REVISED: 10/15/2010

<b>Line</b>	<b>LF</b>	<b>Line Description</b>
1.0	1.2239	Fire
2.1	1.2232	Allied Lines
3.0	1.3061	Farmowners
4.0	1.2665	Homeowners
5.1	1.2062	CMP - NL
5.2	0.5704	CMP - Liab.
5.0	0.8614	CMP
9.0	1.3135	Inland Marine
11.1	0.3440	Med. Mal. Occ.
11.2	0.5916	Med. Mal. cm.
11.0	0.5096	Med. Mal.
12.0	1.0000	Earthquake
17.1	0.4802	O. Liab. Occ.
17.2	0.5835	O. Liab. cm.
17.0	0.5081	O. Liab.
18.1	0.2759	Products - Occ.
18.2	0.5862	Products - cm.
18.0	0.3027	Products
19.2	1.0840	PP Auto Liab.
19.4	0.8037	C. Auto Liab.
21.1	1.7527	PP Auto PD
21.2	1.3809	Comm Auto PD
22.0	0.7175	Aircraft
23.0	0.8986	Fidelity
24.0	0.9888	Surety
26.0	1.2363	Burglary & Theft
27.0	1.1762	Boiler & Mach.

**RESERVES RATIO TABLE**

SOURCE: AM Best's Aggregates &amp; Averages - Property Casualty, 2010 Edition

DATE REVISED: 9/21/2010

LINE	UEP	LOSS	Line Description
1	0.48	0.98	FIRE
2.1	0.47	1.20	ALLIED LINES
3	0.47	1.90	FARMOWNER MP
4	0.52	1.14	HOMEOWNER MP
5	0.50	2.87	CMP
5.1	0.49	1.12	CMP (N-LIAB)
5.2	0.50	5.16	CMP (LIAB)
9	0.36	0.68	INLAND MRN
11.0	0.46	4.64	MED MAL
11.1	0.58	5.56	MED MAL - occurrence
11.2	0.42	4.21	MED MAL - claims-made
12.0	0.47	1.00	EARTHQUAKE
17.0	0.52	4.41	OTHER LIAB
17.1	0.54	5.21	OTHER LIAB - occurrence
17.2	0.51	3.28	OTHER LIAB - claims-made
18.0	0.52	5.44	PROD LIAB
18.1	0.53	5.63	PROD LIAB - occurrence
18.2	0.43	3.85	PROD LIAB - claims-made
19.2	0.33	1.14	PPA LIAB
19.4	0.45	2.66	COMLA LIAB
21.1	0.33	0.09	PPA PD
21.2	0.51	0.32	COMLA PD
22.0	0.40	2.79	AIRCRAFT
23.0	0.57	2.62	FIDELITY
24.0	0.56	2.52	SURETY
26.0	0.59	0.91	BRGLRY THEFT
27.0	0.45	1.19	BLR & MCHNRY

## Loss Cost Multiplier (LCM) Template Instructions

The LCM Template spreadsheet must be completed for those rate filing submissions where the filed line or coverage utilizes a Loss Cost Multiplier. Examples include new or existing program rate filings that involve the adoption of Advisory Organization loss costs, and existing program rate filings where the LCM is being revised.

There are a number of data cells on the LCM Template spreadsheet that automatically populate either by reference to cells on other spreadsheets or by formula calculation. However there are five lines within the LCM Template spreadsheet for which additional data entry is required. The first three data entry items pertain to rate filing submissions that include an adoption of Advisory Organization loss costs. The last two data entry items are required only for existing programs.

*Complete the following for existing and new program rate filings when Advisory Organization loss costs are being adopted:*

Spreadsheet Item #1.1 CDI Filing Number – Please enter the CDI filing number of the Advisory Organization loss cost filing being adopted. If additional loss cost updates are being covered, please also identify the CDI filing number(s) of the additional loss cost updates being covered.

Spreadsheet Item #1.2 Loss Cost Percent Change Approved for the Line or Coverage – Please enter the CDI percent change approved for the Advisory Organization loss cost filing identified as Item #1.1. If multiple loss cost updates are being covered, identify the cumulative percent change approved.

Spreadsheet Item #1.3 AOE or LAE Load Approved for the Line or Coverage – As identified within the Advisory Organization loss cost filing entered as Item #1.1, please indicate the type of AOE or LAE expense loading the Advisory Organization used in its loss cost filing *and* enter the load amount.

*Complete the following for existing programs only; do not complete the following for new program filings:*

Spreadsheet Item #2.1 Current Expense Based LCM – Please enter the current expense based LCM for the filed line/coverage.

Spreadsheet Item #2.2 Current Loss Cost Modification Expressed as a Factor – Please enter the current Loss Cost Modification Factor applicable to the current expense based LCM.

Spreadsheet Items #3 through #7 are calculated fields.

Spreadsheet Item #3 calculates the insurer's current Final LCM.

Spreadsheet Item #4 calculates the Advisory Organization's AOE as a percent of loss and DCCE.

Spreadsheet Item #5 calculates the maximum CDI allowable expense based LCM for the filed line/coverage.

Spreadsheet Item #6 calculates the maximum CDI allowable loss cost modification factor for the filed line/coverage.

Spreadsheet Item #7 calculates the **maximum CDI allowable Final LCM** for the filed line/coverage. If the Insurer's current Final LCM (Item #3) and/or proposed Final LCM is greater than the Max Final LCM (Item #7), the Insurer will need to reduce its Final LCM so that it is no greater than the CDI calculated maximum allowable Final LCM. Otherwise, exceeding the CDI calculated maximum allowable Final LCM will require the filing of a Variance.

# LCM TEMPLATE

Edition Date:

4/4/2011

CDI FILE NUMBER: 0  
COMPANY/GROUP: Medical Insurance Exchange of California  
LINE OF INSURANCE: MEDICAL MALPRACTICE (claims-made)  
LINE CODE: 11.2  
COVERAGE: 0

## ADVISORY ORGANIZATION FILING INFORMATION

- 1 For filings that include an adoption of Advisory Organization loss costs, complete lines 1.1, 1.2, and 1.3; for all other filings skip lines 1.1, 1.2 and 1.3, and go to line 2.

1.1 CDI Filing Number

1.2 Loss Cost Percent Change Approved for the Line or Coverage

1.3 AOE or LAE Load Approved for the Line or Coverage

Type of Load

Amount of Load

(LOSS+DCCE+AOE)/LOSS



## COMPANY LCM INFORMATION

- 2 If this is a New Program filing, skip lines 2.1 and 2.2 and review the Max\_Final LCM result on line 7; for all other filings complete lines 2.1 and 2.2.

2.1 Current Expense Based LCM

2.2 Current Loss Cost Modification Expressed as a Factor (see examples below)

Example 1: If the company's loss cost modification is +15%, enter 1.15

Example 2: If the company's loss cost modification is -10%, enter 0.9

Example 3: If the company currently does not apply a loss cost modification factor, enter 1.0

3 Insurer's Current Final LCM (Line 2.1 \* Line 2.2)

NA

4 Advisory Organization's AOE as a Percent of Loss and DCCE (Derived from Line 1.3 and the IncLoss&DCCE page)

-1.000

5 Max\_Expense Based Loss Cost Multiplier

N/A

5873.00041

6 Max\_Loss Cost Modification (Existing program only)  
Max\_Loss Cost Modification for new program is 1.0

N/A

7 Max\_Final LCM (Line 5 \* Line 6)

#VALUE!

**INCURRED LOSS AND DCCE EXHIBIT**

Source: 2008 Edition of Best's Aggregates &amp; Averages, Statement File Supplement - Insurance Expense Exhibit, Part III -Total US PC Industry - (\$000 omitted)

Revised: 2/17/2009

Line	Line Description	INC LOSS	DCCE
1.0	FIRE	4,016,127	151,767
2.1	ALLIED LINES	3,394,918	216,167
3.0	FARM OWNERS MULTIPLE PERIL	1,473,328	55,438
4.0	HOMEOWNERS MULTIPLE PERIL	31,520,720	899,394
5.0	COMMERCIAL MULTIPLE PERIL (COMBINED)	15,043,900	3,062,099
5.1	COMMERCIAL MULTIPLE PERIL(NON-LIABILITY)	9,640,109	667,280
5.2	COMMERCIAL MULTIPLE PERIL(LIABILITY)	5,403,791	2,394,819
9.0	INLAND MARINE	5,314,416	125,783
11.0	MEDICAL MALPRACTICE (Combined)	4,334,271	2,067,254
11.1	MEDICAL MALPRACTICE (Occurrence)	4,334,271	2,067,254 *
11.2	MEDICAL MALPRACTICE (Claims-made)	4,334,271	2,067,254 *
12.0	EARTHQUAKE	-32,814	-2,659
17.0	OTHER LIABILITY (Combined)	27,204,022	7,099,766
17.1	OTHER LIABILITY (Occurrence)	27,204,022	7,099,766 *
17.2	OTHER LIABILITY (Claims-made)	27,204,022	7,099,766 *
18.0	PRODUCTS LIABILITY (Combined)	1,611,095	1,423,559
18.1	PRODUCTS LIABILITY (Occurrence)	1,611,095	1,423,559 *
18.2	PRODUCTS LIABILITY (Claims-made)	1,611,095	1,423,559 *
19.2	PRIVATE PASSENGER AUTO LIABILITY	61,960,518	3,457,812
19.4	COMMERCIAL AUTO LIABILITY	11,819,076	1,416,766
21.1	PRIVATE PASSENGER AUTO PHYSICAL DAMAGE	38,742,126	223,827
21.2	COMMERCIAL AUTO PHYSICAL DAMAGE	3,674,613	72,844
22.0	AIRCRAFT	1,608,088	149,853
23.0	FIDELITY	476,389	39,573
24.0	SURETY	962,488	256,711
26.0	BURGLARY & THEFT	28,019	2,792
27.0	BOILER & MACHINERY	376,293	17,336
33	MISCELLANEOUS	2,087,451	26,788

\* line totals are used for occurrence and claims-made policies.



**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
PHYSICIANS AND SURGEONS AND MISCELLANEOUS  
MEDICAL PROFESSIONAL LIABILITY  
CALIFORNIA**

**ACTUARIAL MEMORANDUM**

Medical Insurance Exchange of California (MIEC) respectfully submits the attached exhibits in support of the revisions to the Physicians and Surgeons and Miscellaneous Professional Liability rates on file in the State of California. For policies new or renewed on or after January 1, 2012, MIEC proposes a 19.00% decrease. The following narrative describes the exhibits supporting the analysis of the rate change. Note that for MIEC, DCCE is equivalent to ALAE. Within the supporting exhibits, DCCE is referred to as ALAE.

**Exhibit 1 – Filing History**

Exhibit 1 provides the CDI file numbers for the most recent 11 years of rate filings made for this program.

**Exhibit 2 – Rate Level History**

Exhibit 2 provides the rate level changes for the latest eleven years for this program including the effective date of the change.

**Exhibit 3 – Policy Term Distribution**

Exhibit 3 provides the distribution of policy term length.

**Exhibit 4 – Premium Adjustment Factor**

Exhibit 4 develops the premium adjustment factors from the rate level changes in Exhibit 2 – Rate Level History. The calendar year rate level is a time-weighted average of the February 1 policy year start date.

**Exhibit 5 – Premium Trend Factor**

This program is exempt from the promulgated method of calculating the premium trend factors (2644.4(d)) as this filing applies to professional liability coverage.

Exhibit 5 develops annual premium trend factors based on the change in average premium per base class equivalent policy count by calendar report year. Base class equivalent policy counts adjust policy counts to the base class specialty relativity and base class territory relativity. Exponential fits to the average premium are shown for several different calendar report periods: 2001-2010, 2004-2010, 2006-2010, 2008-2010. The premium trend is judgmentally selected considering the range of fitted values and balancing responsiveness to the current trends and the longer term trend indications. Premium trend is applied to earned premium from report periods 2001 – 2009 to bring those years to the 2010 pricing level.

**Exhibit 6 – Miscellaneous Fees and Other Charges**

Exhibit 6 is not applicable to this program as there are no miscellaneous fees or other charges

**Exhibit 7 – Loss and Defense and Cost Containment Expense (DCCE) Development Factors**

This program is exempt from the promulgated method of calculating projected loss and DCCE factors (according to 2644.4(d)) as this filing applies to professional liability coverage

Projected loss and DCCE is determined in Exhibit 7, Section 3 based on the reported and paid loss development and Bornhuetter-Ferguson techniques.

Loss development triangles for reported and paid loss and DCCE are shown on Exhibit 7 Sections 1.1 through 2.2, separately for California and countrywide loss and DCCE.

Catastrophic/systemic losses were excluded from the data. Averages of loss development factors were calculated based on various time horizons from 3 to 10 years. The 5-year dollar volume-weighted average was selected for all loss and claim count development triangles in order to balance the responsiveness of the more recent development factors with the stability of longer-term averages.

The selected ultimate loss and DCCE for years 2008-2010 used within the template of the rate application are the values from Exhibit 7, Section 3, Column (10), further adjusted for the estimated DD&R and DATAGUARD load determined in Exhibits 14, Sections 7 and 11.

#### **Exhibit 8 – Loss and DCCE Trend**

This program is exempt from the promulgated method of calculating loss and DCCE trends (according to 2644.4(d)) as this filing applies to professional liability coverage.

Frequency trend is calculated using exponential fits to selected ultimate claim counts divided by base class equivalent policy counts in Exhibit 8, Sections 1.2 and 1.3 for California and countrywide loss and DCCE data, respectively. Fit periods are 2007-2009, 2006-2009, 2004-2009 and 2001-2009. The 2010 year is not included in the fit analysis due to the immaturity of the data as of December 31, 2010. The judgmentally selected annual frequency trend rate for use in the template and Exhibit 14 is - 0.5%. The - 0.5% is selected by considering the range of fitted values and balancing observed positive trends in recent periods in California and countrywide alternating recent positive and negative trends with overall longer-term negative trends.

Claim counts utilized within the frequency and severity trend projections are developed to ultimate for both California and countrywide in Exhibit 8, Sections 3.1 and 3.2. For California, ultimate claim projections are made for closed with indemnity payment (CWIP) and closed without indemnity payment (CNIP) claims. Ultimate CWIP claims are used to estimate credibility based on the credibility standard in Exhibit 10.

Severity trends are calculated using exponential fits to ultimate average loss and DCCE per claim in Exhibit 8, Section 2.1 for California and countrywide loss and DCCE data, respectively. Fit periods were 2007-2009, 2006-2009, 2004-2009 and 2001-2009. The 2010 year was not included in the fit analysis due to the data for the year being immature as of December 31, 2010. California data, which exhibits volatile period-to-period changes in severity, is supplemented for review with the larger countrywide data set. The judgmentally selected annual severity trend rate for use in the template and Exhibit 14 is 1.0%. 1.0% is selected considering it is within the range of fitted values, reflects generally positive trends in recent periods both in California and countrywide, and tempers these positive indications with the longer-term fits.

#### **Exhibit 9 –Catastrophe Adjustment**

In Exhibit 9, a catastrophe adjustment is calculated to adjust losses for a large systemic loss event experienced by MIEC from 2002-2006. Losses are shown in Exhibit 7, Section 8.

The systemic event involved hundreds of patients who claim to have received unnecessary surgery from one physician group. There are no remaining open claims associated with this occurrence. Actual losses from this event have been excluded from loss development, loss trend and loss projection calculations in Exhibits 7 and 8 so as not to distort the patterns relating to the non-systemic losses.

In the 35-year history of MIEC, this type of event has happened several times but only once of this magnitude. The medical professional liability industry has experienced a number of systemic events in recent years of varying size and scope and in several different states

#### **Exhibit 10 – Credibility Adjustment Calculation**

The credibility standard utilized in this analysis is shown on Exhibit 10.

**Exhibit 11 – Ancillary Income**

Exhibit 11 is not applicable to this program as there is no ancillary income.

**Exhibit 12 – Reinsurance**

Exhibit 12 is not applicable to this program as there are no facultative reinsurance contracts where the attachment point is above one million dollars where the cost of the reinsurance is included in the rate development.

**Exhibit 13 – Variance**

Exhibit 13 is not applicable to this program as no request for a variance is being made

**Exhibit 14 – Insurer's Ratemaking Calculation**

Exhibit 14 details MIEC's calculation of the indicated and proposed overall rate change

Exhibit 14, Section 1, Rate Indication displays the calculation of the indicated rate changes across several reviewed experience periods. The selection of the overall change of -19.00% was based on the indicated rate changes and the credibility-weighted rate changes. The methodology consists of estimating on-level loss and DCCE ratios by calendar report year, with the appropriate trend and loss load factors, and determining the required rate change needed to achieve the expected loss and DCCE ratio derived in Exhibit 14, Section 4. Exhibit 14, Sections 2, 3, and 5 provide support for the expected loss and DCCE in Exhibit 14, Section 4. In Exhibit 14, Section 1, Column (3), losses were adjusted to exclude the indemnity portion of a claim greater than \$2 million as limits higher than \$2 million are no longer being offered.

The death, disability and retirement (DD&R) load (used in the rate application template and in Exhibit 14, Section 1) is calculated in Exhibit 14, Sections 7 through 10. As actual losses associated with DD&R coverage have been excluded from the ratemaking data, the DD&R load reflects an adjustment to the losses for the DD&R coverage.

The MIEC DATAGUARD loss and DCCE load (used in the rate application template and in Exhibit 14, Section 1) is a provision for loss and DCCE associated with the mandatory endorsement for this coverage being introduced at the effective date of this filing. Exhibit 14, Section 11 details the calculations associated with the determination of this load.

**Exhibit 15 – Rate Distribution**

Exhibit 15 Section 1 distributes the -19.00% proposed rate change among changes in the base rate, specialty classes, territory differentials, claims made factors, new doctor discounts and additional coverages. Exhibit 15, Section 1 summarizes the impact for all changes and Exhibit 15, Sections 2 through 8 detail the impact on premium by change in rating variable.

The changes are as follows:

- The base rate change is the change to the occurrence base rate at \$1 million / \$3 million limits
- The changes for specialty and territory factors are the estimated premium impact due to the changes in relativities shown in Exhibit 16, Sections 1 through 3
- The change related to partnerships and corporations reflects the impact to premium by reducing the partnership and corporation charge from 12.50% to 10.00% and is shown in Exhibit 15, Section 2
- The change for mid-level shared charges and locum tenens charges reflects the impact to premium by eliminating these charges and is shown in Exhibit 15, Sections 3 and 4
- The change for claims made factors reflects the estimated premium impact due to the changes in claims made factors shown in Exhibit 15, Section 5
- The change for new doctor discounts reflects the impact to premium by changes in the credit schedule for new doctor discounts and is shown in Exhibit 15, Section 6

- MIEC is introducing a new coverage (MIEC DATAGUARD) which provides protection for disclosure of confidential information and damage to information systems. The premium adjustment for this is calculated in Exhibit 15, Section 7
- An adjustment has been made to eliminate the premium for limits in excess of \$2 million / \$4 million in Exhibit 15, Section 8.

**Exhibit 16 – Rate Classification Relativities**

Exhibit 16 details the current, indicated and proposed changes in relativities for territory and specialty class plan.

**Exhibit 17 – New Program**

Exhibit 17 is not applicable to this filing as this is not a new program

**Exhibit 18 – Insurer Group Filing**

Exhibit 18 is not applicable to this filing as this is not a group filing

**Exhibit 19 – Super Group – Corporate Structure Verification Exhibit**

Exhibit 19 is not applicable to this filing as Exhibit 19 is intended for Private Passenger Auto.

**Exhibit 20 – Rules**

Exhibit 20 is not applicable to this filing as no rule changes are being filed

**Exhibit 21**

Exhibit 21 is not applicable as no supplemental information not specific to any of the above exhibits is being provided.

**EXHIBIT 1**

**Filing History**  
**Claims Made, Occurrence & Tail Coverage**

<u>Date Filed</u>	<u>California File Number</u>
(1)	(2)
9/6/2000	00-13567
8/27/2001	01-13054
7/11/2002	02-29151
6/3/2003	03-3981
3/26/2004	04-2562
6/2/2005	05-4871
7/6/2006	06-4652

**Notes**

(1), (2) Based on CDI records.

**EXHIBIT 2**

**Rate Level History**

<u>Effective Date</u>	<u>Rate Level Chang</u>
(1)	(2)
2/1/2000	4 80%
2/1/2001	0 00%
2/1/2002	2 20%
2/1/2003	9 70%
2/1/2004	9 20%
2/1/2005	14 60%
2/1/2006	7 80%
2/1/2007	5.00%

**Notes:**

(1), (2) Based on CDI records

EXHIBIT 3

Policy Term Distribution

100% of policies have a one year term

**EXHIBIT 4**

**Premium Adjustment Factor**

<u>Calendar Year</u>	<u>Policy Year Rate Level</u>	<u>Calendar Year Rate Level</u>	<u>Current Rate Level Adjustment Factor</u>
(1)	(2)	(3)	(4)
2000	1.000		
2001	1.000	1 000	1.588
2002	1.022	1.020	1 557
2003	1.121	1.113	1 427
2004	1.224	1 216	1 306
2005	1.403	1 388	1 144
2006	1.512	1 503	1 056
2007	1.588	1 582	1 004
2008	1.588	1 588	1 000
2009	1.588	1 588	1 000
2010	1.588	1 588	1 000

**Notes**

(2) Based on Exhibit 2, Column (2). Assumes 100% of policies are written on 2/1/XX.

(3) Based on (2), adjusted to reflect calendar year rate level

(4) = [2010 (3)] / (3).



EXHIBIT 5

Premium Trend Factor

Year Ending Quarter	Earned Premium	Current Rate Level Adjustment Factor	Earned Premium at Current Rate Level	Base Class Equivalent Policy Count	Average Premium	Annual Change	On-Level Earned Premium
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2001	\$25,770,824	1.588	\$40,926,175	4,653	\$8,795		\$37,386,766
2002	28,539,191	1.557	44,426,630	4,977	8,926	1.49%	40,994,437
2003	31,894,428	1.427	45,513,697	4,961	9,174	2.77%	42,421,740
2004	33,857,468	1.306	44,228,987	4,929	8,974	-2.17%	41,640,713
2005	36,562,186	1.144	41,828,819	4,720	8,863	-1.24%	39,778,791
2006	37,405,056	1.056	39,513,563	4,725	8,363	-5.63%	37,956,571
2007	37,879,820	1.004	38,030,736	4,569	8,324	-0.47%	36,901,185
2008	37,456,196	1.000	37,456,196	4,567	8,202	-1.46%	36,710,817
2009	36,344,639	1.000	36,344,639	4,449	8,169	-0.41%	35,981,193
2010	34,868,965	1.000	34,868,965	4,315	8,081	-1.08%	34,868,965
Total	\$340,578,773		\$403,138,406				\$384,641,178

(9) Implied Annual Trend from Exponential Fit:	R-squared	Percent Trend
2008-2010	0.936	-0.75%
2007-2010	0.958	-0.93%
2005-2010	0.792	-1.55%
2001-2010	0.777	-1.34%

(10) Selected Annual Premium Trend Rate: -1.00%

Year	Trend Period (Years)	Annual Trend Factor
(11)	(12)	(13)
2001	9.0	0.914
2002	8.0	0.923
2003	7.0	0.932
2004	6.0	0.941
2005	5.0	0.951
2006	4.0	0.961
2007	3.0	0.970
2008	2.0	0.980
2009	1.0	0.990
2010	0.0	1.000

Notes:

- (2) Excludes blood banks.  
(3) From Exhibit 4.  
(4) = (2) x (3).  
(5) Individuals only.  
(6) = (4) / (5).  
(7) = (6) / [Prior (6)] - 1.0.

- (8) = (4) x (13).  
(9) Based on exponential fit of (6).  
(10) Based on (7), (9), and judgment.  
(12) From average written date of (11), to average written date of report year 2010.  
(13) =  $[1.0 + (10)]^{(12)}$ .

**EXHIBIT 6**

**Miscellaneous Fees and Other Charges**

None

## EXHIBIT 7 Section 1.1

### Reported Loss & ALAE Triangle - California Data In Thousands

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	13,263	19,961	22,195	19,835	19,248	19,167	19,109	19,195	19,190	19,165	19,145	19,145	19,145	19,145	19,145
1997	12,319	23,716	22,374	21,717	21,388	21,192	21,137	21,155	21,434	21,434	21,434	21,434	21,434	21,434	21,434
1998	11,610	21,037	21,018	20,944	22,791	29,598	29,608	28,476	28,797	28,654	28,654	28,651	28,651		
1999	8,134	14,389	15,914	15,437	15,605	15,566	15,560	15,478	15,478	15,478	15,478	15,478			
2000	10,992	20,499	22,321	22,419	21,943	21,825	21,682	21,686	21,681	21,681	21,681				
2001	10,783	22,034	25,527	27,336	27,089	26,695	26,628	26,635	26,580	26,580					
2002	10,861	25,293	25,173	23,658	22,791	22,727	22,758	22,776	22,737						
2003	12,364	24,563	29,025	34,266	33,644	33,974	33,569	33,569							
2004	15,046	24,654	26,160	23,511	23,447	23,428	23,330								
2005	16,050	28,298	29,197	27,259	27,172	26,982									
2006	12,375	16,792	17,524	19,336	18,261										
2007	9,493	10,078	10,501	9,985											
2008	10,434	15,154	14,891												
2009	11,401	16,151													
2010	12,839														

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	1.505	1.112	0.894	0.970	0.996	0.997	1.005	1.000	0.999	0.999	1.000	1.000	1.000	1.000	
1997	1.925	0.943	0.971	0.985	0.991	0.997	1.001	1.013	1.000	1.000	1.000	1.000	1.000		
1998	1.812	0.999	0.996	1.088	1.299	1.000	0.962	1.011	0.995	1.000	1.000	1.000			
1999	1.769	1.106	0.970	1.011	0.998	1.000	0.995	1.000	1.000	1.000	1.000				
2000	1.865	1.089	1.004	0.979	0.995	0.993	1.000	1.000	1.000	1.000					
2001	2.043	1.159	1.071	0.991	0.985	0.997	1.000	0.998	1.000						
2002	2.329	0.995	0.940	0.963	0.997	1.001	1.001	0.998							
2003	1.987	1.182	1.181	0.981	1.010	0.988	1.000								
2004	1.639	1.061	0.899	0.997	0.999	0.996									
2005	1.763	1.032	0.934	0.997	0.993										
2006	1.357	1.044	1.103	0.944											
2007	1.062	1.042	0.951												
2008	1.452	0.983													
2009	1.417														
2010															

Volume Weighted Average of Latest 10																
[1]	1.699	1.072	1.008	0.992	1.026	0.996	0.994	1.003	0.999	1.000	1.000	1.000	1.000	1.000		
Volume Weighted Average of Latest 7																
[2]	1.557	1.053	1.014	0.981	0.997	0.996	0.993	1.003	0.999	1.000	1.000	1.000	1.000	1.000		
Volume Weighted Average of Latest 5																
[3]	1.447	1.035	1.018	0.979	0.997	0.995	1.000	1.002	0.999	1.000	1.000	1.000	1.000	1.000		
Volume Weighted Average of Latest 3																
[4]	1.321	1.021	0.989	0.983	1.001	0.994	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000		
Simple Average of Latest 10 (Excl. High/Low)																
[5]	1.710	1.051	0.984	0.986	0.997	0.997	0.999	1.002	1.000	1.000	1.000	1.000	N/A	N/A		
Simple Average of Latest 7 (Excl. High/Low)																
[6]	1.665	1.060	0.996	0.988	0.997	0.997	0.999	1.002	1.000	1.000	1.000	1.000	N/A	N/A		
Simple Weighted Average of Latest 5 (Excl. High/Low)																
[7]	1.526	1.035	1.000	0.982	0.996	0.997	0.999	1.002	1.000	1.000	1.000	1.000	N/A	N/A		
Simple Weighted Average of Latest 3 (Excl. High/Low)																
[8]	1.409	1.039	0.996	0.980	0.996	0.996	1.000	0.999	1.000	1.000	1.000	1.000	N/A	N/A		
Volume Weighted Average of Latest 5																
Selected	1.447	1.035	1.018	0.979	0.997	0.995	1.000	1.002	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.479	1.022	0.988	0.971	0.992	0.995	1.000	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Excludes blood banks and catastrophic/systemic losses. Includes losses arising from DDR benefits.

**EXHIBIT 7**  
**Section 1.2**

**Reported Loss & ALAE Triangle - Countrywide Data**  
**In Thousands**

Report Year	Evaluation Age In Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	20,656	28,811	33,435	32,635	33,414	34,733	35,029	34,950	34,872	34,842	34,821	34,821	34,821	34,821	34,821
1997	19,161	34,297	34,292	35,549	37,518	36,549	36,223	36,152	36,432	36,418	36,417	36,417	36,417	36,417	36,417
1998	17,207	31,592	35,732	41,231	41,961	47,516	48,016	46,691	46,969	46,848	46,845	46,842	46,842		
1999	15,090	22,803	27,097	28,079	29,297	28,983	28,920	28,915	28,789	28,794	28,794	28,794			
2000	17,669	29,242	34,143	37,254	37,163	36,974	36,408	36,486	36,770	38,736	37,674				
2001	17,821	33,129	41,806	47,103	46,745	46,193	46,689	46,629	46,588	46,587					
2002	16,994	34,466	36,537	33,499	33,020	32,933	33,181	33,137	33,098						
2003	19,727	34,586	40,473	46,419	45,881	45,543	45,709	45,665							
2004	23,543	34,878	37,179	36,083	38,433	39,913	39,937								
2005	24,409	40,926	42,593	41,369	41,333	41,492									
2006	21,926	28,415	30,685	33,915	32,966										
2007	21,884	24,880	27,212	29,076											
2008	21,454	30,685	34,607												
2009	21,337	32,600													
2010	23,288														

Report Year	Age Interval In Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - UIR
1996	1.395	1.160	0.976	1.024	1.039	1.009	0.998	0.998	0.999	0.999	1.000	1.000	1.000	1.000	
1997	1.790	1.000	1.037	1.055	0.974	0.991	0.998	1.008	1.000	1.000	1.000	1.000	1.000		
1998	1.836	1.131	1.154	1.018	1.132	1.011	0.972	1.006	0.997	1.000	1.000	1.000	1.000		
1999	1.511	1.188	1.036	1.043	0.989	0.998	1.000	0.996	1.000	1.000	1.000				
2000	1.655	1.168	1.091	0.998	0.995	0.985	1.002	1.008	1.053	0.973					
2001	1.859	1.262	1.127	0.992	0.988	1.011	0.999	0.999	1.000						
2002	2.028	1.060	0.917	0.986	0.997	1.008	0.999	0.999							
2003	1.753	1.170	1.147	0.988	0.993	1.004	0.999								
2004	1.481	1.066	0.971	1.065	1.038	1.001									
2005	1.677	1.041	0.971	0.999	1.004										
2006	1.296	1.080	1.105	0.972											
2007	1.137	1.094	1.068												
2008	1.430	1.128													
2009	1.528														
2010															

<b>Volume Weighted Average of Latest 10</b>															
[1]	1.566	1.122	1.058	1.010	1.016	1.002	0.995	1.002	1.008	0.994	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 7</b>															
[2]	1.471	1.089	1.043	1.000	1.001	1.003	0.995	1.002	1.008	0.994	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 5</b>															
[3]	1.419	1.078	1.049	1.002	1.003	1.002	1.000	1.002	1.009	0.994	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 3</b>															
[4]	1.363	1.101	1.038	1.012	1.010	1.004	0.999	1.002	1.018	0.991	1.000	1.000	1.000	1.000	
<b>Simple Average of Latest 10 (Excl. High/Low)</b>															
[5]	1.585	1.119	1.065	1.010	1.006	1.003	0.999	1.002	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Simple Average of Latest 7 (Excl. High/Low)</b>															
[6]	1.482	1.085	1.048	0.993	0.996	1.004	0.999	1.002	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Simple Average of Latest 5 (Excl. High/Low)</b>															
[7]	1.418	1.080	1.048	0.991	0.998	1.004	0.999	1.001	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Volume Weighted Average of Latest 5</b>															
Selected	1.419	1.078	1.049	1.002	1.003	1.002	1.000	1.002	1.009	0.994	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.624	1.144	1.061	1.012	1.010	1.007	1.005	1.005	1.003	0.994	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic/systemic losses. Includes blood banks and losses arising from DDR benefits.

## EXHIBIT 7 Section 2.1

### Paid Loss & ALAE Triangle - California Data In Thousands

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	985	7,391	15,464	18,754	19,028	19,102	19,104	19,105	19,124	19,144	19,145	19,145	19,145	19,145	19,145
1997	1,445	9,267	16,139	20,456	20,800	20,898	20,918	20,951	21,434	21,434	21,434	21,434	21,434	21,434	21,434
1998	1,856	8,485	15,925	18,872	20,299	28,216	28,292	28,386	28,646	28,649	28,650	28,651	28,651		
1999	1,123	7,913	13,246	13,870	15,311	15,481	15,478	15,478	15,478	15,478	15,478	15,478	15,478		
2000	2,077	9,687	16,478	21,004	21,591	21,646	21,646	21,651	21,681	21,681	21,681				
2001	1,608	9,379	19,214	25,568	26,289	26,537	26,549	26,550	26,523	26,512					
2002	1,374	10,494	20,391	22,128	22,457	22,551	22,691	22,728	22,737						
2003	1,908	10,198	19,800	26,192	32,216	33,508	33,566	33,569							
2004	2,891	12,340	18,051	22,788	23,212	23,281	23,291								
2005	1,595	10,808	18,351	20,613	26,910	26,922									
2006	2,393	7,739	12,462	16,982	17,972										
2007	1,159	5,084	8,102	9,681											
2008	1,872	5,530	11,270												
2009	1,321	7,778													
2010	2,981														

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	7.504	2.092	1.213	1.015	1.004	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	
1997	6.413	1.742	1.267	1.017	1.005	1.001	1.002	1.023	1.000	1.000	1.000	1.000	1.000	1.000	
1998	4.572	1.877	1.185	1.076	1.390	1.003	1.003	1.009	1.000	1.000	1.000	1.000	1.000		
1999	7.046	1.674	1.047	1.104	1.011	1.000	1.000	1.000	1.000	1.000	1.000				
2000	4.664	1.701	1.275	1.028	1.003	1.000	1.000	1.001	1.000	1.000					
2001	5.833	2.049	1.331	1.028	1.009	1.000	1.000	0.999	1.000						
2002	7.637	1.943	1.085	1.015	1.004	1.006	1.002	1.000							
2003	5.345	1.942	1.323	1.230	1.040	1.002	1.000								
2004	4.269	1.463	1.262	1.019	1.003	1.000									
2005	6.776	1.698	1.123	1.305	1.000										
2006	3.234	1.610	1.363	1.058											
2007	4.387	1.594	1.195												
2008	2.954	2.038													
2009	5.888														
2010															

<b>Volume Weighted Average of Latest 10</b>															
[1]	4.893	1.765	1.220	1.089	1.044	1.001	1.001	1.005	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 7</b>															
[2]	4.527	1.743	1.237	1.099	1.012	1.002	1.001	1.005	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 5</b>															
[3]	4.429	1.644	1.254	1.129	1.013	1.002	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 3</b>															
[4]	4.226	1.735	1.215	1.128	1.017	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Simple Average of Latest 10 (Excl. High/Low)</b>															
[5]	5.201	1.782	1.226	1.064	1.010	1.001	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Simple Average of Latest 7 (Excl. High/Low)</b>															
[6]	5.104	1.789	1.228	1.078	1.011	1.001	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Simple Weighted Average of Latest 5 (Excl. High/Low)</b>															
[7]	4.624	1.757	1.247	1.073	1.006	1.001	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Simple Weighted Average of Latest 3 (Excl. High/Low)</b>															
[8]	4.503	1.634	1.260	1.102	1.006	1.001	1.000	1.001	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Volume Weighted Average of Latest 5</b>															
Selected	4.429	1.644	1.254	1.129	1.013	1.002	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	10.494	2.369	1.441	1.149	1.018	1.004	1.003	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Excludes blood banks and catastrophic/systemic losses. Includes losses arising from DDR benefits.

**EXHIBIT 7**  
**Section 2.2**

**Paid Loss & ALAE Triangle - Countrywide Data**  
**In Thousands**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	2,859	10,132	21,466	26,165	29,867	32,009	34,716	34,779	34,798	34,821	34,821	34,821	34,821	34,821	34,821
1997	2,274	11,783	23,500	32,293	34,415	35,544	35,879	35,933	36,417	36,417	36,417	36,417	36,417	36,417	36,417
1998	2,783	11,368	21,643	31,172	34,736	44,520	46,161	46,577	46,837	46,840	46,842	46,842	46,842		
1999	2,834	11,437	19,941	22,881	27,357	27,770	28,726	28,730	28,789	28,794	28,794	28,794			
2000	2,759	11,663	22,685	30,553	35,159	35,739	36,251	36,284	36,348	36,441	37,404				
2001	2,296	11,420	27,135	39,998	43,146	44,184	45,403	45,464	45,444	45,434					
2002	1,819	13,601	25,167	29,279	31,577	32,407	33,052	33,089	33,098						
2003	3,522	13,187	25,713	35,583	43,332	44,694	45,625	45,642							
2004	3,637	15,868	23,643	31,073	33,318	38,079	39,739								
2005	2,127	15,238	27,372	31,381	38,789	40,454									
2006	3,003	10,385	19,323	29,573	31,321										
2007	2,241	8,188	15,269	23,037											
2008	2,710	10,060	20,783												
2009	2,935	12,503													
2010	3,718														

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	3.544	2.119	1.219	1.141	1.072	1.085	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	
1997	5.182	1.994	1.374	1.066	1.033	1.009	1.002	1.013	1.000	1.000	1.000	1.000	1.000	1.000	
1998	4.085	1.904	1.440	1.114	1.282	1.037	1.009	1.006	1.000	1.000	1.000	1.000			
1999	4.036	1.744	1.147	1.196	1.015	1.034	1.000	1.002	1.000	1.000	1.000				
2000	4.227	1.945	1.347	1.151	1.016	1.014	1.001	1.002	1.003	1.026					
2001	4.974	2.376	1.474	1.079	1.024	1.028	1.001	1.000	1.000						
2002	7.477	1.850	1.163	1.078	1.026	1.020	1.001	1.000							
2003	3.744	1.950	1.384	1.218	1.031	1.021	1.000								
2004	4.362	1.490	1.314	1.072	1.143	1.044									
2005	7.163	1.796	1.146	1.236	1.043										
2006	3.459	1.861	1.530	1.059											
2007	3.654	1.865	1.509												
2008	3.712	2.066													
2009	4.260														
2010															

<b>Volume Weighted Average of Latest 10</b>															
[1]	4.514	1.876	1.336	1.125	1.067	1.032	1.002	1.003	1.001	1.005	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 7</b>															
[2]	4.234	1.818	1.344	1.128	1.042	1.028	1.002	1.003	1.001	1.005	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 5</b>															
[3]	4.331	1.781	1.353	1.137	1.051	1.025	1.001	1.002	1.000	1.005	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 3</b>															
[4]	3.899	1.934	1.355	1.124	1.067	1.028	1.001	1.000	1.001	1.009	1.000	1.000	1.000	1.000	
<b>Simple Average of Latest 10 (Excl. High/Low)</b>															
[5]	4.512	1.885	1.347	1.122	1.049	1.028	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Simple Average of Latest 7 (Excl. High/Low)</b>															
[6]	3.946	1.864	1.369	1.120	1.028	1.028	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Simple Average of Latest 5 (Excl. High/Low)</b>															
[7]	3.875	1.841	1.402	1.123	1.034	1.023	1.001	1.001	1.000	1.000	1.000	1.000	N/A	N/A	
<b>Volume Weighted Average of Latest 5</b>															
Selected	4.331	1.781	1.353	1.137	1.051	1.025	1.001	1.002	1.000	1.005	1.000	1.000	1.000	1.000	1.000
Dev To Ult	12.894	2.977	1.672	1.235	1.087	1.034	1.009	1.008	1.006	1.005	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic/systemic losses. Includes blood banks and losses arising from DDR benefits.

EXHIBIT 7  
Section 3

Loss and ALAE Development - Development of Projected Ultimate Loss & ALAE - California Data

Calendar Report Year	Projected Ultimate Loss & ALAE Based on:										
	Loss Development Method		Bornhuetter-Ferguson Method		Reported Loss & ALAE	Paid Loss & ALAE	Case Loss & ALAE	Open Claim Count	Selected Ultimate Loss & ALAE	Trend Factor	Trended Ultimate Loss & ALAE
	Reported Loss & ALAE	Paid Loss & ALAE	Reported Loss & ALAE	Paid Loss & ALAE							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2001	\$26,445,285	\$26,384,358			\$26,451,194	\$26,383,550	\$67,643	1	\$26,415,000	1 056	\$27,889,428
2002	22,629,549	22,682,140			22,663,041	22,663,041	0	0	22,663,041	1 051	23,810,182
2003	32,603,048	32,664,338			32,588,418	32,588,418	0	0	32,588,418	1 045	34,069,313
2004	23,321,514	23,345,523			23,321,332	23,282,332	39,000	3	23,334,000	1 040	24,274,195
2005	26,796,472	26,998,627			26,938,901	26,879,003	59,898	5	26,898,000	1 035	27,843,971
2006	18,082,032	18,250,480	\$18,097,951	\$18,212,498	18,223,915	17,934,977	288,938	7	18,166,000	1 030	18,712,251
2007	8,985,982	10,285,768	8,786,581	10,975,985	9,254,152	8,949,996	304,156	14	9,759,000	1 025	10,002,938
2008	14,416,722	16,060,628	14,401,537	15,941,137	14,591,369	11,145,218	3,446,150	44	15,239,000	1 020	15,542,980
2009	16,490,887	18,423,212	16,465,820	16,643,182	16,130,693	7,775,755	8,354,938	177	16,533,000	1 015	16,779,732
2010	18,877,065	31,221,433	17,605,853	16,504,798	12,759,136	2,975,168	9,783,969	489	17,663,000	1 010	17,838,296
Total	\$208,648,558	\$226,296,509	N/A	N/A	\$202,922,151	\$180,577,458	\$22,344,693	740	\$209,258,459		\$216,763,287
2007 - 2010	\$58,770,657	\$75,991,042	\$57,261,792	\$60,065,102	\$52,735,350	\$30,846,137	\$21,889,213	724	\$59,194,000		\$60,163,947

Notes:

(2), (3) From Exhibit 7, Section 5.1.

(4), (5) From Exhibit 7, Section 6.

(6) through (9) Excludes blood banks, losses arising from DDR benefits, and catastrophic/systemic losses

(10) Selected based on (2) through (9).

(11) From Exhibit 8, Section 2.1.

(12) = (10) x (11).

EXHIBIT 7  
Section 4

Loss and ALAE Development - Diagnostics - California Data

Calendar Report Year	Direct Earned Premium	Base Class Equivalent Policy Count	Selected Ultimate Loss & ALAE	Reported Loss & ALAE	Paid Loss & ALAE	Case Loss & ALAE	Estimated IBNR Loss & ALAE	Estimated Ultimate CWP Claims	Estimated Ultimate Pure Premium	Adjusted Reported Loss & ALAE	Implied Loss & ALAE Develop Factor
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2001	\$25,770,824	4,653	\$26,415,000	\$26,451,194	\$26,383,550	\$67,643	(\$36,194)	80	\$5,677	\$27,508,998	0.999
2002	28,539,191	4,977	22,663,041	22,663,041	22,663,041	0	0	70	4,553	23,605,131	1.000
2003	31,894,428	4,961	32,588,418	32,588,418	32,588,418	0	0	76	6,568	33,885,755	1.000
2004	33,857,468	4,929	23,334,000	23,321,332	23,282,332	39,000	12,668	64	4,734	24,290,899	1.001
2005	36,562,186	4,720	26,898,000	26,938,901	26,879,003	59,898	(40,901)	57	5,699	28,033,972	0.998
2006	37,405,056	4,725	18,166,000	18,223,915	17,934,977	288,938	(57,915)	39	3,845	19,009,586	0.997
2007	37,879,620	4,569	9,759,000	9,254,152	8,949,996	304,156	504,848	27	2,136	9,714,985	1.055
2008	37,456,196	4,567	15,239,000	14,591,369	11,145,218	3,446,150	647,631	36	3,337	15,245,053	1.044
2009	36,344,639	4,449	16,533,000	16,130,693	7,775,755	8,354,938	402,307	41	3,716	16,840,762	1.025
2010	34,868,965	4,315	17,663,000	12,759,136	2,975,168	9,783,969	4,903,864	45	4,093	13,314,258	1.384
Total	\$340,578,773	46,864	\$209,258,459	\$202,922,151	\$180,577,458	\$22,344,693	\$6,336,308	533		\$211,449,399	

Notes:

(2) Excludes blood banks.

(3) Individuals only.

(4) From Exhibit 7, Section 3.

(5), (6) From Exhibit 7, Section 3. Excludes blood banks, losses arising from DDR benefits, and catastrophic/systemic losses

(7) = (5) - (6).

(8) = (4) - (5).

(9) From Exhibit 8, Section 3.1.

(10) = (4) / (3).

(11) = (4) x Exhibit 14, Section 7, Item (5) x Exhibit 14, Section 11, Col (7).

(12) = (4) / (5).



**EXHIBIT 7  
Section 5.1**

**Loss and ALAE Development - Loss Development Projection Method - California Data**

Calendar Report Year	Reported Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE	Paid Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2001	\$26,451,194	1.000	\$26,445,285	\$26,383,550	1 000	\$26,384,358
2002	22,663,041	0.999	22,629,549	22,663,041	1 000	22,662,140
2003	32,588,418	1.000	32,603,048	32,588,418	1 002	32,664,338
2004	23,321,332	1.000	23,321,514	23,282,332	1 003	23,345,523
2005	26,938,901	0.995	26,796,472	26,879,003	1 004	26,998,627
2006	18,223,915	0.992	18,082,032	17,934,977	1 018	18,250,480
2007	9,254,152	0.971	8,985,982	8,949,996	1 149	10,285,768
2008	14,591,369	0.988	14,416,722	11,145,218	1 441	16,060,628
2009	16,130,693	1.022	16,490,887	7,775,755	2 369	18,423,212
2010	12,759,136	1.479	18,877,065	2,975,168	10 494	31,221,433
Total	\$202,922,151		\$208,648,558	\$180,577,458		\$226,296,509

**Notes:**

(2), (5) From Exhibit 7, Section 8. Excludes blood banks, losses arising from DDR benefits, and catastrophic/systemic losses

(3), (6) From Exhibit 7, Sections 1.1 and 2.1.

(4) = (2) x (3).

(7) = (5) x (6).

**EXHIBIT 7**  
**Section 5.2**

**Loss and ALAE Development - Loss Development Projection Method - Countrywide Data**

Calendar Report Year	Reported Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE	Paid Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2001	\$46,587,409	0.994	\$46,313,934	\$45,434,242	1 005	\$45,673,475	\$45,994,000
2002	33,097,560	1.003	33,208,779	33,097,560	1 006	33,287,776	33,248,000
2003	45,665,183	1.005	45,908,491	45,641,856	1 008	45,993,646	45,951,000
2004	39,937,350	1.005	40,134,244	39,738,929	1 009	40,077,459	40,106,000
2005	41,492,282	1.007	41,773,241	40,453,566	1 034	41,837,117	41,805,000
2006	32,965,644	1.010	33,295,741	31,320,501	1 087	34,036,207	33,666,000
2007	29,075,509	1.012	29,420,274	23,036,571	1 235	28,456,486	28,938,000
2008	34,607,103	1.061	36,731,251	20,782,580	1 672	34,741,319	35,736,000
2009	32,600,062	1.144	37,306,162	12,503,426	2 977	37,223,477	37,265,000
2010	23,287,581	1.624	37,811,891	3,717,740	12 894	47,936,658	42,874,000
Total	\$359,315,682		\$381,904,008	\$295,726,970		\$389,263,619	\$385,583,000

**Notes:**

(2), (5) Excludes catastrophic/systemic losses. Includes blood banks and losses arising from DDR benefits

(3), (6) From Exhibit 7, Sections 1.2 and 2.2.

(4) = (2) x (3).

(7) = (5) x (6).

(8) Based on (4) and (7).

**EXHIBIT 7**  
**Section 6**

**Loss and ALAE Development - Bornhuetter-Ferguson Projection Method - California Data**

Calendar Report Year	Initial Expected Ultimate Loss & ALAE	Expected % Loss & ALAE Unreported	Expected Unreported Loss & ALAE	Expected Reported Loss & ALAE	Actual Reported Loss & ALAE	Projected Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2001	\$15,425,199	-0.02%	(\$3,446)	\$15,428,645	\$26,451,194	\$26,447,747
2002	16,581,012	-0.15%	(24,540)	16,605,551	22,663,041	22,638,501
2003	16,610,149	0.04%	7,453	16,602,695	32,588,418	32,595,871
2004	16,581,675	0.00%	129	16,581,546	23,321,332	23,321,462
2005	15,957,539	-0.53%	(84,818)	16,042,357	26,938,901	26,854,084
2006	16,053,359	-0.78%	(125,964)	16,179,323	18,223,915	18,097,951
2007	15,600,600	-2.98%	(465,571)	16,066,171	9,254,152	8,788,581
2008	15,670,203	-1.21%	(189,831)	15,860,035	14,591,369	14,401,537
2009	15,343,240	2.18%	335,127	15,008,113	16,130,693	16,465,820
2010	14,954,700	32.41%	4,846,717	10,107,983	12,759,136	17,605,853
Total	\$158,777,677		\$4,295,257	\$154,482,420	\$202,922,151	\$207,217,408

  

Calendar Report Year	Initial Expected Ultimate Loss & ALAE	Expected % Loss & ALAE Unpaid	Expected Unpaid Loss & ALAE	Expected Paid Loss & ALAE	Actual Paid Loss & ALAE	Projected Ultimate Loss & ALAE
(1)	(8)	(9)	(10)	(11)	(12)	(13)
2001	\$15,425,199	0.00%	\$472	\$15,424,727	\$26,383,550	\$26,384,022
2002	16,581,012	0.00%	(659)	16,581,670	22,663,041	22,662,382
2003	16,610,149	0.23%	38,606	16,571,543	32,588,418	32,627,024
2004	16,581,675	0.27%	44,883	16,536,793	23,282,332	23,327,215
2005	15,957,539	0.44%	70,704	15,886,835	26,879,003	26,949,707
2006	16,053,359	1.73%	277,521	15,775,838	17,934,977	18,212,498
2007	15,600,600	12.99%	2,025,989	13,574,611	8,949,996	10,975,985
2008	15,670,203	30.61%	4,795,919	10,874,284	11,145,218	15,941,137
2009	15,343,240	57.79%	8,867,427	6,475,813	7,775,755	16,643,182
2010	14,954,700	90.47%	13,529,630	1,425,070	2,975,168	16,504,798
Total	\$158,777,677		\$29,650,492	\$129,127,184	\$180,577,458	\$210,227,950

**Notes:**

(2), (8) From Exhibit 7, Section 7.

(3), (9) Based on Exhibit 7, Sections 1.1 and 2.1.

(4) = (2) x (3).

(5) = (2) - (4).

(6), (12) From Exhibit 7, Section 8. Excludes blood banks, losses arising from DDR benefits, and catastrophic/systemic losses.

(7) = (4) + (6).

(10) = (8) x (9).

(11) = (8) - (10).

(13) = (10) + (12).

**EXHIBIT 7**  
**Section 7**

**Loss and ALAE Development - Initial Expected Loss & ALAE - California Data**

Calendar Report Year	Policy Count	On-Level Ultimate Frequency	Annual Frequency Trend Factor	Estimated Ultimate Frequency
(1)	(2)	(3)	(4)	(5)
2001	4,653	0.1400	0.946	0.1479
2002	4,977	0.1400	0.951	0.1472
2003	4,961	0.1400	0.956	0.1465
2004	4,929	0.1400	0.961	0.1457
2005	4,720	0.1400	0.966	0.1450
2006	4,725	0.1400	0.970	0.1443
2007	4,569	0.1400	0.975	0.1436
2008	4,567	0.1400	0.980	0.1428
2009	4,449	0.1400	0.985	0.1421
2010	4,315	0.1400	0.990	0.1414
Total	46,864			

Calendar Report Year	On-Level Ultimate Severity	Annual Severity Trend Factor	Estimated Ultimate Severity	Initial Expected Ultimate Loss & ALAE
(1)	(6)	(7)	(8)	(9)
2001	\$25,000	1.116	\$22,408	\$15,425,199
2002	25,000	1.105	22,632	16,581,012
2003	25,000	1.094	22,858	16,610,149
2004	25,000	1.083	23,087	16,581,675
2005	25,000	1.072	23,318	15,957,539
2006	25,000	1.062	23,551	16,053,359
2007	25,000	1.051	23,787	15,600,600
2008	25,000	1.041	24,025	15,670,203
2009	25,000	1.030	24,265	15,343,240
2010	25,000	1.020	24,507	14,954,700
Total				\$158,777,677

**Notes:**

- (2) Individuals only.
- (3) From Exhibit 8, Section 1.2.
- (4) From Exhibit 8, Section 1.1.
- (5) = (3) / (4).
- (6) From Exhibit 8, Section 2.2.
- (7) From Exhibit 8, Section 2.1.
- (8) = (6) / (7).
- (9) = (2) x (5) x (8).

**EXHIBIT 7**  
**Section 8**

**Loss and ALAE Development - Summary of Data - California Data**

Calendar Report Year	Reported Loss & ALAE			Paid Loss & ALAE		
	Total Excl. Blood Blanks & DDR	Catastrophic/ Systemic Events	Total Excl. Blood Blanks, Cat/Sys & DDR	Total Excl. Blood Blanks & DDR	Catastrophic/ Systemic Events	Total Excl. Blood Blanks, Cat/Sys & DDR
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2001	\$26,451,194	\$0	\$26,451,194	\$26,383,550	\$0	\$26,383,550
2002	37,580,613	14,917,572	22,663,041	37,580,613	14,917,572	22,663,041
2003	43,516,421	10,928,003	32,588,418	43,516,421	10,928,003	32,588,418
2004	23,375,414	54,082	23,321,332	23,336,414	54,082	23,282,332
2005	26,983,356	44,455	26,938,901	26,923,458	44,455	26,879,003
2006	18,227,765	3,850	18,223,915	17,938,827	3,850	17,934,977
2007	9,254,152	0	9,254,152	8,949,996	0	8,949,996
2008	14,591,369	0	14,591,369	11,145,218	0	11,145,218
2009	16,130,693	0	16,130,693	7,775,755	0	7,775,755
2010	12,759,136	0	12,759,136	2,975,168	0	2,975,168
Total	\$228,870,112	\$25,947,962	\$202,922,151	\$206,525,420	\$25,947,962	\$180,577,458

Calendar Report Year	Reported Claim Counts			Total Closed Claim Counts		
	Total Excl. Blood Blanks & DDR	Catastrophic/ Systemic Events	Total Excl. Blood Blanks, Cat/Sys & DDR	Total Excl. Blood Blanks & DDR	Catastrophic/ Systemic Events	Total Excl. Blood Blanks, Cat/Sys & DDR
(1)	(8)	(9)	(10)	(11)	(12)	(13)
2001	727	0	727	726	0	726
2002	755	40	715	755	40	715
2003	797	37	760	797	37	760
2004	722	9	713	719	9	710
2005	743	5	738	738	5	733
2006	689	10	679	682	10	672
2007	613	0	613	599	0	599
2008	623	0	623	579	0	579
2009	628	0	628	451	0	451
2010	627	0	627	138	0	138
Total	6,924	101	6,823	6,184	101	6,083

Calendar Report Year	CWIP Claim Counts			CNIP Claim Counts		
	Total Excl. Blood Blanks & DDR	Catastrophic/ Systemic Events	Total Excl. Blood Blanks, Cat/Sys & DDR	Total Excl. Blood Blanks & DDR	Catastrophic/ Systemic Events	Total Excl. Blood Blanks, Cat/Sys & DDR
(1)	(14)	(15)	(16)	(17)	(18)	(19)
2001	80	0	80	646	0	646
2002	76	6	70	679	34	645
2003	80	4	76	717	33	684
2004	65	2	63	654	7	647
2005	56	0	56	682	5	677
2006	44	6	38	638	4	634
2007	23	0	23	576	0	576
2008	26	0	26	553	0	553
2009	10	0	10	441	0	441
2010	4	0	4	134	0	134
Total	464	18	446	5,720	83	5,637

**Notes:**

(2), (5), (8), (11), (14), (17) Excludes blood banks and losses arising from DDR benefits.

(3), (6), (9), (12), (15), (18) Losses arising from Redding Cardiology matter.

(4) = (2) - (3).

(7) = (5) - (6).

(10) = (8) - (9).

(13) = (11) - (12).

(16) = (14) - (15).

(19) = (17) - (18).

**EXHIBIT 8**  
**Section 1.1**

**Loss and ALAE Trends - Selected Frequency Trend**

(1) Implied Annual Trend from Exponential Fits:

Calendar Report Period	R-squared		Trend	
	California Frequency	Countrywide Frequency	California Frequency	Countrywide Frequency
2007-2009	0.8253	0.0378	1.85%	-0.49%
2006-2009	0.0009	0.3711	-0.07%	-1.31%
2004-2009	0.3015	0.2110	-1.54%	-0.55%
2001-2009	0.4291	0.5330	-1.29%	-1.23%

(2) Selected Annual Trend -0.50%

Year	Trend Period (Years)	Annual Freq. Trend Factor Total
(3)	(4)	(5)
2001	11.0	0.946
2002	10.0	0.951
2003	9.0	0.956
2004	8.0	0.961
2005	7.0	0.966
2006	6.0	0.970
2007	5.0	0.975
2008	4.0	0.980
2009	3.0	0.985
2010	2.0	0.990

**Notes**

- (1) From Exhibit 8, Section 1.2 and Exhibit 8, Section 1.3.  
 (2) Based on (1) and judgment  
 (4) From average report date of (3) to average report date of report year 2012.  
 (5) =  $[1.0 + (2)]^{(4)}$

**EXHIBIT 8**  
**Section 1.2**

**Loss and ALAE Trends - Frequency Trend - California Data**

Calendar Report Year	Base Class Equivalent Policy Count	Selected Ultimate Total Claims	Estimated Ultimate Claims CWIP	Estimated Ultimate Claims CNIP	Ultimate CNIP Claim Frequency	Ultimate CWIP Claim Frequency	Ultimate Claim Frequency	Annual Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2001	4,653	727	80	647	0.1390	0.0172	0.1562	
2002	4,977	715	70	645	0.1296	0.0141	0.1437	-8.05%
2003	4,961	760	76	684	0.1379	0.0153	0.1532	6.63%
2004	4,929	713	64	649	0.1317	0.0129	0.1447	-5.56%
2005	4,720	738	57	681	0.1443	0.0120	0.1564	8.09%
2006	4,725	679	39	640	0.1355	0.0083	0.1437	-8.09%
2007	4,569	614	27	587	0.1286	0.0058	0.1344	-6.49%
2008	4,567	625	36	589	0.1291	0.0078	0.1369	1.84%
2009	4,449	634	41	593	0.1334	0.0091	0.1425	4.11%
2010	4,315	720	45	675	0.1564	0.0104	0.1669	17.09%
Total	46,864	6,925	533	6,392				

Calendar Report Year	On-Level Ultimate Frequency	(11) Implied Annual Trend from Exponential Fit	Calendar Report Period	R-squared	Fitted Frequency
(1)	(10)				
2001	0.1479		2007-2009	0.8253	1.85%
2002	0.1366		2006-2009	0.0009	-0.07%
2003	0.1464		2004-2009	0.3015	-1.54%
2004	0.1390		2001-2009	0.4291	-1.29%
2005	0.1510				
2006	0.1395				
2007	0.1311				
2008	0.1341				
2009	0.1404				
2010	0.1652				

(12) Average On-Level Frequency:	
Volume-Weighted 2001-2009	0.1407
Volume-Weighted 2004-2009	0.1392
Volume-Weighted 2006-2009	0.1363
Volume-Weighted 2007-2009	0.1351
Simple Average 2001-2009	0.1407
Simple Average 2004-2009	0.1392
Simple Average 2006-2009	0.1363
Simple Average 2007-2009	0.1352

(13) Selected On-Level Frequency:	0.1400
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**Notes:**

- (2) Individuals only.
- (3), (4), (5) From Exhibit 8, Section 3.1.
- (6) = (5) / (2).
- (7) = (4) / (2).
- (8) = (3) / (2).
- (9) = (8) / [Prior (8)] - 1.0.
- (10) = (8) x [Exhibit 8, Section 1.1, Item (5)].
- (11) Based on exponential fit of (8).
- (12) Based on (10).
- (13) Based on (12) and judgment.

**EXHIBIT 8**  
**Section 1.3**

**Loss and ALAE Trends - Frequency Trend - Countrywide Data**

<u>Calendar Report Year</u>	<u>Base Class Equivalent Policy Count</u>	<u>Selected Ultimate Total Claims</u>	<u>Ultimate Claim Frequency</u>	<u>Annual Change</u>
(1)	(2)	(3)	(4)	(5)
2001	7,953	1,147	0.1442	
2002	8,580	1,108	0.1291	-10.46%
2003	8,766	1,149	0.1311	1.51%
2004	8,851	1,121	0.1267	-3.37%
2005	8,658	1,111	0.1283	1.31%
2006	8,877	1,153	0.1299	1.22%
2007	8,754	1,085	0.1239	-4.58%
2008	8,798	1,133	0.1288	3.91%
2009	8,727	1,071	0.1227	-4.71%
2010	8,464	1,202	0.1420	15.72%
Total	86,428	11,280		

(6) Implied Annual Trend from Exponential Fit:

<u>Calendar Report Period</u>	<u>R-squared</u>	<u>Fitted Frequency Trend</u>
2007-2009	0.0378	-0.49%
2006-2009	0.3711	-1.31%
2004-2009	0.2110	-0.55%
2001-2009	0.5330	-1.23%

Notes:

- (2) Individuals only.
- (3) From Exhibit 8, Section 3.2.
- (4) = (3) / (2).
- (5) = (4) / [Prior (4)] - 1.0.
- (6) Based on exponential fit of (5).



**EXHIBIT 8**  
**Section 2.1**

**Loss and ALAE Trends - Selected Severity Trend**

(1) Implied Annual Severity Trend from Exponential Fit:

Calendar Report Period	R-squared		Severity Trend	
	California	Countrywide	California	Countrywide
2007-2009	0.8497	0.9777	28.09%	14.22%
2006-2009	0.0346	0.6276	3.57%	7.18%
2004-2009	0.2828	0.0950	-7.85%	-2.15%
2001-2009	0.4486	0.2016	-6.92%	-2.36%

(2) Selected Annual Trend:

Frequency	Severity	Pure Premium
(a)	(b)	(c)
-0.50%	1.00%	0.50%

Report Year	Trend Period (Years)	Annual Trend Factor		
		Frequency	Severity	Pure Premium
(3)	(4)	(5)	(6)	(7)
2001	11.0	0.946	1.116	1.056
2002	10.0	0.951	1.105	1.051
2003	9.0	0.956	1.094	1.045
2004	8.0	0.961	1.083	1.040
2005	7.0	0.966	1.072	1.035
2006	6.0	0.970	1.062	1.030
2007	5.0	0.975	1.051	1.025
2008	4.0	0.980	1.041	1.020
2009	3.0	0.985	1.030	1.015
2010	2.0	0.990	1.020	1.010

**Notes:**

(1) From Exhibit 8, Section 2.2 and 2.3.

(2a) From Exhibit 8, Section 1.1.

(2b) Based on (1) and judgment.

(2c) =  $[1.0 + (2a)] \times [1.0 + (2b)] - 1.0$ .

(4) From average written date of (3), to average written date of report year 2012.

(5) through (7) =  $[1.0 + (2)]^{(4)}$ .

EXHIBIT 8  
Section 2.2

Loss and ALAE Trends - Severity Trend - California Data

Calendar Report Year	Selected Ultimate Total Claims	Selected Ultimate Loss & ALAE	Estimated Severity	Annual Change in Ultimate Severity
(1)	(2)	(3)	(4)	(5)
2001	727	\$26,415,000	\$36,334	
2002	715	22,663,041	31,697	-12.76%
2003	780	32,588,418	42,879	35.28%
2004	713	23,334,000	32,727	-23.68%
2005	738	26,898,000	36,447	11.37%
2006	679	18,166,000	26,754	-26.59%
2007	614	9,759,000	15,894	-40.59%
2008	625	15,239,000	24,382	53.40%
2009	634	16,533,000	26,077	6.95%
2010	720	17,663,000	24,532	-5.93%
Total	6,925	\$209,258,459		

(7) Implied Annual Trend from Exponential Fit

Calendar Report Year	On-Level Ultimate Severity	Calendar Report Period	R-Squared	Trend
(1)	(6)			
		2007-2009	0.8497	28.09%
2001	\$40,537	2006-2009	0.0346	3.57%
2002	35,013	2004-2009	0.2828	-7.85%
2003	46,897	2001-2009	0.4486	-6.92%
2004	35,438			
2005	39,076			
2006	28,400			
2007	16,705			
2008	25,372			
2009	26,867			
2010	N/A			

(8) Average On-Level Severity:

Volume-Weighted 2001-2009	\$33,389
Volume-Weighted 2004-2009	29,164
Volume-Weighted 2006-2009	24,277
Volume-Weighted 2007-2009	22,612
Simple Average 2001-2009	32,701
Simple Average 2004-2009	28,643
Simple Average 2006-2009	24,336
Simple Average 2007-2009	22,982

(9) Selected On-Level Severity:

\$25,000

Notes

(2) From Exhibit 8, Section 3.1.

(3) From Exhibit 7, Section 3.

(4) = (3) / (2)

(5) = (4) / [P<sub>rior</sub> (4)] - 1.0.

(6) = (4) x Exhibit 8, Section 2.1, Column (6).

(7) Based on exponential fit of (5).

(8) Based on (6)

(9) Based on (8) and judgment.

**EXHIBIT 8**  
**Section 2.3**

**Loss and ALAE Trends - Severity Trend - Countrywide Data**

Calendar Report Year	Selected Ultimate Total Claims	Selected Ultimate Loss & ALAE	Estimated Severity	Annual Change in Ultimate Severity
(1)	(2)	(3)	(4)	(5)
2001	1,147	\$45,994,000	\$40,099	
2002	1,108	33,248,000	30,007	-25.17%
2003	1,149	45,951,000	39,992	33.28%
2004	1,121	40,106,000	35,777	-10.54%
2005	1,111	41,805,000	37,628	5.17%
2006	1,153	33,666,000	29,199	-22.40%
2007	1,085	28,938,000	26,671	-8.66%
2008	1,133	35,736,000	31,541	18.26%
2009	1,071	37,265,000	34,795	10.32%
2010	1,202	42,874,000	35,669	2.51%
Total	11,280	\$385,583,000		

(6) Implied Annual Trend from Exponential Fit:

Calendar Report Period	R-Squared	Trend
2007-2009	0.9777	14.22%
2006-2009	0.6276	7.18%
2004-2009	0.0950	-2.15%
2001-2009	0.2016	-2.36%

**Notes:**

(2) From Exhibit 8, Section 3.2.

(3) From Exhibit 7, Section 5.2.

(4) = (3) / (2).

(5) = (4) / [Prior (4)] - 1.0.

(6) Based on exponential fit of (5).

**EXHIBIT 8**  
**Section 3.1**

**Loss and ALAE Trends - Projection of Ultimate Claim Counts - California Data**

Calendar Report Year	Total Reported Claim Counts	Factor to Ultimate	Estimated Ultimate Total Claims	Count of Claims CWIP	Count of Claims CNIP
(1)	(2)	(3)	(4)	(5)	(6)
2001	727	1.000	727	80	646
2002	715	1.000	715	70	645
2003	760	1.000	760	76	684
2004	713	1.000	713	63	647
2005	738	1.000	738	56	677
2006	679	1.000	679	38	634
2007	613	1.001	614	23	576
2008	623	1.003	625	26	553
2009	628	1.009	634	10	441
2010	627	1.148	720	4	134
Total	6,823		6,925	446	5,637

Calendar Report Year	Total Open + IBNR Claim Count	Expected % of Open +IBNR to CWIP	Expected % of Open+IBNR to CNIP	Estimated Open + IBNR Claims CWIP	Estimated Open + IBNR Claims CNIP	Estimated Ultimate Claims CWIP	Estimated Ultimate Claims CNIP	Estimated % of Total Claims CWIP
(1)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
2001	1	0.0%	100.0%	0	1	80	647	11.0%
2002	0	25.0%	75.0%	0	0	70	645	9.8%
2003	0	22.2%	77.8%	0	0	76	684	10.0%
2004	3	25.9%	74.1%	1	2	64	649	8.9%
2005	5	17.1%	82.9%	1	4	57	681	7.7%
2006	7	15.0%	85.0%	1	6	39	640	5.8%
2007	15	23.7%	76.3%	4	11	27	587	4.3%
2008	46	21.0%	79.0%	10	36	36	589	5.7%
2009	183	16.7%	83.3%	31	152	41	593	6.4%
2010	582	7.1%	92.9%	41	541	45	675	6.3%
Total	842			87	755	533	6,392	7.7%

**Notes:**

(2), (5), (6) Excludes blood banks, losses arising from DDR benefits, and catastrophic/systemic losses

(3) From Exhibit 8, Section 4.3.

(4) = (2) x (3).

(7) = (4) - (5) - (6).

(8), (9) From Exhibit 8, Section 7.

(10) = (7) x (8).

(11) = (7) x (9).

(12) = (5) + (10).

(13) = (6) + (11).

(14) = (12) / (4).

**EXHIBIT 8**  
**Section 3.2**

**Loss and ALAE Trends - Projection of Ultimate Claim Counts - Countrywide Data**

<u>Calendar Report Year</u>	<u>Total Reported Claim Counts</u>	<u>Factor to Ultimate</u>	<u>Estimated Ultimate Total Claims</u>
(1)	(2)	(3)	(4)
2001	1,147	1.000	1,147
2002	1,108	1.000	1,108
2003	1,149	1.000	1,149
2004	1,121	1.000	1,121
2005	1,111	1.000	1,111
2006	1,153	1.000	1,153
2007	1,085	1.000	1,085
2008	1,130	1.003	1,133
2009	1,061	1.009	1,071
2010	1,041	1.155	1,202
Total	11,106		11,280

Notes:

(2) Excludes catastrophic/systemic losses. Includes blood banks and losses arising from DDR benefits.

(3) From Exhibit 8, Section 4.4.

(4) = (2) x (3).

## EXHIBIT 8 Section 4.1

### Claim Counts Closed with No Indemnity Payment - California Data

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	46	342	547	651	679	683	687	686	687	687	688	688	688	688	688
1997	39	299	549	612	630	634	640	642	643	643	643	643	643	643	
1998	40	348	542	602	633	638	639	643	643	644	644	645	645		
1999	49	376	513	560	573	582	583	586	586	586	586	586			
2000	52	310	505	569	603	611	621	620	620	620	620				
2001	34	380	539	607	634	650	654	653	654	654					
2002	55	380	557	628	646	648	649	650	653						
2003	65	422	587	652	679	689	695	695							
2004	56	411	569	639	646	652	655								
2005	136	486	628	663	678	682									
2006	110	506	593	634	642										
2007	99	468	546	584											
2008	112	473	556												
2009	90	441													
2010	134														

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	7.435	1.599	1.190	1.043	1.006	1.006	0.999	1.001	1.000	1.001	1.000	1.000	1.000	1.000	
1997	7.667	1.836	1.115	1.029	1.006	1.009	1.003	1.002	1.000	1.000	1.000	1.000	1.000	1.000	
1998	8.700	1.557	1.111	1.051	1.008	1.002	1.006	1.000	1.002	1.000	1.002	1.000			
1999	7.673	1.364	1.092	1.023	1.016	1.002	1.005	1.000	1.000	1.000	1.000				
2000	5.962	1.629	1.127	1.060	1.013	1.016	0.998	1.000	1.000	1.000					
2001	11.176	1.418	1.126	1.044	1.025	1.006	0.998	1.002	1.000						
2002	6.909	1.466	1.127	1.029	1.003	1.002	1.002	1.005							
2003	6.492	1.391	1.111	1.041	1.015	1.009	1.000								
2004	7.339	1.384	1.123	1.011	1.009	1.005									
2005	3.574	1.292	1.056	1.023	1.006										
2006	4.600	1.172	1.069	1.013											
2007	4.727	1.167	1.070												
2008	4.223	1.175													
2009	4.900														
2010															

Excludes blood banks and catastrophic/systemic claims. Includes claims arising from DDR benefits

## EXHIBIT 8 Section 4.2

### Claim Counts Closed with Indemnity Payment - California Data

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	1	12	37	62	65	65	65	65	65	65	65	65	65	65	65
1997	0	7	38	53	58	62	62	62	63	63	63	63	63	63	63
1998	1	7	32	49	58	61	63	63	63	64	64	64	64	64	64
1999	1	9	36	48	54	55	55	55	55	55	55	55	55	55	55
2000	1	15	49	65	73	73	74	75	76	76	76	76	76	76	76
2001	0	18	46	73	81	81	81	81	81	81	81	81	81	81	81
2002	1	11	46	62	68	69	70	70	70	70	70	70	70	70	70
2003	2	17	45	65	75	76	78	78	78	78	78	78	78	78	78
2004	0	19	41	57	62	63	63	63	63	63	63	63	63	63	63
2005	0	10	37	47	53	56	56	56	56	56	56	56	56	56	56
2006	0	8	28	35	38	38	38	38	38	38	38	38	38	38	38
2007	0	5	16	24	24	24	24	24	24	24	24	24	24	24	24
2008	1	15	26	26	26	26	26	26	26	26	26	26	26	26	26
2009	1	10	10	10	10	10	10	10	10	10	10	10	10	10	10
2010	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	12.000	3.083	1.676	1.048	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	N/A	5.429	1.395	1.094	1.069	1.000	1.000	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	7.000	4.571	1.531	1.184	1.052	1.033	1.000	1.000	1.016	1.000	1.000	1.000	1.000	1.000	1.000
1999	9.000	4.000	1.333	1.125	1.019	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	15.000	3.267	1.327	1.123	1.000	1.014	1.014	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	N/A	2.556	1.587	1.110	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	11.000	4.182	1.348	1.097	1.015	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	8.500	2.647	1.444	1.154	1.013	1.026	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	N/A	2.158	1.390	1.088	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	N/A	3.700	1.270	1.128	1.057	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	N/A	3.500	1.250	1.086	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	N/A	3.200	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	15.000	1.733	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	10.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010	10.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Excludes blood banks and catastrophic/systemic claims. Includes claims arising from DDR benefits.

**EXHIBIT 8**  
**Section 4.3**

**Reported Claim Counts - California Data**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	623	747	752	752	753	753	753	753	753	753	753	753	753	753	753
1997	565	696	705	706	706	706	706	706	706	706	706	706	706	706	
1998	595	699	709	709	709	709	709	709	709	709	709	709	709	709	
1999	535	639	640	641	641	641	641	641	641	641	641	641	641		
2000	590	693	694	696	696	696	696	696	696	696	696				
2001	597	730	734	735	736	736	736	736	736	736	736				
2002	557	714	721	722	723	723	723	723	723	723					
2003	637	760	769	772	773	773	773	773							
2004	624	716	719	721	721	721	721								
2005	640	734	743	743	743	743									
2006	616	680	685	686	687										
2007	552	619	620	622											
2008	554	625	627												
2009	529	630													
2010	628														

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	1.199	1.007	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1997	1.232	1.013	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1998	1.175	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1999	1.194	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2000	1.175	1.001	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2001	1.223	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2002	1.282	1.010	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2003	1.193	1.012	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2004	1.147	1.004	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2005	1.147	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2006	1.104	1.007	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2007	1.121	1.002	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2008	1.128	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2009	1.191	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2010															

<b>Volume Weighted Average of Latest 10</b>																
[1]	1.170	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 7</b>																
[2]	1.147	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 5</b>																
[3]	1.137	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Volume Weighted Average of Latest 3</b>																
[4]	1.146	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Simple Average of Latest 10 (Excl. High/Low)</b>																
[5]	1.169	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A	
<b>Simple Average of Latest 7 (Excl. High/Low)</b>																
[6]	1.164	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A	
<b>Simple Weighted Average of Latest 5 (Excl. High/Low)</b>																
[7]	1.147	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A	
<b>Simple Weighted Average of Latest 3 (Excl. High/Low)</b>																
[8]	1.132	1.005	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A	
<b>Volume Weighted Average of Latest 5</b>																
Selected	1.137	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.148	1.009	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Excludes blood banks and catastrophic/systemic claims. Includes claims arising from DDR benefits.



## EXHIBIT 8 Section 4.4

### Reported Claim Counts - Countrywide Data

Report	Evaluation Age in Months														
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	1,033	1,211	1,219	1,220	1,221	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222
1997	956	1,142	1,155	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
1998	921	1,072	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082
1999	860	1,016	1,018	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019
2000	940	1,083	1,093	1,099	1,098	1,098	1,098	1,098	1,099	1,099	1,099	1,099	1,099	1,099	1,099
2001	945	1,131	1,143	1,146	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147
2002	883	1,095	1,107	1,109	1,110	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108
2003	958	1,129	1,145	1,150	1,149	1,149	1,149	1,149	1,149	1,149	1,149	1,149	1,149	1,149	1,149
2004	967	1,111	1,118	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121
2005	942	1,097	1,110	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111
2006	1,011	1,139	1,147	1,150	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153
2007	947	1,080	1,083	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085
2008	1,000	1,127	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130
2009	908	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
2010	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041

Report	Age Interval in Months														
Year	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	1.172	1.007	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.195	1.011	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.164	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.181	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.152	1.009	1.005	0.999	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	1.197	1.011	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.240	1.011	1.002	1.001	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.178	1.014	1.004	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.149	1.006	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	1.165	1.012	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	1.127	1.007	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
2007	1.140	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
2008	1.127	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
2009	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169
2010	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169

Volume Weighted Average of Latest 10															
[1]	1.163	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Volume Weighted Average of Latest 7															
[2]	1.150	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Volume Weighted Average of Latest 5															
[3]	1.145	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Volume Weighted Average of Latest 3															
[4]	1.145	1.004	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Simple Average of Latest 10 (Excl. High/Low)															
[5]	1.162	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
Simple Average of Latest 7 (Excl. High/Low)															
[6]	1.161	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
Simple Weighted Average of Latest 5 (Excl. High/Low)															
[7]	1.150	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
Simple Weighted Average of Latest 3 (Excl. High/Low)															
[8]	1.144	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
Volume Weighted Average of Latest 5															
Selected	1.145	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.155	1.009	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic/systemic claims. Includes blood banks and claims arising from DDR benefits.

## EXHIBIT 8 Section 4.5

### Open + IBNR Claim Counts - California Data

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	706	399	169	40	9	5	1	2	1	1	0	0	0	0	0
1997	667	400	119	41	18	10	4	2	0	0	0	0	0	0	0
1998	668	354	135	58	18	10	7	3	3	1	1	0	0		
1999	591	256	92	33	14	4	3	0	0	0	0	0			
2000	643	371	142	62	20	12	1	1	0	0	0				
2001	702	338	151	56	21	5	1	2	1	1					
2002	667	332	120	33	9	6	4	3	0						
2003	706	334	141	56	19	8	0	0							
2004	665	291	111	25	13	6	3								
2005	607	247	78	33	12	5									
2006	577	173	66	18	7										
2007	524	150	61	15											
2008	516	141	47												
2009	545	185													
2010	583														

Excludes blood banks and catastrophic/systemic claims Includes claims arising from DDR benefits

## EXHIBIT 8 Section 4.6

### Incremental Claim Counts Closed with No Indemnity Payment - California Data

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	46	296	205	104	28	4	4	-1	1	0	1	0	0	0	0
1997	39	260	250	63	18	4	6	2	1	0	0	0	0	0	0
1998	40	308	194	60	31	5	1	4	0	1	0	1	0		
1999	49	327	137	47	13	9	1	3	0	0	0	0			
2000	52	258	195	64	34	8	10	-1	0	0	0				
2001	34	346	159	68	27	16	4	-1	1	0					
2002	55	325	177	71	18	2	1	1	3						
2003	65	357	165	65	27	10	6	0							
2004	56	355	158	70	7	6	3								
2005	136	350	142	35	15	4									
2006	110	396	87	41	8										
2007	99	369	78	38											
2008	112	361	83												
2009	90	351													
2010	134														

Excludes blood banks and catastrophic/systemic claims Includes claims arising from DDR benefits.

## EXHIBIT 8 Section 4.7

### Incremental Claim Counts Closed with Indemnity Payment - California Data

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	1	11	25	25	3	0	0	0	0	0	0	0	0	0	0
1997	0	7	31	15	5	4	0	0	1	0	0	0	0	0	0
1998	1	6	25	17	9	3	2	0	0	1	0	0	0	0	0
1999	1	8	27	12	6	1	0	0	0	0	0	0	0	0	0
2000	1	14	34	16	8	0	1	1	1	0	0	0	0	0	0
2001	0	18	28	27	8	0	0	0	0	0	0	0	0	0	0
2002	1	10	35	16	6	1	1	0	0	0	0	0	0	0	0
2003	2	15	28	20	10	1	2	0	0	0	0	0	0	0	0
2004	0	19	22	16	5	1	0	0	0	0	0	0	0	0	0
2005	0	10	27	10	6	3	0	0	0	0	0	0	0	0	0
2006	0	8	20	7	3	0	0	0	0	0	0	0	0	0	0
2007	0	5	11	8	0	0	0	0	0	0	0	0	0	0	0
2008	1	14	11	0	0	0	0	0	0	0	0	0	0	0	0
2009	1	9	0	0	0	0	0	0	0	0	0	0	0	0	0
2010	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Excludes blood banks and catastrophic/systemic claims Includes claims arising from DDR benefits

## EXHIBIT 8 Section 5

### If Open or IBNR , Probability of Closure with Indemnity Payment in Next Evaluation Period California Data

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	0.016	0.063	0.148	0.075	0.000	0.000	0.000	0.000	0.000	0.000	N/A	N/A	N/A	N/A	
1997	0.010	0.078	0.126	0.122	0.222	0.000	0.000	0.500	N/A	N/A	N/A	N/A	N/A		
1998	0.009	0.071	0.126	0.155	0.167	0.200	0.000	0.000	0.333	0.000	0.000	N/A			
1999	0.014	0.105	0.130	0.182	0.071	0.000	0.000	N/A	N/A	N/A	N/A				
2000	0.022	0.092	0.113	0.129	0.000	0.083	1.000	1.000	N/A	N/A					
2001	0.026	0.083	0.179	0.143	0.000	0.000	0.000	0.000	0.000						
2002	0.015	0.105	0.133	0.182	0.111	0.167	0.000	0.000							
2003	0.021	0.084	0.142	0.179	0.053	0.250	N/A								
2004	0.029	0.076	0.144	0.200	0.077	0.000									
2005	0.016	0.109	0.128	0.182	0.250										
2006	0.014	0.116	0.106	0.167											
2007	0.010	0.073	0.131												
2008	0.027	0.078													
2009	0.017														
2010															
Volume Weighted Average of Latest 10															
[1]	0.020	0.092	0.136	0.159	0.092	0.091	0.048	0.154	0.200	0.000	0.000	N/A	N/A	N/A	
Volume Weighted Average of Latest 7															
[2]	0.019	0.092	0.143	0.163	0.074	0.118	0.050	0.154	0.200	0.000	0.000	N/A	N/A	N/A	
Volume Weighted Average of Latest 5															
[3]	0.017	0.091	0.133	0.182	0.081	0.108	0.111	0.111	0.250	0.000	0.000	N/A	N/A	N/A	
Volume Weighted Average of Latest 3															
[4]	0.018	0.091	0.122	0.184	0.114	0.150	0.000	0.167	0.000	0.000	0.000	N/A	N/A	N/A	
Simple Average of Latest 10 (Excl. High/Low)															
[5]	0.020	0.092	0.131	0.165	0.088	0.064	0.000	0.125	0.000	N/A	N/A	N/A	N/A	N/A	
Simple Average of Latest 7 (Excl. High/Low)															
[6]	0.019	0.090	0.136	0.170	0.062	0.090	0.000	0.125	0.000	N/A	N/A	N/A	N/A	N/A	
Simple Weighted Average of Latest 5 (Excl. High/Low)															
[7]	0.016	0.088	0.134	0.181	0.080	0.083	0.000	0.000	N/A	N/A	N/A	N/A	N/A	N/A	
Simple Weighted Average of Latest 3 (Excl. High/Low)															
[8]	0.017	0.078	0.128	0.182	0.077	0.167	N/A	0.000	N/A	N/A	N/A	N/A	N/A	N/A	
Volume Weighted Average of Latest 5															
Selected	0.017	0.091	0.133	0.182	0.081	0.108	0.111	0.111	0.250	0.000	0.000	0.000	0.000	0.000	0.000

Excludes blood banks and catastrophic/systemic claims. Includes claims arising from DDR benefits

**EXHIBIT 8**  
**Section 6**

**If Open or IBNR, Probability of Closure without Indemnity Payment In Next Evaluation Period**  
**California Data**

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - UR
1996	0.419	0.514	0.615	0.700	0.444	0.800	-1.000	0.500	0.000	1.000	N/A	N/A	N/A	N/A	
1997	0.390	0.625	0.529	0.439	0.222	0.600	0.500	0.500	N/A	N/A	N/A	N/A	N/A	N/A	
1998	0.461	0.548	0.444	0.534	0.278	0.100	0.571	0.000	0.333	0.000	1.000	N/A			
1999	0.553	0.535	0.511	0.394	0.643	0.250	1.000	N/A	N/A	N/A	N/A				
2000	0.401	0.526	0.451	0.548	0.400	0.833	-1.000	0.000	N/A	N/A					
2001	0.493	0.470	0.450	0.482	0.762	0.800	-1.000	0.500	0.000						
2002	0.487	0.533	0.592	0.545	0.222	0.167	0.250	1.000							
2003	0.506	0.494	0.461	0.482	0.526	0.750	N/A								
2004	0.534	0.543	0.631	0.280	0.462	0.500									
2005	0.577	0.575	0.449	0.455	0.333										
2006	0.686	0.503	0.621	0.444											
2007	0.704	0.520	0.623												
2008	0.700	0.589													
2009	0.644														
2010															
<b>Volume Weighted Average of Latest 10</b>															
[1]	0.564	0.524	0.510	0.477	0.444	0.545	0.333	0.462	0.200	0.500	1.000	N/A	N/A	N/A	
<b>Volume Weighted Average of Latest 7</b>															
[2]	0.613	0.534	0.533	0.481	0.585	0.510	0.400	0.462	0.200	0.500	1.000	N/A	N/A	N/A	
<b>Volume Weighted Average of Latest 5</b>															
[3]	0.680	0.547	0.545	0.455	0.514	0.649	0.222	0.444	0.250	0.500	1.000	N/A	N/A	N/A	
<b>Volume Weighted Average of Latest 3</b>															
[4]	0.682	0.534	0.556	0.395	0.455	0.500	0.000	0.667	0.000	0.000	1.000	N/A	N/A	N/A	
<b>Simple Average of Latest 10 (Excl. High/Low)</b>															
[5]	0.578	0.529	0.520	0.472	0.414	0.552	-0.136	0.375	0.000	N/A	N/A	N/A	N/A	N/A	*
<b>Simple Average of Latest 7 (Excl. High/Low)</b>															
[6]	0.628	0.535	0.549	0.482	0.473	0.493	0.080	0.375	0.000	N/A	N/A	N/A	N/A	N/A	
<b>Simple Weighted Average of Latest 5 (Excl. High/Low)</b>															
[7]	0.677	0.546	0.568	0.460	0.440	0.683	-0.375	0.250	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Simple Weighted Average of Latest 3 (Excl. High/Low)</b>															
[8]	0.700	0.520	0.621	0.444	0.462	0.500	N/A	0.500	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Volume Weighted Average of Latest 5</b>															
Selected	0.660	0.547	0.545	0.455	0.514	0.649	0.222	0.444	0.250	0.500	1.000	1.000	1.000	1.000	1.000

Excludes blood banks and catastrophic/systemic claims. Includes claims arising from DDR benefits

**EXHIBIT 8**  
**Section 7**

**Cumulative Claim Probabilities - California Data**

Calendar Report Year	Selected Incremental Probability If Open or IBNR, by Next Evaluation Period, Probability of			Selected Cumulative Probability	
	Closure with	Closure without	Remaining Open/IBNR	Closure with	Closure without
	Indemnity Payment	Indemnity Payment		Indemnity Payment	Indemnity Payment
(1)	(2)	(3)	(4)	(5)	(6)
2001	0 000	0 500	0 500	0 000	1 000
2002	0 250	0 250	0 500	0 250	0 750
2003	0 111	0.444	0 444	0 222	0 778
2004	0.111	0 222	0 667	0 259	0 741
2005	0.108	0 649	0.243	0 171	0 829
2006	0 081	0 514	0.405	0 150	0 850
2007	0 182	0 455	0 364	0 237	0.763
2008	0 133	0 545	0 322	0 210	0 790
2009	0 091	0 547	0 362	0 167	0.833
2010	0 017	0 660	0 324	0 071	0 929

**Notes.**

(2) From Exhibit 8, Section 5.

(3) From Exhibit 8, Section 6

(4) = 1 00 - [(2) + (3)]

(5) = (2) + (4) x Prior (5).

(6) = (3) + (4) x Prior (6)

## EXHIBIT 9

### Catastrophe Adjustment

Calendar Report Year	Countrywide Ultimate Catastrophic/Systemic Loss and ALAE	Countrywide Ultimate Excluding Catastrophic/Systemic Loss and ALAE	California Ultimate Excluding Catastrophic/Systemic Loss and ALAE	Ratio of California to Countrywide	California Selected Annual Catastrophic/Systemic Loss and ALAE	Factor for Catastrophic/Systemic Loss and ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2001	\$0	\$45,994,000	\$26,415,000	0.57	\$233,532	1.009
2002	14,917,572	33,248,000	22,663,041	0.68	233,532	1.010
2003	10,928,003	45,951,000	32,588,418	0.71	233,532	1.007
2004	54,082	40,106,000	23,334,000	0.58	233,532	1.010
2005	44,455	41,805,000	26,898,000	0.64	233,532	1.009
2006	3,850	33,666,000	18,166,000	0.54	233,532	1.013
2007	0	28,938,000	9,759,000	0.34	233,532	1.024
2008	0	35,736,000	15,239,000	0.43	233,532	1.015
2009	0	37,265,000	16,533,000	0.44	233,532	1.014
2010	0	42,874,000	17,663,000	0.41	233,532	1.013
Total	\$25,947,962					

(8) Average Countrywide Catastrophic/Systemic Loss and ALAE Assuming a 1 in 50 Year Event \$518,959

(9) Selected Load to California Loss and ALAE for Catastrophic/Systemic Claims 0.45

#### Notes

(2) From Exhibit 7, Section 8 as all countrywide catastrophic/systemic claims have been filed in California

(3) From Exhibit 7, Section 5.2, Column (8)

(4) From Exhibit 7, Section 3, Column (10)

(5) = (4) / (3)

(6) = (8) x (9)

(7) = [(4) + (6)] / (4)

(8) = Total of (2) / 50

(9) Judgementally selected based on (5)



**EXHIBIT 10**

**Credibility Adjustment Calculation**

<u>Calendar Report Year</u> (1)	<u>Estimated Ultimate Claims CWIP</u> (2)
2001	80
2002	70
2003	76
2004	64
2005	57
2006	39
2007	27
2008	36
2009	41
2010	45
(3) Totals by Calendar Report Year:	
2001-2010	533
2004-2010	307
2006-2010	187
2008-2010	121
(4) Full Credibility Standard:	700
(5) Credibility Factor by Calendar Report Year:	
2001-2010	87.30%
2004-2010	66.27%
2006-2010	51.66%
2008-2010	41.61%

Notes:

(2) From Exhibit 8, Section 3.1.

(3) Based on (2).

(4) Based on an industry partial credibility standard for physicians & surgeons, equal to  
 $\{[\text{Total number of occurrences during experience period}] / 700\}^{0.5}$ .

The credibility standard is based on 90% confidence of being within 7.5% of the actual value.

The number of occurrences is defined as occurrences with indemnity losses greater than \$0.

This standard is included within approved filing 04-5796.

(5) =  $[(3) / (4)]^{0.5}$ .

**EXHIBIT 11**

**Ancillary Income**

None.

**EXHIBIT 12**

**Reinsurance**

None

**EXHIBIT 13**

**Variance**

None

**EXHIBIT 14**  
**Section 1**

**Rate Indication**

Calendar Report Year	On-Level Earned Premium	Trended Ultimate Loss & ALAE	DDR, Cat/Sys & MIEC DATAGUARD Factor	Adjusted Trended Ultimate Loss & ALAE	Adjusted Trended Ultimate Loss & ALAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)
2001	\$37,386,766	\$27,889,428	1.049	\$29,261,176	78.27%
2002	40,994,437	23,810,182	1.051	25,017,535	61.03%
2003	42,421,740	34,069,313	1.047	35,685,679	84.12%
2004	41,640,713	24,274,195	1.050	25,497,596	61.23%
2005	39,778,791	26,394,932	1.049	27,688,814	69.61%
2006	37,956,571	18,712,251	1.053	19,710,743	51.93%
2007	36,901,185	10,002,938	1.065	10,651,905	28.87%
2008	36,710,817	15,542,980	1.056	16,412,271	44.71%
2009	35,981,193	16,779,732	1.055	17,697,262	49.18%
2010	34,868,965	17,838,296	1.054	18,796,945	53.91%
Total	\$384,641,178	\$215,314,248		\$226,419,926	58.87%
(7) Averages:					
		Volume-Weighted 2001-2010			58.87%
		Volume-Weighted 2004-2010			51.72%
		Volume-Weighted 2006-2010			45.65%
		Volume-Weighted 2008-2010			49.19%
		Simple Average 2001-2010			58.28%
		Simple Average 2004-2010			51.35%
		Simple Average 2006-2010			45.72%
		Simple Average 2008-2010			49.27%
(8) Expected Loss & ALAE Ratio					
					59.04%
(9) Credibility					
		2001-2010			87.30%
		2004-2010			66.27%
		2006-2010			51.66%
		2008-2010			41.61%
(10) Complement of Credibility					
					1.51%
(11) Indicated Rate Change Based On:					
			MIEC Indicated	Credibility-Weighted	
		Volume-Weighted 2001-2010	-0.29%	-0.06%	
		Volume-Weighted 2004-2010	-12.39%	-7.70%	
		Volume-Weighted 2006-2010	-22.68%	-10.99%	
		Volume-Weighted 2008-2010	-16.68%	-6.06%	
		Simple Average 2001-2010	-1.27%	-0.92%	
		Simple Average 2004-2010	-13.02%	-8.12%	
		Simple Average 2006-2010	-22.56%	-10.92%	
		Simple Average 2008-2010	-16.55%	-6.00%	
(12) Selected Rate Change					
					-19.00%

**Notes:**

- (2) From Exhibit 5, Column (8).  
(3) From Exhibit 7, Section 3, Column (12). 2005 adjusted to remove excess portion of \$3.5M indemnity claim.  
No other excess claims in 2001 through 2010.  
(4) Exhibit 14, Section 7 x Exhibit 9, Column (7) x Exhibit 14, Section 11, Column (7)  
(5) = (3) x (4).  
(6) = (5) / (2).  
(7) Based on (6).  
(8) From Exhibit 14, Section 4.  
(9) From Exhibit 10.  
(10) Implied annual loss ratio trend based on selected annual premium trend on Exhibit 5 and selected annual pure premium trend on Exhibit 8, Section 2.1.  
(11) Indicated: (7) / (8) - 1.00; Credibility-Weighted: [Indicated] x (9) + (10) x [1.00 - (9)].  
(12) Selected based on (11) and judgment.

**EXHIBIT 14**  
**Section 2**

**Projected Expenses/Interjurisdictional Expense Allocation**

All amounts in thousands

	2008	2009	2010	Selected
<b><u>Countrywide - Medical Malpractice, Claims-Made and Occurrence</u></b>				
Section 1: Expenses				
Commissions	\$0	\$0	\$0	
Other Acquisition	7,041	6,955	6,448	
General	1,699	1,664	1,536	
Taxes, License & Fees	1,879	1,740	1,612	
(including State Prem Tax)				
State Premium Taxes	1,759	1,693	1,625	
Other than Premium Tax	120	47	(13)	
Section 2: Premium				
Direct Earned Premium	\$74,822	\$72,256	\$65,524	
Direct Written Premium	74,852	72,030	69,163	
Section 3: Expenses as a Percentage of Premium				
Commissions	0.00%	0.00%	0.00%	0.00%
Other Acquisition	9.41%	9.63%	9.84%	9.60%
General	2.27%	2.30%	2.34%	2.30%
Taxes, License & Fees	2.51%	2.42%	2.33%	2.40%
(including State Prem Tax)				
State Premium Taxes	2.35%	2.35%	2.35%	2.35%
Other than Premium Tax	0.16%	0.07%	-0.02%	0.05%
Total	14.19%	14.34%	14.52%	14.30%

**Notes:**

Section 1 and 2 from Insurance Expense Exhibit for each calendar year.

Section 3 = Section 1 / Applicable Premium from Section 2.

For Taxes, License & Fees, using written premium. For all other expense types, using earned premium.

**EXHIBIT 14**  
**Section 3**

**Underwriting Profit Provision Including Investment Income**

(1) Targeted After-Tax Return on Surplus	8.09%
(2) Target Premium to Surplus Ratio	0.592
(3) Targeted After-Tax Return on Premium	13.67%
(4) Targeted Before-Tax Return on Premium	20.09%
(5) Targeted Present Value of Discounted Cashflow	0.799
(6) Loss & LAE Discount Factor	0.897
(7) Expense Discount Factor	0.978
(8) Expected Loss & ALAE Ratio	59.04%
(9) Expense & Profit Ratio	40.96%
(10) Underwriting Profit Provision	12.16%

**Notes:**

(1) and (2) based on factors promulgated by the California Department of Insurance.

(3) = (1) / (2).

(4) = (3) / (1.0 - 31.9%), where 31.9% is the Federal income tax rate from Rate Application Page 14b

(5) = 1.0 - (4).

(6) = Exhibit 14, Section 6, Column (8) / Exhibit 14, Section 6, Column (5)

(7) = [Sum of Exhibit 14, Section 6, Columns (6) and (7)] / [Sum of Exhibit 14, Section 6, Columns (3) and (4)]

(8) = {(5) - (7) x [Sum of Exhibit 14, Section 4, Items (1) through (4)] - (6) x [Exhibit 14, Section 4, Item (6)]} / (6).

(9) = 1.0 - (8).

(10) = (9) - [Sum of Exhibit 14, Section 4, Items (1) through (4) and (6)].

**EXHIBIT 14**  
**Section 4**

**Premium Dollar Composition**

(1) General Expenses	2 30%
(2) Other Acquisition Expenses	9 60%
(3) Taxes, Licenses, and Fees	2 40%
(4) Commissions	0 00%
(5) Underwriting Profit/Loss	12.16%
(6) ULAE	14.50%
(7) Expected Loss & ALAE Ratio	59.04%
(8) Total	100 00%

**Notes**

- (1) through (4) From Exhibit 14, Section 2  
(5) From Exhibit 14, Section 3.  
(6) = Exhibit 14, Section 5, Item (3).  
(7) = 100% - Sum of (1) through (6).



**EXHIBIT 14**  
**Section 5**

**Unallocated Loss Adjustment Expense (ULAE)**

<b><u>California Physicians &amp; Surgeons</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>Selected</u></b>
(1) Incurred ULAE	\$5,930,122	\$5,835,243	\$4,907,267	
(2) Direct Earned Premium	37,456,196	36,344,639	34,868,965	
(3) Incurred ULAE as a % of Premium	15.83%	16.06%	14.07%	14.50%

Notes:

(1) Based on countrywide incurred ULAE, allocated to state based on earned premium

(3) = (1) / (2).

**EXHIBIT 14**  
**Section 6**

**Present Value of Disbursements**

Time in Years	Written Premium	Ultimate Value of Disbursement			Present Value of Disbursement		
		Earned Expenses	Written Expenses	Losses & LAE	Earned Expenses	Written Expenses	Losses & LAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
0.0	1.0000		0.0000			0.0000	
0.5		0.1430		0.0953	0.1398		0.0932
1.5				0.3268			0.3053
2.5				0.2719			0.2428
3.5				0.1762			0.1504
4.5				0.1126			0.0918
5.5				0.0129			0.0100
6.5				0.0017			0.0013
7.5				0.0004			0.0003
8.5				0.0024			0.0016
9.5				0.0000			0.0000
10.5				0.0000			0.0000
Total	1.0000	0.1430	0.0000	1.0000	0.1398	0.0000	0.8966
(9)	Annual interest rate:		4.63%				

Payment Year	Percentage Paid
(10)	(11)
1	9.53%
2	42.21%
3	69.39%
4	87.01%
5	98.27%
6	99.56%
7	99.73%
8	99.77%
9	100.00%
10	100.00%

**Notes:**

(3) and (4) Selected based on ratio of expenses from Exhibit 14, Section 4 to earned premium.

Commissions and brokerage assumed to be paid at inception.

All other expenses (excluding ULAE) assumed paid mid-year.

(5) Based on loss and ALAE payment from (11).

(6) = (3) / [1.00 + (9)] ^ 0.5.

(7) = (4).

(8) = Present value of (5), based on interest rate from (9). Assumes payments are made mid-year.

(9) Annual interest rate specified by California Department of Insurance rate filing template.

(11) From Exhibit 7, Section 2.1.

**EXHIBIT 14**  
**Section 7**

**Death, Disability and Retirement Loading**

(1) Estimated Percent of Calendar Year DDR	2.15%
(2) Factor to Convert from Average Claims-Made to Tail Liability	1.510
(3) Average Maturity	0.916
(4) Indicated Factor to Include Cost of Tail Waiver	1.035
(5) Selected Factor to Include Cost of Tail Waiver	1.035

Notes:

- (1) From Exhibit 14, Section 8, Column (7).
- (2) From current rate manual.
- (3) From Exhibit 14, Section 10, total of Column (10)
- (4)  $= 1.0 + (1) \times (2) / (3)$
- (5) Selected based on Column (4) and judgment

**EXHIBIT 14**  
**Section 8**

**Death, Disability and Retirement Percent of Insureds**

Age	Percent of Insureds	Death	Disability	Retirement	Total	Percent of DDR Insureds
(1)	(2)	(3)	(4)	(5)	(6)	(7)
< 35	4.00%	0.0002	0.0004	0.0002	0.0008	0.00%
35	1.97%	0.0003	0.0003	0.0001	0.0007	0.00%
36	1.97%	0.0003	0.0003	0.0001	0.0007	0.00%
37	1.97%	0.0003	0.0003	0.0001	0.0007	0.00%
38	1.97%	0.0003	0.0003	0.0001	0.0007	0.00%
39	1.97%	0.0003	0.0003	0.0001	0.0007	0.00%
40	2.61%	0.0005	0.0006	0.0004	0.0015	0.00%
41	2.61%	0.0005	0.0006	0.0004	0.0015	0.00%
42	2.61%	0.0005	0.0006	0.0004	0.0015	0.00%
43	2.61%	0.0005	0.0006	0.0004	0.0015	0.00%
44	2.61%	0.0005	0.0006	0.0004	0.0015	0.00%
45	2.68%	0.0008	0.0010	0.0011	0.0030	0.01%
46	2.68%	0.0008	0.0010	0.0011	0.0030	0.01%
47	2.68%	0.0008	0.0010	0.0011	0.0030	0.01%
48	2.68%	0.0008	0.0010	0.0011	0.0030	0.01%
49	2.68%	0.0008	0.0010	0.0011	0.0030	0.01%
50	2.93%	0.0014	0.0017	0.0023	0.0054	0.02%
51	2.93%	0.0014	0.0017	0.0023	0.0054	0.02%
52	2.93%	0.0014	0.0017	0.0023	0.0054	0.02%
53	2.93%	0.0014	0.0017	0.0023	0.0054	0.02%
54	2.93%	0.0014	0.0017	0.0023	0.0054	0.02%
55	2.84%	0.0024	0.0031	0.0115	0.0170	0.05%
56	2.84%	0.0024	0.0031	0.0115	0.0170	0.05%
57	2.84%	0.0024	0.0031	0.0115	0.0170	0.05%
58	2.84%	0.0024	0.0031	0.0115	0.0170	0.05%
59	2.84%	0.0024	0.0031	0.0115	0.0170	0.05%
60	2.59%	0.0029	0.0042	0.0263	0.0334	0.09%
61	2.59%	0.0029	0.0042	0.0263	0.0334	0.09%
62	2.59%	0.0029	0.0042	0.0263	0.0334	0.09%
63	2.59%	0.0029	0.0042	0.0263	0.0334	0.09%
64	2.59%	0.0029	0.0042	0.0263	0.0334	0.09%
65	1.76%	0.0050	0.0000	0.0482	0.0532	0.09%
66	1.76%	0.0050	0.0000	0.0482	0.0532	0.09%
67	1.76%	0.0050	0.0000	0.0482	0.0532	0.09%
68	1.76%	0.0050	0.0000	0.0482	0.0532	0.09%
69	1.76%	0.0050	0.0000	0.0482	0.0532	0.09%
70	0.99%	0.0089	0.0000	0.0663	0.0752	0.07%
71	0.99%	0.0089	0.0000	0.0663	0.0752	0.07%
72	0.99%	0.0089	0.0000	0.0663	0.0752	0.07%
73	0.99%	0.0089	0.0000	0.0663	0.0752	0.07%
74	0.99%	0.0089	0.0000	0.0663	0.0752	0.07%
75+	4.14%	0.0147	0.0000	0.1041	0.1187	0.49%
	100.00%					2.15%

**Notes**

(2) Based on age distribution of current MIEC policyholders.

(3), (4) From Exhibit 14, Section 9.

(5) Based on MIEC experience and judgment.

(6) = Minimum of (3) + (4) + (5) and 1.0.

(7) = (2) x (6).

EXHIBIT 14  
Section 9

Death, Disability and Retirement Percent of Insureds

Age	Percent of Insureds	Disability Rates				Mortality Rates			
		Industry	MIEC	MIEC Experience Modification Factor	Modified Rate	Industry	MIEC	MIEC Experience Modification Factor	Modified Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<35	4.0%	0.0009	0.0002	0.253	0.0004	0.0008	0.0007	1.137	0.0002
35-39	9.8%	0.0008	0.0002	0.219	0.0003	0.0009	0.0004	0.389	0.0003
40-44	13.1%	0.0016	0.0009	0.576	0.0006	0.0015	0.0005	0.307	0.0005
45-49	13.4%	0.0026	0.0013	0.485	0.0010	0.0026	0.0008	0.301	0.0008
50-54	14.6%	0.0043	0.0013	0.313	0.0017	0.0045	0.0006	0.136	0.0014
55-59	14.2%	0.0077	0.0013	0.166	0.0031	0.0081	0.0016	0.193	0.0024
60-64	12.9%	0.0106	0.0015	0.141	0.0042	0.0095	0.0020	0.207	0.0029
65-69	8.8%	0.0000	0.0023	N/A	0.0000	0.0168	0.0041	0.244	0.0050
70-74	5.0%	0.0000	0.0014	N/A	0.0000	0.0298	0.0072	0.243	0.0089
75+	4.2%	0.0000	0.0038	N/A	0.0000	0.0489	0.0202	0.412	0.0147

(11) Selected Experience Modification Factors      Disability      0.400

Mortality      0.300

Notes

(3) Based on 1981 TSA reports - group life and judgment

(4), (8) Based on MIEC experience

(5) = (4) / (3)

(6) = (3) x (11)

(7) Based on 1984 TSA reports - group disability and judgment

(9) = (8) / (7)

(10) = (7) x (11)

(11) Based on (5) and (9)

**EXHIBIT 14**  
**Section 10**

**Death, Disability and Retirement Average Maturity**

**California Physicians & Surgeons - Excluding Acupuncturists**

Age	Relativity	Percent of Insureds	Total
(1)	(2)	(3)	(4)
0	0.300	3.26%	0.010
1	0.600	4.11%	0.025
2	0.800	3.86%	0.031
3	0.900	4.59%	0.041
Mature	0.940	84.18%	0.791
Total		100.00%	0.898

**California Physicians & Surgeons - Acupuncturists Only**

Age	Relativity	Percent of Insureds	Total
(1)	(5)	(6)	(7)
0	0.300	7.37%	0.022
1	0.800	11.23%	0.090
Mature	0.940	81.40%	0.765
Total		100.00%	0.877

**California Physicians & Surgeons - Combined**

Relativity	% Acupuncturists at Relativity	% All Other at Relativity	Total
(1)	(8)	(9)	(10)
0.300	26.58%	73.42%	0.013
0.600	0.00%	100.00%	0.025
0.800	31.84%	68.16%	0.050
0.900	0.00%	100.00%	0.041
0.940	13.43%	86.57%	0.788
Total			0.916

**Notes**

(2), (5) From Exhibit 15, Section 5.

(3), (6), (8), (9) Based on review of policyholder information by maturity.

(4) = (2) x (3).

(7) = (5) x (6).

(10) = (8) x (7) + (9) x (4).

**EXHIBIT 14**  
**Section 11**

**MIEC DATAGUARD Loss and ALAE**

(1) Annual Premium per Policy \$60  
(2) Estimated Loss & ALAE Ratio 59.04%

<u>Calendar Report Year</u>	<u>California Ultimate Loss &amp; ALAE</u>	<u>Estimated Number of Policies</u>	<u>DATAGUARD On-level Loss &amp; ALAE</u>	<u>Estimated DATAGUARD Factor</u>
(3)	(4)	(5)	(6)	(7)
2001	\$26,415,000	3,417	114,636	1 004
2002	22,663,041	3,942	132,904	1 006
2003	32,588,418	4,006	135,731	1.004
2004	23,334,000	4,022	136,947	1 006
2005	26,898,000	3,912	133,861	1 005
2006	18,166,000	3,885	133,595	1 007
2007	9,759,000	3,900	134,775	1.014
2008	15,239,000	3,942	136,901	1 009
2009	16,533,000	3,899	136,078	1.008
2010	17,663,000	3,896	136,646	1 008

**Notes:**

- (1) Flat rate of \$60 applied to each policy.  
(2) From Exhibit 14, Section 4.  
(4) From Exhibit 7, Section 3.  
(5) Individuals only.  
(6) = (1) x (2) x (4) / [Exhibit 8, Section 2.1, Column (7)]  
(7) = [(4) + (6)] / (4).

**EXHIBIT 15**  
**Section 1**

**Total Premium Impact**

<u>Factor</u>	<u>Premium</u>
<u>(1)</u>	<u>Impact</u>
	<u>(2)</u>
Base Rate	-17.36%
Specialty Relativities	-7.43%
Territory Differentials	1.07%
Claims-Made Factors	6.83%
New Doctor Discount Factors	0.25%
Mid-Level Shared Limits Charges	-0.30%
Locum Tenens Charges	-0.30%
Partnership/Corporation Charges	-1.20%
MIEC DATAGUARD	0.67%
Elimination of Excess Limits	-1.06%
(3) Total Premium Impact	-19.00%

**Notes**

(2) Premium impact for all components other than base rate from Exhibits 15 and 16.

(3) Product of premium impact for each factor in (2)



**EXHIBIT 15**  
**Section 2**

**Partnership/Corporation Premium Impact**

Calendar Report Year	Earned Premium		Partnership/Corporation Earned Premium as % of Total
	All Physicians & Surgeons	Partnership/Corporation Only	
(1)	(2)	(3)	(4)
2005	\$36,562,186	\$1,921,090	5.25%
2006	37,405,056	2,198,368	5.88%
2007	37,879,820	2,347,034	6.20%
2008	37,456,196	2,256,500	6.02%
2009	36,344,639	2,269,987	6.25%
2010	34,868,965	2,233,216	6.40%
Total	\$220,516,861	\$13,226,195	
(5) Averages:			
		Volume-Weighted All	6.00%
		Simple Average All	6.00%
		Volume-Weighted Latest 3	6.22%
		Simple Average Latest 3	6.22%
(6) Current Percentage of Earned Premium Arising from Partnership/Corporation Charges:			6.00%
(7) Current Partnership/Corporation Charge:			12.50%
(8) Proposed Partnership/Corporation Charge:			10.00%
(9) Proposed Change to Partnership/Corporation Charge:			-20.00%
(10) Estimated Premium Impact:			-1.20%

**Notes**

(2) Excludes blood banks.

(3) Earned premium for partnership/corporation coverage only.

(4) = (3) / (2)

(5) Based on (4)

(6) Based on (4) and (5)

(7) From current rate manual

(8) Selected based on review of partnership/corporation loss experience and judgment.

(9) = (8) / (7) - 1.00

(10) = [100.00% - (6)] + (6) x [1.00 + (9)] - 1.00

**EXHIBIT 15**  
**Section 3**

**Locum Tenens Premium Impact**

Calendar Report Year	Earned Premium		Locum Tenens Earned Premium as % of Total
	All Physicians & Surgeons	Locum Tenens Only	
(1)	(2)	(3)	(4)
2005	\$36,562,186	\$111,776	0.31%
2006	37,405,056	108,366	0.29%
2007	37,879,820	120,036	0.32%
2008	37,456,196	100,039	0.27%
2009	36,344,639	111,607	0.31%
2010	34,868,965	119,558	0.34%
Total	\$220,516,861	\$671,382	
(5) Averages:			
Volume-Weighted All			0.30%
Simple Average All			0.30%
Volume-Weighted Latest 3			0.30%
Simple Average Latest 3			0.31%
(6) Current Percentage of Earned Premium Arising from Locum Tenens Charges:			0.30%
(7) Proposed Change to Locum Tenens Charge:			-100.00%
(8) Estimated Premium Impact:			-0.30%

**Notes**

(2) Excludes blood banks

(3) Earned premium for locum tenens coverage only

(4) = (3) / (2).

(5) Based on (4)

(6) Based on (4) and item (5).

(7) Based on review of competitor filings.

(8) = [100.00% - (6)] + (6) x [1.00 + (7)] - 1.00.

**EXHIBIT 15**  
**Section 4**

**Technician Premium Impact**

Calendar Report Year	Earned Premium		Technicians Earned Premium as % of Total
	All Physicians & Surgeons	Technicians Only	
(1)	(2)	(3)	(4)
2005	\$36,562,186	\$98,999	0.27%
2006	37,405,056	98,183	0.26%
2007	37,879,820	98,788	0.26%
2008	37,456,196	108,325	0.29%
2009	36,344,639	109,113	0.30%
2010	34,868,965	104,658	0.30%
Total	\$220,516,861	\$618,065	

(5) Averages:

Volume-Weighted All	0.28%
Simple Average All	0.28%
Volume-Weighted Latest 3	0.30%
Simple Average Latest 3	0.30%

(6) Current Percentage of Earned Premium Arising from Technician Charges: 0.30%

(7) Proposed Change to Technician Charges: -100.00%

(8) Estimated Premium Impact: -0.30%

Notes

(2) Excludes blood banks.

(3) Earned premium for technicians under shared limits policies only.

(4) = (3) / (2).

(5) Based on (4)

(6) Based on (4) and (5).

(7) Based on review of competitor filings

(8) = [100 00% - (6)] + (6) x [1 00 + (7)] - 1 00

**EXHIBIT 15**  
**Section 5**

**Claims-Made Factor Impact**

Coverage Year	Physicians & Surgeons Excluding Acupuncturists & Surgical Outpatient Centers			
	% of Premium	Current Claims-Made Factor	Proposed Claims-Made Factor	% Change
(1)	(2)	(3)	(4)	(5)
First	0.2%	0.30	0.30	0.00%
Second	1.0%	0.59	0.60	1.14%
Third	1.9%	0.75	0.80	5.68%
Fourth	3.4%	0.81	0.90	10.23%
Mature	93.5%	0.88	0.94	6.82%
Total	100.0%			6.84%

(6) % of Total Earned Premium: 97.92%

(7) Estimated Premium Impact - Excluding Acupuncturists & Surgical Outpatient Centers: 6.70%

Coverage Year	Acupuncturists Only			
	% of Premium	Current Claims-Made Factor	Proposed Claims-Made Factor	% Change
(8)	(9)	(10)	(11)	(12)
First	0.9%	0.30	0.30	0.00%
Second	4.4%	0.75	0.80	5.68%
Mature	94.6%	0.88	0.94	6.82%
Total	100.0%			6.70%

(13) % of Total Earned Premium: 1.68%

(14) Estimated Premium Impact - Acupuncturists Only: 0.11%

Coverage Year	Surgical Outpatient Centers Only			
	% of Premium	Current Claims-Made Factor	Proposed Claims-Made Factor	% Change
(13)	(14)	(15)	(16)	(17)
First	0.0%	0.35	0.30	-5.68%
Second	21.1%	0.66	0.60	-6.82%
Third	0.0%	0.81	0.80	-1.14%
Fourth	0.0%	0.88	0.90	2.27%
Mature	78.9%	0.88	0.94	6.82%
Total	100.0%			3.94%

(18) % of Total Earned Premium: 0.40%

(19) Estimated Premium Impact - Surgicenters Only: 0.02%

(20) Estimated Premium Impact - Total Including Acupuncturists & Surgical Outpatient Centers: 6.83%

**Notes**

- (2), (9), (14) Based on review of earned premium by individual policyholder maturity.  
 (3), (10), (15) From current rate manual.  
 (4), (11), (16) Selected based on review of loss experience by report lag and review of competitor filings.  
 (5) = [(4) / (3) - 100.00%] x (3) / [(3) for Mature policies]. Total = Sumproduct of (2) and (5).  
 (6) Based on review of earned premium for all exposures excluding blood banks, acupuncture, and surgical outpatient centers.  
 (7) = (6) x [1.00 + Total of (5)] + [100.00% - (6)] - 1.00.  
 (12) = [(11) / (10) - 100.00%] x (10) / [(10) for Mature policies]. Total = Sumproduct of (9) and (12).  
 (13) Based on review of earned premium for acupuncturists.  
 (14) = (13) x [1.00 + Total of (12)] + [100.00% - (13)] - 1.00.  
 (17) = [(16) / (15) - 100.00%] x (15) / [(15) for Mature policies]. Total = Sumproduct of (14) and (17).  
 (18) Based on review of earned premium for surgical outpatient centers.  
 (19) = (18) x [1.00 + Total of (17)] + [100.00% - (18)] - 1.00.  
 (20) = [(6) x [1.00 + Total of (5)] + (13) x [1.00 + Total of (12)] + (18) x [1.00 + Total of (17)] + [100.00% - (6) - (13) - (18)]] - 1.00.

**EXHIBIT 15**  
**Section 6**

**New Doctor Discount Factor Impact**

Coverage Year	Physicians & Surgeons			
	% of Premium	Current Discount Factor	Proposed Discount Factor	% Change
(1)	(2)	(3)	(4)	(5)
First	0.1%	0.75	0.50	100.00%
Second	0.4%	0.40	0.30	16.67%
Third	1.2%	0.20	0.15	6.25%
No Discount	98.3%	0.00	0.00	0.00%
Total	100.0%			0.26%
(6) % of Total Earned Premium:				96.25%
(7) Estimated Premium Impact				0.25%

**Notes**

(2) Based on review of earned premium by discount year.

(3) From current rate manual

(4) Based on review of competitor filings and judgment

(5) =  $[1.00 - (4)] / [1.00 - (3)] - 100.00\%$  Total = Sumproduct of (2) and (5).

(6) Based on review of earned premium for individuals relative to total physicians & surgeons earned premium.

(7) = (6) x  $[1.00 + \text{Total of (5)}] + [100.00\% - (6)] - 1.00$

**EXHIBIT 15**  
**Section 7**

**MIEC DATAGUARD Impact**

(1) Annual Premium per Policy	\$60
(2) Total Number of Policies	3,896
(3) Total Annual Premium for MIEC DATAGUARD	\$233,760
(4) Calendar 2010 Premium for California	\$34,868,965
(5) Estimated Premium Impact at 2010 rates	0.67%

**Notes**

- (1) Flat rate of \$60 applied to each policy
- (2) Individuals only
- (3) = (1) x (2)
- (4) Excludes blood banks
- (5) = (3) / (4)

**EXHIBIT 15**  
**Section 8**

**Excess Limits Premium Impact**

Calendar Report Year	Written Premium		Eliminated Premium as % of Total
	All Physicians & Surgeons	Limits Excess \$2M / \$4M	
(1)	(2)	(3)	(4)
2005	\$37,460,733	\$870,193	-2.32%
2006	37,943,887	510,671	-1.35%
2007	38,562,632	558,072	-1.45%
2008	38,087,827	514,811	-1.35%
2009	36,808,936	404,593	-1.10%
2010	34,949,632	358,428	-1.03%
Total	\$223,813,647	\$3,216,769	
(5) Averages:			
Volume-Weighted All			-1.44%
Simple Average All			-1.43%
Volume-Weighted Latest 3			-1.16%
Simple Average Latest 3			-1.16%
(6) Selected Percentage of Premium Eliminated by Excess Limits*:			-1.06%

\* MIEC will no longer offer limits higher than \$2M / \$4M going forward.

Notes:

(2) Excludes blood banks

(3) Written premium for policy limits in excess of \$2M / \$4M

(4) = [(2) - (3)] / (2) - 1.0

(5) Based on (4)

(6) Based on (4) and (5)

EXHIBIT 16  
Section 1

Territory Plan

Physicians & Surgeons Excluding Acupuncturists								
Territory (1)	Current Territory (2)	Proposed Territory (3)	Current Average Relativity (4)	Indicated Relativity (5)	Proposed Relativity (6)	Percent of Premium (7)	Proposed Change (8)	
1	Los Angeles, Orange, Riverside, San Bernardino	Kern, Los Angeles, Orange, Riverside, San Bernardino	1.609	1.396	1.700	19.95%	5.63%	
2	Northern California and Remainder of State	Northern California and Remainder of State	1.000	1.000	1.000	77.34%	0.00%	
3	San Diego, Ventura	San Diego, Ventura	1.500	1.876	1.500	2.70%	0.00%	
(9) Weighted Premium Impact								1.12%
(10) % of Total Premium								97.92%
(11) Estimated Premium Impact - Excluding Acupuncturists:								1.10%
Acupuncturists Only								
Territory (1)	Current Territory (2)	Proposed Territory (3)	Current Average Relativity (12)	Indicated Relativity (13)	Proposed Relativity (14)	Percent of Premium (15)	Proposed Change (16)	
1	Los Angeles, Orange, Riverside, San Bernardino	Kern, Los Angeles, Orange, Riverside, San Bernardino	1.700	0.942	1.000	3.92%	-41.18%	
2	Northern California and Remainder of State	Northern California and Remainder of State	1.000	1.000	1.000	95.66%	0.00%	
3	San Diego, Ventura	San Diego, Ventura	1.500	0.974	1.000	0.42%	-33.33%	
(17) Weighted Premium Impact								-1.75%
(18) % of Total Premium								1.68%
(19) Estimated Premium Impact - Acupuncturists Only:								-0.03%
(20) Estimated Premium Impact - Total Including Acupuncturists								1.07%

Notes

- (2), (4), (12) From current rate manual  
 (3), (5), (6), (13), (14) Selected based on review of territory loss experience, review of competitor filings, and judgment.  
 (7), (15) Based on a review of premium by territory. Premium distribution shown for territories, not individual counties.  
 (8) = (6) / (4) - 1.0  
 (9) = Sumproduct of (7) and (8)  
 (10) Based on review of earned premium for all exposures excluding blood banks, acupuncture, and surgical outpatient centers.  
 (11) = (10) x [1.00 + (9)] + [100.00% - (10)] - 1.00  
 (16) = (14) / (12) - 1.0  
 (17) = Sumproduct of (15) and (16)  
 (18) Based on review of earned premium for Acupuncturists  
 (19) = (18) x [1.00 + (17)] + [100.00% - (18)] - 1.00  
 (20) = (10) x [1.00 + (9)] + (18) x [1.00 + (17)] + [1.00 - (10) - (18)] - 1.00



**EXHIBIT 16**  
**Section 2**

**Coverage Class Plan**

Current		Proposed	
Class	Relativity	Class	Relativity
(1)	(2)	(3)	(4)
1	0.55	1	0.45
2	0.70	2	0.70
3	0.90	3	0.90
4	1.00	4	1.00
5	1.10	5	1.15
6	1.15	6	1.25
7	1.25	7	1.50
8	1.50	8	1.75
9	1.75	9	2.00
10	2.00	10	2.25
11	2.25	11	2.50
12	2.50	12	3.00
13	3.60	13	3.60
14	5.00	14	4.00
15	6.00	15	5.00
16	7.50	16	6.00
		17	7.50

**Notes**

(1), (2) From current rate manual.

(3), (4) Selected judgmentally

EXHIBIT 16  
Section 3

Medical Specialties

Specialty (1)	Estimated % of Earned Premium (2)	Class		Relativity to Base Class			Proposed Change in Relativity (8)
		Current (3)	Proposed (4)	Current (5)	Indicated (6)	Proposed (7)	
Abdominal Surgery	0.00%	13	13	3.600	*	3.600	0.00%
Administrative Medicine	0.03%	2	2	0.700	*	0.700	0.00%
Allergy & Immunology	0.19%	1	1	0.550	*	0.450	-18.18%
Anesthesiology	0.30%	10	7	2.000	1.038	1.500	-25.00%
Anesthesiology, Pediatric	0.00%	10	7	2.000	*	1.500	-25.00%
Assisting at Surgery	0.06%	8	7	1.500	*	1.500	0.00%
Bariatric Surgery	0.00%	14	15	5.000	*	5.000	0.00%
Cardiology					1.534		
Excl. Cardiac Catheterization/Angioplasty	0.91%	8	5	1.150		1.150	0.00%
Incl. Cardiac Catheterization/Angioplasty	6.70%	9	8	1.750		1.750	0.00%
Interventional	0.05%	9	8	1.750		1.750	0.00%
Cardiovascular Surgery	0.88%	14	15	5.000	5.027	5.000	0.00%
Colon & Rectal Surgery	0.10%	13	13	3.600	*	3.600	0.00%
Critical Care Medicine	0.07%	5	5	1.100	*	1.150	4.55%
Dermatology					0.632		
Excl. Hair Transplants	2.47%	4	2	1.000		0.700	-30.00%
Incl. Hair Transplants/Liposuction	0.23%	8	8	1.500		1.250	-16.67%
Dermatopathology	0.00%	4	4	1.000	*	1.000	0.00%
Emergency Medicine	0.00%	11	10	2.250	2.222	2.250	0.00%
Facial Plastic Surgery	0.00%	13	13	3.600	*	3.600	0.00%
Family/General Practice					1.201		
No Surgery	6.76%	5	4	1.100		1.000	-9.09%
Minor Surgery	0.00%	N/A	5	N/A		1.150	N/A
Assisting at Surgery*	0.18%	8	7	1.500		1.500	0.00%
5% or more of practice from Surgery	0.00%	11	N/A	2.250		N/A	N/A
Including Obstetrics - Rural	0.07%	12	11	2.500		2.500	0.00%
Including Obstetrics	0.33%	13	12	3.600		3.000	-16.67%
General Medicine	0.02%	5	4	1.100	*	1.000	-9.09%
General Practice	2.01%	5	4	1.100	1.201	1.000	-9.09%
General Preventative Medicine	0.01%	2	2	0.700	*	0.700	0.00%
General Surgery	5.98%	13	13	3.600	3.217	3.600	0.00%
Gynecology	0.79%	12	11	2.500	*	2.500	0.00%
Hand Surgery	0.00%	13	13	3.600	*	3.600	0.00%
Head & Neck Surgery	0.00%	13	13	3.600	*	3.600	0.00%
Hospitalist	0.81%	5	5	1.100	*	1.150	4.55%
Industrial Medicine	0.24%	6	5	1.150	*	1.150	0.00%
Intensivist	0.00%	5	4	1.100	*	1.000	-9.09%
Internal Medicine**					1.000		
Excl. Cardiac Catheterization/Angioplasty	19.79%	5	4	1.100		1.000	-9.09%
Incl. Cardiac Catheterization/Angioplasty	0.32%	9	8	1.750		1.750	0.00%
Interventional Radiology	0.15%	8	7	1.500	*	1.500	0.00%
Neonatology	1.04%	8	7	1.500	*	1.500	0.00%
Neurological Surgery	1.73%	16	17	7.500	10.180	7.500	0.00%
Neurology	1.86%	8	7	1.500	*	1.500	0.00%
Neurology, Child	0.10%	8	7	1.500	*	1.500	0.00%
Neuropathology	0.00%	8	7	1.500	*	1.500	0.00%
Neuroradiology	0.00%	8	7	1.500	*	1.500	0.00%
Obstetrics & Gynecology	4.03%	15	15	6.000	3.989	5.000	-16.67%
Occupational Medicine	0.19%	5	4	1.100	*	1.000	-9.09%
Ophthalmology					0.845		
Excluding Refractive Surgery	0.83%	6	3	1.150		0.900	-21.74%
Including Refractive Surgery	0.38%	7	6	1.250		1.250	0.00%
Orthopedics					2.564		
Excluding Spinal Surgery	4.07%	13	12	3.600		3.000	-16.67%
Including Spinal Surgery	0.98%	14	15	5.000		5.000	0.00%
Otolaryngology					1.631		
Less than 5% from Cosmetic Surgery	0.61%	11	10	2.250		2.250	0.00%
5% or more from Cosmetic Surgery	0.00%	13	13	3.600		3.600	0.00%
Pain Management	0.13%	5	5	1.100	*	1.150	4.55%
Pathology	1.00%	4	3	1.000	0.944	0.900	-10.00%
Pathology, Clinical	0.15%	4	3	1.000	*	0.900	-10.00%
Pathology, Forensic	0.07%	4	3	1.000	*	0.900	-10.00%
Pediatric Surgery	0.24%	13	13	3.600	*	3.600	0.00%
Pediatrics	4.17%	4	3	1.000	0.882	0.900	-10.00%
Pediatrics, Allergy	0.00%	1	1	0.550	*	0.450	-18.18%
Pediatrics, Behavioral/Developmental	0.20%	1	1	0.550	*	0.450	-18.18%
Pediatrics, Cardiology					*		
Excl. Cardiac Catheterization/Angioplasty	0.20%	6	5	1.150	*	1.150	0.00%
Incl. Cardiac Catheterization/Angioplasty	0.20%	9	8	1.750	*	1.750	0.00%
Pediatrics, Pulmonology	0.00%	6	6	1.150	*	1.250	8.70%

EXHIBIT 16  
Section 3

Medical Specialties

Specialty (1)	Estimated % of Earned Premium (2)	Class		Relativity to Base Class			Proposed Change in Relativity (8)
		Current (3)	Proposed (4)	Current (5)	Indicated (6)	Proposed (7)	
Physical Medicine and Rehabilitation	0.69%	3	3	0.900	*	0.900	0.00%
Plastic Surgery	1.52%	13	13	3.600	2.604	3.600	0.00%
Psychiatry	10.34%	1	1	0.550	0.404	0.450	-18.18%
Public Health	0.00%	2	2	0.700	*	0.700	0.00%
Pulmonary Diseases	0.73%	6	6	1.150	*	1.250	8.70%
Radiology, Diagnostic Only	3.59%	8	7	1.500	1.629	1.500	0.00%
Radiology, Oncology	1.81%	7	6	1.250	*	1.250	0.00%
Spinal Surgery	0.00%	14	15	5.000	*	5.000	0.00%
Thoracic Surgery, Excl. Cardiovascular	0.54%	13	13	3.600	*	3.600	0.00%
Urgent Care Medicine	0.00%	5	5	1.100	*	1.150	4.55%
Urology	1.51%	10	9	2.000	2.162	2.000	0.00%
Vascular Surgery	0.58%	13	13	3.600	*	3.600	0.00%
Acupuncture	1.98%	N/A	N/A	0.169	0.096	0.135	-19.95%
Percentage of Individual Physicians/Surgeons Premium Represented:	94.91%	(9)	Estimated Premium Impact:				-7.83%
		(10)	Affected Premium as % of Total Premium:				94.84%
		(11)	Estimated Overall Premium Impact:				-7.43%

\* Premium and/or loss too small to evaluate this specialty. Proposed relativity is aligned with most closely related analyzed specialty.

\*\* Includes endocrinology, gastroenterology, genetics - medical, geriatrics, hematology, hematology/oncology, hospice/palliative, hyperbaric medicine, infectious diseases, integrative medicine, nephrology, neoplastic diseases, nuclear medicine, oncology, rheumatology, sleep medicine, and sports medicine.

Notes

(1), (2), (10) Based on review of premium by specialty. Premium distribution in Column (2) represents percent of individual physician/surgeon premium.

(3), (5) From MIEC's current rate manual.

(4), (7) Selected judgmentally.

(6) Based on review of premium by specialty.

(8) = (7) / (5) - 1.00.

(9) = Sumproduct of Columns (2) and (8). Represents impact on individual physician/surgeon premium.

(11) = (10) x [1.00 + (9)] + [100.00% - (10)] - 1.00.

**EXHIBIT 17**

**New Program**

Not Applicable

**EXHIBIT 18**

**Insurer Group Filing**

Not Applicable

**EXHIBIT 19**

**Super Group - Corporate Structure Verification Exhibit**

Not Applicable

**EXHIBIT 20**

**Rules**

Not Applicable

**EXHIBIT 21**

None



# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

## **CALIFORNIA**

### **Rates, Rating Factors and Rating Plans Manual Pages**

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-1

California

Claims Made Factors\*

Coverage Year	All Coverages**	Hospital	Blood Banks	Surgical O/P
First	0.30			
Second				
Third				
Fourth				
Mature				

\*Claims made factors are applied to the underlying occurrence base rate or premium for each state, class and limit.

\*\*Includes all coverages except hospitals, blood banks and surgical o/p.

NOTE: To determine the appropriate coverage year use the following table.

Coverage Year	Policy Term (Feb. 1, YYYY - YYYY+1)		Retroactive Dates	
	From	To	From	To
First	July 1, 20YY-1	Jan. 31, 20YY+1		
Second	July 1, 20YY-2	June 30, 20YY-1		
Third	July 1, 20YY-3	June 30, 20YY-2		
Fourth	July 1, 20YY-4	June 30, 20YY-3		
Mature	Aug. 1, 1975	June 30, 20YY-4	Aug. 1, 1975	

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-1

California

Claims Made Factors\*

Coverage Year	All Coverages**	Hospital	Blood Banks	Surgical O/P
First	0.30			
Second				
Third				
Fourth				
Mature				

\*Claims made factors are applied to the underlying occurrence base rate or premium for each state, class and limit.

\*\*Includes all coverages except hospitals, blood banks and surgical o/p.

NOTE: To determine the appropriate coverage year use the following table.

Coverage Year	Policy Term (Feb. 1, YYYY-YYYY+1)		Retroactive Dates	
	From	To	From	To
First	July 1, 20YY-1	Jan. 31, 20YY+1		
Second	July 1, 20YY-2	June 30, 20YY-1		
Third	July 1, 20YY-3	June 30, 20YY-2		
Fourth	July 1, 20YY-4	June 30, 20YY-3		
Mature	Aug. 1, 1975	June 30, 20YY-4	Aug. 1, 1975	

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-2

California

Reporting Endorsement Factors\*  
All Coverages

No. of Months Retroactive Date Precedes Policy Expiration Date	3 Installment Program			Single Reporting Endorsement
	1st	2nd	Final	
0 - 12	0.32	0.21	0.20	0.81
12-15	0.37	0.24	0.23	0.91
15-18	0.41	0.26	0.25	1.01
18-21	0.46	0.28	0.28	1.11
21-24	0.50	0.31	0.30	1.21
24-27	0.52	0.33	0.30	1.26
27-30	0.54	0.36	0.30	1.31
30-33	0.56	0.39	0.30	1.36
33-36	0.58	0.42	0.30	1.41
36-39	0.61	0.42	0.30	1.43
39-42	0.63	0.42	0.30	1.46
42-45	0.65	0.42	0.30	1.48
45 and over	0.68	0.42	0.30	1.51

\*Reporting endorsement factors are applied to the underlying occurrence base rate or premium for each state, class and limit, adjusted for historical coverage changes. See underwriter for premium quote

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-2

California

Reporting Endorsement Factors\*  
All Coverages

No. of Months Retroactive Date Precedes Policy Expiration Date	3 Installment Program			Single Reporting Endorsement
	1st	2nd	Final	
0 - 12	0.32	0.21	0.20	0.81
12-15	0.37	0.24	0.23	0.91
15-18	0.41	0.26	0.25	1.01
18-21	0.46	0.28	0.28	1.11
21-24	0.50	0.31	0.30	1.21
24-27	0.52	0.33	0.30	1.26
27-30	0.54	0.36	0.30	1.31
30-33	0.56	0.39	0.30	1.36
33-36	0.58	0.42	0.30	1.41
36-39	0.61	0.42	0.30	1.43
39-42	0.63	0.42	0.30	1.46
42-45	0.65	0.42	0.30	1.48
45 and over	0.68	0.42	0.30	1.51

\*Reporting endorsement factors are applied to the underlying occurrence base rate or premium for each state, class and limit, adjusted for historical coverage changes. See underwriter for premium quote.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-3

**California**

**Increased Limits Factors**

Physicians & Surgeons Class	\$500,000/ \$1,500,000	\$1,000,000/ \$3,000,000	\$2,000,000/ \$4,000,000
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			

Tech			
PA/NP			
Physio.			
CRNA			
Perfusionist			
CNM			
MFCC/LCSW			
Non-Individ.*			
Hospitals			
Blood Banks			
Acupuncturists			

premiums for each state, class, step rate factor or category.

\*Includes all coverages except hospitals and blood banks.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-3

**California**

**Increased Limits Factors**

Physicians & Surgeons Class	\$500,000/ \$1,500,000	\$1,000,000/ \$3,000,000	\$2,000,000/ \$4,000,000
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			

Tech			
PA/NP			
Physio.			
CRNA/Perfusionist			
CNM			
MFCC/LCSW			
Non-Individ.*			
Hospitals			
Blood Banks			
Acupuncturists			

premiums for each state, class, step rate factor or category.

\*Includes all coverages except hospitals and blood banks.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-4  
Sheet 1

## California

Physicians, Surgeons and Miscellaneous Medical  
Professional Liability Classification Differentials and

Rating Classification	Class Diff.	Occurrence Basis Base Class Rates
1		
2	0.700	
3	0.900	
4	1.000	
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
Tech	0.042	
PA/NP	0.100	
Physiotherapist	0.084	
CNM	2.500	
MFCC/LCSW	0.100	
Base Class	1.000	

NOTE: The base rate for all coverages (excluding blood banks) should be multiplied by the following territorial rate multiplier.

Territorial Rate Multiplier	Acupuncturists	
	Excluded	Only
Counties		
San Diego, Ventura		
Northern California and Remainder of State		

CALIFORNIA  
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# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-4  
Sheet 1

## California

Physicians, Surgeons and Miscellaneous Medical  
Professional Liability Classification Differentials and

Rating Classification	Class Diff.	Occurrence Basis Base Class Rates
1		
2	0.700	
3	0.900	
4	1.000	
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
Tech	0.042	
PA/NP	0.100	
Physiotherapist	0.084	
CNM	2.500	
MFCC/LCSW	0.100	
Base Class	1.000	

NOTE: The base rate for all coverages (excluding blood banks) should be multiplied by the following territorial rate multiplier.

Territorial Rate Multiplier	
Excluded	Only
Counties	
San Diego, Ventura	
Northern California and Remainder of State	

CALIFORNIA  
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# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-4  
Sheet 2

California

## Hospital Professional Liability Classification Differentials and

Rating Classification	Rating Basis	Diff.	Occurrence Basis Base Class Monthly Rates
Acute Care Beds	Acute Care Beds	1.000	
Extended Care Beds	Extended Care Beds	0.070	
Psych. Beds	Psych. Beds	0.680	
Rehab. Beds	Rehab. Beds	0.310	
Emergency OPVs	100 ER Visits	3.831	
Other OPVs	100 Other Visits	0.862	
Counseling Therapy-OPVs	100 Counseling Therapy Visits	0.431	
Home Health Visits	100 Home Health Visits	0.177	
CRNA, CNM, Perfusionist	CRNA/CNM/Perfusionist	4.189	
PA/NP	PA/NP	0.209	
Inpatient Surgery	Per Inpatient Surgery	0.128	
Outpatient Surgery	Per Outpatient Surgery	0.066	
Deliveries	Per Delivery	0.257	
ER Physicians	Per 100 Patient Treatments	1.285	
Base Class Physician	Base Class Physician	2.095	
Base Class Resident in Training	Per FTE Physician	1.676	

NOTE: The base rate for all coverages (excluding blood banks) should be multiplied by the following territorial rate multiplier.

Counties	Territorial Rate Multiplier
San Diego, Ventura	1.700
San Diego, Ventura	1.500
Northern California and Remainder of State	1.000

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-4  
Sheet 2

California

## Hospital Professional Liability Classification Differentials and

Rating Classification	Rating Basis	Diff.	Occurrence Basis Base Class Monthly Rates
Acute Care Beds	Acute Care Beds	1.000	
Extended Care Beds	Extended Care Beds	0.070	
Psych. Beds	Psych. Beds	0.680	
Rehab. Beds	Rehab. Beds	0.310	
Emergency OPVs	100 ER Visits	3.831	
Other OPVs	100 Other Visits	0.862	
Counseling Therapy-OPVs	100 Counseling Therapy Visits	0.431	
Home Health Visits	100 Home Health Visits	0.177	
CRNA, CNM, Perfusionist	CRNA/CNM/Perfusionist	4.189	
PA/NP	PA/NP	0.209	
Inpatient Surgery	Per Inpatient Surgery	0.128	
Outpatient Surgery	Per Outpatient Surgery	0.066	
Deliveries	Per Delivery	0.257	
ER Physicians	Per 100 Patient Treatments	1.285	
Base Class Physician	Base Class Physician	2.095	
Base Class Resident in Training	Per FTE Physician	1.676	

NOTE: The base rate for all coverages (excluding blood banks) should be multiplied by the following territorial rate multiplier.

Counties	Territorial Rate Multiplier
San Diego, Ventura	1.700
San Diego, Ventura	1.500
Northern California and Remainder of State	1.000

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### ~~2011~~2012 Coverage Classification Schedule

<u>Class</u>	<u>Specialty</u>
13	Abdominal Surgery
1	Addiction Medicine
2	Administrative Medicine
1	Allergy & Immunology
<del>40</del> 7	Anesthesiology
<del>40</del> 7	Anesthesiology, Pediatric
<del>8</del> 7	Assisting at Surgery
<del>44</del> 15	Bariatric Surgery
<del>65</del>	Cardiology, Excluding Cardiac Catheterization and Angioplasty
<del>98</del>	Cardiology, Including Cardiac Catheterization and Angioplasty
<del>44</del> 8	Cardiology, Interventional
<del>15</del>	Cardiovascular Surgery
13	Colon & Rectal Surgery
5	Critical Care Medicine
<del>42</del>	Dermatology, Excluding Hair Transplants
<del>86</del>	Dermatology, Including Hair Transplants
<del>86</del>	Dermatology, Liposuction
4	Dermatopathology
<del>44</del> 10	Emergency Medicine
<del>54</del>	Endocrinology
13	Facial Plastic Surgery
	Family Practice/General Practice
<del>54</del>	- No Surgery
<del>8</del>	<del>Less than 5% of practice from</del> 5 - Minor Surgery
<del>11</del>	<del>5% or more of practice from</del> 7 - Assisting at Surgery
<del>43</del> 12	- Including Obstetrics (Rural Use Class <del>42</del> 11)
<del>54</del>	Gastroenterology
<del>54</del>	General Medicine
<del>54</del>	General Practice
2	General Preventative Medicine
13	General Surgery
<del>54</del>	Genetics – Medical
<del>54</del>	Geriatrics
<del>42</del> 11	Gynecology (Only)
13	Hand Surgery
13	Head & Neck Surgery
<del>54</del>	Hematology

~~5~~ Hematology/Oncology

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### ~~2011~~2012 Coverage Classification Schedule

<u>Class</u>	<u>Specialty</u>
<del>54</del>	Hematology/Oncology
<del>4</del>	Hospice/Palliative
<del>5</del>	Hospitalist
<del>64</del>	Hyperbaric Medicine
<del>5</del>	Industrial Medicine
<del>54</del>	Infectious Diseases
<del>54</del>	Integrative Medicine
<del>4</del>	Intensivist
<del>54</del>	Internal Medicine, Excluding Cardiac Catheterization and Angioplasty
<del>98</del>	Internal Medicine, Including Cardiac Catheterization and Angioplasty
<del>87</del>	Interventional Radiology
<del>87</del>	Neonatology
<del>54</del>	Neoplastic Diseases
<del>4</del>	Nephrology
<del>4617</del>	Neurological Surgery
<del>87</del>	Neurology
<del>87</del>	Neurology, Child
<del>87</del>	Neuropathology
<del>87</del>	Neuroradiology
<del>54</del>	Nuclear Medicine
<del>15</del>	OB-GYN
<del>54</del>	Occupational Medicine (Not Industrial)
<del>54</del>	Oncology
<del>63</del>	Ophthalmology, Excluding Refractive Surgery
<del>76</del>	Ophthalmology, Including Refractive Surgery <del>or 5% or more from Cosmetic Surgery</del>
<del>4312</del>	Orthopedics, Excluding Spinal Surgery
<del>4415</del>	Orthopedics, Including Spinal Surgery
<del>4410</del>	Otolaryngology – less than 5% from Cosmetic Surgery
<del>13</del>	Otolaryngology - 5% or more from Cosmetic Surgery
<del>5</del>	Pain Management
<del>43</del>	Pathology
<del>13</del>	Pediatric Surgery
<del>43</del>	Pediatrics
<del>1</del>	Pediatrics, Allergy
<del>1</del>	Pediatrics, Behavioral/Developmental



<del>95</del>	Pediatrics, Cardiology, <u>Excluding Cardiac Catheterization and Angioplasty</u>
<del>8</del>	Pediatrics, Cardiology, <u>Including Cardiac Catheterization and Angioplasty</u>

## **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

### **2012 Coverage Classification Schedule**

<b><u>Class</u></b>	<b><u>Specialty</u></b>
<del>6</del>	Pediatrics, Pulmonology
<del>3</del>	Physical Medicine and Rehabilitation
<del>13</del>	Plastic Surgery

## **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

### **2011 Coverage Classification Schedule**

<b><u>Class</u></b>	<b><u>Specialty</u></b>
<del>1</del>	Psychiatry
<del>1</del>	Psychiatry, Child
<del>1</del>	Psychiatry, Forensic
<del>1</del>	Psychoanalysis
<del>1</del>	<u>Psychosomatic Medicine</u>
<del>2</del>	Public Health
<del>6</del>	Pulmonary Diseases
<del>87</del>	Radiology, Diagnostic Only
<del>76</del>	Radiology, Oncology
<del>54</del>	Rheumatology
<del>4</del>	Sleep Medicine
<del>1415</del>	Spinal Surgery
<del>54</del>	Sports Medicine
<del>13</del>	Thoracic Surgery, Excluding Cardiovascular
<del>5</del>	Urgent Care Medicine
<del>10_9</del>	Urology
<del>13</del>	Vascular Surgery

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### **2011/2012 Coverage Classification Schedule**

#### **Partnership/Corporation Liability and Full Time Employed Physicians**

17.5% if all partners/shareholders and employed doctors have \$500,000/1,500,000 limits;  
~~42.5~~10.0% if all partners/shareholders and employed doctors have \$1,000,000/3,000,000 limits or higher. Full Time Employed Physicians must carry limits at least equal to employer. Employer will be charged a percentage of the premium charged for the employed physician's classification at employer's limits.

#### **Secretaries, Receptionists and Bookkeepers**

No charge.

#### **MIEC DATAGUARD - Information Security Endorsement (ISE)**

Provides coverage for loss due to disclosure of confidential information and damage to information systems. Limits of liability under the ISE are separate and generally limited to \$50,000. (Excess limits are available subject to underwriting.)

Premium is \$60 per policy.

#### **Optional Coverages**

##### **Professional premises/limited non-owned automobile liability**

Covers certain liabilities for injuries sustained by the public or for damage to property of third persons at your offices. It also covers certain liabilities to injured parties arising from an employee's use of an automobile (not owned, rented or leased to you) in the course of your professional practice; limit \$100,000, bodily injury and \$25,000 property damage. Refer to the policy for coverage specifics.

Limits of Liability: Bodily injury, \$500,000 each claim/\$1,500,000 aggregate, or \$1,000,000 each claim/\$3,000,000 aggregate (to coincide with professional liability limits, but not higher than \$1,000,000/\$3,000,000); property damage liability, \$100,000 each claim/aggregate.

Premium: No additional premium for premises occupied as physicians' professional offices. Clinics and other premises: refer to the Company.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-6

California

Coverage Year	New Doctor Discount Factors	
	Rate Adjustment Factor	Indicated Discount
First		
Second		
Third		
Fourth	1.00	0%
Mature	1.00	0%

Other Miscellaneous Charges

1) Vicarious Liability (Subject to underwriting) 20.0%

2) Partnership/Corporation Liability  
Where all partners/shareholders and employed doctors retain:

- A) \$500,000/\$1,500,000 Limits 17.5%  
B) At least \$1,000,000/\$3,000,000 Limits

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-6

California

Coverage Year	New Doctor Discount Factors	
	Rate Adjustment Factor	Indicated Discount
First		
Second		
Third		
Fourth	1.00	0%
Mature	1.00	0%

Other Miscellaneous Charges

1) Vicarious Liability (Subject to underwriting) 20.0%

2) Partnership/Corporation Liability  
Where all partners/shareholders and employed doctors retain:

- A) \$500,000/\$1,500,000 Limits 17.5%  
B) At least \$1,000,000/\$3,000,000 Limits

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-1  
Sheet 1

## California

Physicians, Surgeons, & Other Miscellaneous Providers  
Limits: \$500,000 Per Claim /\$1,500,000 Annual Aggregate

Doctor Coverage Classifications	Coverage Year					
	ILF	Diff.	2010	2011	2012	2013
Coverage Class 1						
Coverage Class 2		0.700				
Coverage Class 3		0.900				
Coverage Class 4		1.000				
Coverage Class 5						
Coverage Class 6						
Coverage Class 7						
Coverage Class 8						
Coverage Class 9						
Coverage Class 10						
Coverage Class 11						
Coverage Class 12						
Coverage Class 13						
Coverage Class 14						
Coverage Class 15						
Coverage Class 16						
Technician		0.042				
Phy. Asst./Nurse Pract.		0.100				
Physiotherapist		0.084				
CNM		2.500				
MFCC/LCSW		0.100				

CLAIMS MADE FACTORS 0.30

### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-1  
Sheet 1

## California

Physicians, Surgeons, & Other Miscellaneous Providers  
Limits: \$500,000 Per Claim /\$1,500,000 Annual Aggregate

Doctor Coverage Classifications	Coverage Year					
	ILF	Diff.	2010	2011	2012	2013
Coverage Class 1						
Coverage Class 2		0.700				
Coverage Class 3		0.900				
Coverage Class 4		1.000				
Coverage Class 5						
Coverage Class 6						
Coverage Class 7						
Coverage Class 8						
Coverage Class 9						
Coverage Class 10						
Coverage Class 11						
Coverage Class 12						
Coverage Class 13						
Coverage Class 14						
Coverage Class 15						
Coverage Class 16						
Technician		0.042				
Phy. Asst./Nurse Pract.		0.100				
Physiotherapist		0.084				
CRNA/Perfusionist						
CNM		2.500				
MFCC/LCSW		0.100				

CLAIMS MADE FACTORS 0.30

### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-1  
Sheet 2

## California

Physicians, Surgeons, & Other Miscellaneous Providers  
Limits: \$1,000,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			2009	2010	2011	2012	2013
Coverage Class 1							
Coverage Class 2		0.700					
Coverage Class 3		0.900					
Coverage Class 4		1.000					
Coverage Class 5							
Coverage Class 6							
Coverage Class 7							
Coverage Class 8							
Coverage Class 9							
Coverage Class 10							
Coverage Class 11							
Coverage Class 12							
Coverage Class 13							
Coverage Class 14							
Coverage Class 15							
Coverage Class 16							
Technician		0.042					
Phy. Asst./Nurse Pract.		0.100					
Physiotherapist		0.084					
CNM		2.500					
MFCC/LCSW		0.100					

CLAIMS MADE FACTORS 0.30

### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-1  
Sheet 2

## California

Physicians, Surgeons, & Other Miscellaneous Providers  
Limits: \$1,000,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			2009	2010	2011	2012	2013
Coverage Class 1							
Coverage Class 2		0.700					
Coverage Class 3		0.900					
Coverage Class 4		1.000					
Coverage Class 5							
Coverage Class 6							
Coverage Class 7							
Coverage Class 8							
Coverage Class 9							
Coverage Class 10							
Coverage Class 11							
Coverage Class 12							
Coverage Class 13							
Coverage Class 14							
Coverage Class 15							
Coverage Class 16							
Technician		0.042					
Phy. Asst./Nurse Pract.		0.100					
Physiotherapist		0.084					
CRNA/Perfusionist							
CNM		2.500					
MFCC/LCSW		0.100					

CLAIMS MADE FACTORS 0.30

### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-1  
Sheet 3.

## California

Physicians, Surgeons, & Other Miscellaneous Providers  
Limits: \$2,000,000 Per Claim /\$4,000,000 Annual Aggregate

Doctor Coverage Classifications	Coverage Year				
	ILF	Diff.	2010	2011	2012
Coverage Class 1					
Coverage Class 2		0.700			
Coverage Class 3		0.900			
Coverage Class 4		1.000			
Coverage Class 5					
Coverage Class 6					
Coverage Class 7					
Coverage Class 8					
Coverage Class 9					
Coverage Class 10					
Coverage Class 11					
Coverage Class 12					
Coverage Class 13					
Coverage Class 14					
Coverage Class 15					
Coverage Class 16					
Technician		0.042			
Phy. Asst./Nurse Pract.		0.100			
Physiotherapist		0.084			
CNM		2.500			
MFCC/LCSW		0.100			

CLAIMS MADE FACTORS 0.30

### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-1  
Sheet 3

## California

Physicians, Surgeons, & Other Miscellaneous Providers  
Limits: \$2,000,000 Per Claim /\$4,000,000 Annual Aggregate

Doctor Coverage Classifications	Coverage Year				
	ILF	Diff.	2010	2011	2012
Coverage Class 1					
Coverage Class 2		0.700			
Coverage Class 3		0.900			
Coverage Class 4		1.000			
Coverage Class 5					
Coverage Class 6					
Coverage Class 7					
Coverage Class 8					
Coverage Class 9					
Coverage Class 10					
Coverage Class 11					
Coverage Class 12					
Coverage Class 13					
Coverage Class 14					
Coverage Class 15					
Coverage Class 16					
Technician		0.042			
Phy. Asst./Nurse Pract.		0.100			
Physiotherapist		0.084			
CRNA/Perfusionist					
CNM		2.500			
MFCC/LCSW		0.100			

CLAIMS MADE FACTORS 0.30

### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 1

## California

### Hospitals

Limits: \$500,000 Per Claim /\$1,500,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year			
			2010	2011	2012	2013
Acute Care Beds		1.000				
Extended Care Beds		0.070				
Psych. Beds		0.680				
Rehab. Beds		0.310				
Emergency OPVs		3.831				
Other OPVs		0.862				
Counseling Therapy-OPVs		0.431				
Home Health Visits		0.177				
CRNA, CNM, Perfusionist		4.189				
PA/NP		0.209				
Inpatient Surgery		0.128				
Outpatient Surgery		0.066				
Deliveries		0.257				
ER Physicians		1.285				
Base Class Physician		2.095				
Base Class Resident in Training		1.676				

### CLAIMS MADE FACTORS

#### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 1

## California

### Hospitals

Limits: \$500,000 Per Claim /\$1,500,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year			
			2010	2011	2012	2013
Acute Care Beds		1.000				
Extended Care Beds		0.070				
Psych. Beds		0.680				
Rehab. Beds		0.310				
Emergency OPVs		3.831				
Other OPVs		0.862				
Counseling Therapy-OPVs		0.431				
Home Health Visits		0.177				
CRNA, CNM, Perfusionist		4.189				
PA/NP		0.209				
Inpatient Surgery		0.128				
Outpatient Surgery		0.066				
Deliveries		0.257				
ER Physicians		1.285				
Base Class Physician		2.095				
Base Class Resident in Training		1.676				

### CLAIMS MADE FACTORS

#### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 2

## California

Hospitals  
Limits: \$1,000,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			2010	2011	2012	2013	2014
Acute Care Beds		1.000					
Extended Care Beds		0.070					
Psych. Beds		0.680					
Rehab. Beds		0.310					
Emergency OPVs		3.831					
Other OPVs		0.862					
Counseling Therapy-OPVs		0.431					
Home Health Visits		0.177					
CRNA, CNM, Perfusionist		4.189					
PA/NP		0.209					
Inpatient Surgery		0.128					
Outpatient Surgery		0.066					
Deliveries		0.257					
ER Physicians		1.285					
Base Class Physician		2.095					
Base Class Resident in Training		1.676					

### CLAIMS MADE FACTORS

#### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 2

## California

Hospitals  
Limits: \$1,000,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			2010	2011	2012	2013	2014
Acute Care Beds		1.000					
Extended Care Beds		0.070					
Psych. Beds		0.680					
Rehab. Beds		0.310					
Emergency OPVs		3.831					
Other OPVs		0.862					
Counseling Therapy-OPVs		0.431					
Home Health Visits		0.177					
CRNA, CNM, Perfusionist		4.189					
PA/NP		0.209					
Inpatient Surgery		0.128					
Outpatient Surgery		0.066					
Deliveries		0.257					
ER Physicians		1.285					
Base Class Physician		2.095					
Base Class Resident in Training		1.676					

### CLAIMS MADE FACTORS

#### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING



# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 3

## California

### Hospitals

Limits: \$1,500,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year					
			2010	2011	2012	2013	2014	2015
Acute Care Beds		1.000						
Extended Care Beds		0.070						
Psych. Beds		0.680						
Rehab. Beds		0.310						
Emergency OPVs		3.831						
Other OPVs		0.862						
Counseling Therapy-OPVs		0.431						
Home Health Visits		0.177						
CRNA, CNM, Perfusionist		4.189						
PA/NP		0.209						
Inpatient Surgery		0.128						
Outpatient Surgery		0.066						
Deliveries		0.257						
ER Physicians		1.285						
Base Class Physician		2.095						
Base Class Resident in Training		1.676						

### CLAIMS MADE FACTORS

#### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 3

## California

### Hospitals

Limits: \$1,500,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year					
			2010	2011	2012	2013	2014	2015
Acute Care Beds		1.000						
Extended Care Beds		0.070						
Psych. Beds		0.680						
Rehab. Beds		0.310						
Emergency OPVs		3.831						
Other OPVs		0.862						
Counseling Therapy-OPVs		0.431						
Home Health Visits		0.177						
CRNA, CNM, Perfusionist		4.189						
PA/NP		0.209						
Inpatient Surgery		0.128						
Outpatient Surgery		0.066						
Deliveries		0.257						
ER Physicians		1.285						
Base Class Physician		2.095						
Base Class Resident in Training		1.676						

### CLAIMS MADE FACTORS

#### INPUT DATA:

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-2  
Sheet 4

California

**Hospitals**

Limits: \$2,000,000 Per Claim /\$4,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			2010	2011	2012	2013	2014
Acute Care Beds		1.000	1.000	1.000	1.000	1.000	1.000
Extended Care Beds		0.070	0.070	0.070	0.070	0.070	0.070
Psych. Beds		0.680	0.680	0.680	0.680	0.680	0.680
Rehab. Beds		0.310	0.310	0.310	0.310	0.310	0.310
Emergency OPVs		3.831	3.831	3.831	3.831	3.831	3.831
Other OPVs		0.862	0.862	0.862	0.862	0.862	0.862
Counseling Therapy-OPVs		0.431	0.431	0.431	0.431	0.431	0.431
Home Health Visits		0.177	0.177	0.177	0.177	0.177	0.177
CRNA, CNM, Perfusionist		4.189	4.189	4.189	4.189	4.189	4.189
PA/NP		0.209	0.209	0.209	0.209	0.209	0.209
Inpatient Surgery		0.128	0.128	0.128	0.128	0.128	0.128
Outpatient Surgery		0.066	0.066	0.066	0.066	0.066	0.066
Deliveries		0.257	0.257	0.257	0.257	0.257	0.257
ER Physicians		1.285	1.285	1.285	1.285	1.285	1.285
Base Class Physician		2.095	2.095	2.095	2.095	2.095	2.095
Base Class Resident in Training		1.676	1.676	1.676	1.676	1.676	1.676

**CLAIMS MADE FACTORS**

**INPUT DATA:**

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-2  
Sheet 4

California

**Hospitals**

Limits: \$2,000,000 Per Claim /\$4,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			2010	2011	2012	2013	2014
Acute Care Beds		1.000	1.000	1.000	1.000	1.000	1.000
Extended Care Beds		0.070	0.070	0.070	0.070	0.070	0.070
Psych. Beds		0.680	0.680	0.680	0.680	0.680	0.680
Rehab. Beds		0.310	0.310	0.310	0.310	0.310	0.310
Emergency OPVs		3.831	3.831	3.831	3.831	3.831	3.831
Other OPVs		0.862	0.862	0.862	0.862	0.862	0.862
Counseling Therapy-OPVs		0.431	0.431	0.431	0.431	0.431	0.431
Home Health Visits		0.177	0.177	0.177	0.177	0.177	0.177
CRNA, CNM, Perfusionist		4.189	4.189	4.189	4.189	4.189	4.189
PA/NP		0.209	0.209	0.209	0.209	0.209	0.209
Inpatient Surgery		0.128	0.128	0.128	0.128	0.128	0.128
Outpatient Surgery		0.066	0.066	0.066	0.066	0.066	0.066
Deliveries		0.257	0.257	0.257	0.257	0.257	0.257
ER Physicians		1.285	1.285	1.285	1.285	1.285	1.285
Base Class Physician		2.095	2.095	2.095	2.095	2.095	2.095
Base Class Resident in Training		1.676	1.676	1.676	1.676	1.676	1.676

**CLAIMS MADE FACTORS**

**INPUT DATA:**

BASE CLASS RATE

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-3

## California

Allied Health Care

Rating Basis: Patient Visits

### SECTION I RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500		\$100	\$100	\$100	\$100	\$100
1,000/3,000		100	100	100	100	100
2,000/4,000		122	122	122	122	122

CLAIMS MADE FACTORS	0.30
---------------------	------

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE		<u>MINIMUM PREMIUM</u>
NP/PA DIFFERENTIAL	0.10	\$100 adjusted for ILFs
FTE (PATIENT VISITS)	4,400	
FTE ADJUSTMENT FACTOR	0.6814	
ALLIED HEALTH CARE BASE RATE		

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-3

## California

Allied Health Care

Rating Basis: Patient Visits

### SECTION I RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500		\$100	\$100	\$100	\$100	\$100
1,000/3,000		100	100	100	100	100
2,000/4,000		122	122	122	122	122

CLAIMS MADE FACTORS	0.30
---------------------	------

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE		<u>MINIMUM PREMIUM</u>
NP/PA DIFFERENTIAL	0.10	\$100 adjusted for ILFs
FTE (PATIENT VISITS)	4,400	
FTE ADJUSTMENT FACTOR	0.6814	
ALLIED HEALTH CARE BASE RATE		

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-5

California

Community Clinics

Rating Basis: Patient Visits

RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS

0.30

INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE

COMMUNITY CLINICS RELATIVITY FACTOR

COMMUNITY CLINICS BASE CLASS RATE

MINIMUM PREMIUM

75% of Class 4 rate

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-5

California

Community Clinics

Rating Basis: Patient Visits

RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS

0.30

INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE

COMMUNITY CLINICS RELATIVITY FACTOR

COMMUNITY CLINICS BASE CLASS RATE

MINIMUM PREMIUM

75% of Class 4 rate

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-6

California

ER Contractors

Rating Basis: Patient Visits

**SECTION I RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30
---------------------	------

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE	2.25	MINIMUM PREMIUM
FTE (PATIENT VISITS)	4,400	May be subject to 0.88
ER CONTRACTORS BASE RATE		FTE discount factor.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-6

California

ER Contractors

Rating Basis: Patient Visits

**SECTION I RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30
---------------------	------

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE	2.25	MINIMUM PREMIUM
FTE (PATIENT VISITS)	4,400	May be subject to 0.88
ER CONTRACTORS BASE RATE		FTE discount factor.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-7

California

Hemodialysis

Rating Basis: Procedures

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30
---------------------	------

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE		<u>MINIMUM PREMIUM</u>
HEMODIALYSIS RELATIVITY FACTOR	0.0000951	25% of Class 4 rate
HEMODIALYSIS PROCEDURE BASE CLASS RATE		

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-7

California

Hemodialysis

Rating Basis: Procedures

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30
---------------------	------

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE		<u>MINIMUM PREMIUM</u>
HEMODIALYSIS RELATIVITY FACTOR	0.0000951	25% of Class 4 rate
HEMODIALYSIS PROCEDURE BASE CLASS RATE		

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-8

California

Home Health Agency  
Rating Basis: Home Health Visits

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS 0.30

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE  
HOME HEALTH RELATIVITY FACTOR 0.0000524  
HOME HEALTH VISITS BASE CLASS RATE

MINIMUM PREMIUM

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-8

California

Home Health Agency  
Rating Basis: Home Health Visits

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS 0.30

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE  
HOME HEALTH RELATIVITY FACTOR 0.0000524  
HOME HEALTH VISITS BASE CLASS RATE

MINIMUM PREMIUM

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-9

## California

Industrial Medical Center  
Rating Basis: Patient Visits

### SECTION I RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30
---------------------	------

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	1.15	MINIMUM PREMIUM
FTE (PATIENT VISITS)	4,400	May be subject to 0.88
INDUSTRIAL MEDICAL CENTER BASE RATE		FTE discount factor.

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-9

## California

Industrial Medical Center  
Rating Basis: Patient Visits

### SECTION I RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30
---------------------	------

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	1.15	MINIMUM PREMIUM
FTE (PATIENT VISITS)	4,400	May be subject to 0.88
INDUSTRIAL MEDICAL CENTER BASE RATE		FTE discount factor.



# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-10

## California

### Laboratory Rates

Rating Basis: Lab Receipts (Per \$1,000)

### RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30					
---------------------	------	--	--	--	--	--

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE		<u>MINIMUM PREMIUM</u>
LABORATORY RELATIVITY FACTOR	0.0018671	25% of Class 4 rate
LABORATORY RECEIPTS BASE CLASS RATE		

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-10

## California

### Laboratory Rates

Rating Basis: Lab Receipts (Per \$1,000)

### RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30					
---------------------	------	--	--	--	--	--

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE		<u>MINIMUM PREMIUM</u>
LABORATORY RELATIVITY FACTOR	0.0018671	25% of Class 4 rate
LABORATORY RECEIPTS BASE CLASS RATE		

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-11

California

MRI Facilities

Rating Basis: MRI Procedures

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30
---------------------	------

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE		<b>MINIMUM PREMIUM</b>
MRI RELATIVITY FACTOR	0.00031	Class 4 rate
MRI PROCEDURE BASE CLASS RATE		

**Part III - Premises Liability - No Claims Made Factors**

Limits (\$000s):	500/1,500	1,000/3,000	(Higher Limits not available on Part III)
BI	224	268	(Mobile Unit = 1 Location)
PD	56	56	
Per Location Total	280	324	

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-11

California

MRI Facilities

Rating Basis: MRI Procedures

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS	0.30
---------------------	------

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE		<b>MINIMUM PREMIUM</b>
MRI RELATIVITY FACTOR	0.00031	Class 4 rate
MRI PROCEDURE BASE CLASS RATE		

**Part III - Premises Liability - No Claims Made Factors**

Limits (\$000s):	500/1,500	1,000/3,000	(Higher Limits not available on Part III)
BI	224	268	(Mobile Unit = 1 Location)
PD	56	56	
Per Location Total	280	324	

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-12

California

Surgical Outpatient Center

Rating Basis: Per Surgical Procedure

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**CLAIMS MADE FACTORS**

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE 0.0014 **MINIMUM PREMIUM**  
 SURGICAL OUTPATIENT RELATIVITY FACTOR 211.32% of Class 4 rate  
 SURGICAL OUTPATIENT BASE CLASS RATE 0.0014

**Part III - Premises Liability - No Claims Made Factors**

Limits (\$000s):	500/1,500	1,000/3,000	(Higher Limits not available on Part III)
BI	224	268	(Mobile Unit = 1 Location)
PD	56	56	
Per Location Total	280	324	

Birth centers: charge 2 times per surgery rates.  
 Non-surgical emergency visit to center: charge rate per patient visit for ER contractors.  
 Other patient visits to center: charge urgent care center per patient visit rates.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-12

California

Surgical Outpatient Center

Rating Basis: Per Surgical Procedure

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**CLAIMS MADE FACTORS**

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE 0.0014 **MINIMUM PREMIUM**  
 SURGICAL OUTPATIENT RELATIVITY FACTOR 211.32% of Class 4 rate  
 SURGICAL OUTPATIENT BASE CLASS RATE 0.0014

**Part III - Premises Liability - No Claims Made Factors**

Limits (\$000s):	500/1,500	1,000/3,000	(Higher Limits not available on Part III)
BI	224	268	(Mobile Unit = 1 Location)
PD	56	56	
Per Location Total	280	324	

Birth centers: charge 2 times per surgery rates.  
 Non-surgical emergency visit to center: charge rate per patient visit for ER contractors.  
 Other patient visits to center: charge urgent care center per patient visit rates.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-13

California

Urgent Care Centers

Rating Basis: Patient Visits

**SECTION I RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS

0.30

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE  
CLASS 5 DIFFERENTIAL  
FTE (PATIENT VISITS)  
URGENT CARE PATIENT VISITS BASE RATE

4,400

**MINIMUM PREMIUM**  
3 FTE @ Class 5 per policy  
May be subject to 0.88  
FTE discount factor.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-13

California

Urgent Care Centers

Rating Basis: Patient Visits

**SECTION I RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500						
1,000/3,000						
2,000/4,000						

CLAIMS MADE FACTORS

0.30

**INPUT DATA:**

PHYSICIANS & SURGEONS BASE CLASS RATE  
CLASS 5 DIFFERENTIAL  
FTE (PATIENT VISITS)  
URGENT CARE PATIENT VISITS BASE RATE

4,400

**MINIMUM PREMIUM**  
3 FTE @ Class 5 per policy  
May be subject to 0.88  
FTE discount factor.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-14

California**Part IV Coverage****Defense Only Coverage For Miscellaneous Liability**Outline of Coverage

	Rate Charges	Coverage Limits	
		Per Occurrence	Annual Aggregate
<b><u>INDIVIDUAL</u></b>	\$1,400/physician	\$100,000	\$300,000
<b><u>CORPORATIONS/PARTNERSHIPS</u></b>			
First physician member	\$1,400/physician*	\$100,000	\$300,000
2nd - 5th physician	\$400/physician	\$100,000	\$300,000
6th - 10th physician	\$125/physician	\$100,000	\$500,000
11th - or more physicians	\$75/physician	\$100,000	\$500,000

\*Subject to a minimum premium of \$2,100

**NON-INDIVIDUAL POLICYHOLDERS**

First 10 employees	\$280/FTE employees*	\$100,000	\$100,000
11th - 25th employees	\$100/FTE employees	\$100,000	\$300,000
26th - 50th employees	\$60/FTE employees	\$100,000	\$300,000
51st - or more employees	\$50/FTE employees	\$100,000	\$500,000

\*Subject to a minimum premium of \$2,100

on

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-14

California**Part IV Coverage****Defense Only Coverage For Miscellaneous Liability**Outline of Coverage

	Rate Charges	Coverage Limits	
		Per Occurrence	Annual Aggregate
<b><u>INDIVIDUAL</u></b>	\$1,400/physician	\$100,000	\$300,000
<b><u>CORPORATIONS/PARTNERSHIPS</u></b>			
First physician member	\$1,400/physician*	\$100,000	\$300,000
2nd - 5th physician	\$400/physician	\$100,000	\$300,000
6th - 10th physician	\$125/physician	\$100,000	\$500,000
11th - or more physicians	\$75/physician	\$100,000	\$500,000

\*Subject to a minimum premium of \$2,100

**NON-INDIVIDUAL POLICYHOLDERS**

First 10 employees	\$280/FTE employees*	\$100,000	\$100,000
11th - 25th employees	\$100/FTE employees	\$100,000	\$300,000
26th - 50th employees	\$60/FTE employees	\$100,000	\$300,000
51st - or more employees	\$50/FTE employees	\$100,000	\$500,000

\*Subject to a minimum premium of \$2,100

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-15

## California

Acupuncturist Purchasing Group Program

Rating Basis: Per Member

Deductible: \$0

## RATES

<u>Part 1</u>				<u>Coverage Year</u>		
<u>Limits (\$000s)</u>	<u>Type</u>	<u>ILF</u>	<u>DIFF.</u>	<u>First</u>	<u>Second</u>	<u>Mature</u>
<b>Non-Society Member</b>						
500/1,500	Regular					
500/1,500	New to Practice					
<b>Society Member</b>						
500/1,500	Regular					
500/1,500	New to Practice					

Limits (\$000s)	Type	ILF	DIFF.	Coverage Year	
				First	Second
Non-Society Member					
1,000/3,000	Regular				
1,000/3,000	New to Practice				
Society Member					
1,000/3,000	Regular				
1,000/3,000	New to Practice				

## CLAIMS MADE FACTORS

## INPUT DATA:

BASE CLASS RATE	
DEDUCTIBLE FACTOR	1.00
SOCIETY MEMBER FACTOR	0.85
NEW TO PRACTICE	
First Year	0.50
Second Year & Mature	0.75
PEER REVIEW FEE	\$25

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-15

## California

Acupuncturist Purchasing Group Program

Rating Basis: Per Member

Deductible: \$0

## RATES

				Coverage Year		
Limits (\$000s)	Type	ILF	DIFF.	First	Second	Mature
Non-Society Member						
500/1,500	Regular					
500/1,500	New to Practice					
Society Member						
500/1,500	Regular					
500/1,500	New to Practice					

Limits (\$000s)	Type	ILF	DIFF.	Coverage Year		
				First	Second	Mature
Non-Society Member						
1,000/3,000	Regular					
1,000/3,000	New to Practice					
Society Member						
1,000/3,000	Regular					
1,000/3,000	New to Practice					

## CLAIMS MADE FACTORS

## INPUT DATA:

BASE CLASS RATE	
DEDUCTIBLE FACTOR	1.00
SOCIETY MEMBER FACTOR	0.85
NEW TO PRACTICE	
First Year	0.50
Second Year & Mature	0.75
PEER REVIEW FEE	\$25

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

**MEDICAL PROFESSIONAL LIABILITY**

**Group Experience and Schedule Rating Plan**

**Effective ~~February~~ January 1, 2011 2012**

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### MEDICAL PROFESSIONAL LIABILITY Group Experience and Schedule Rating Plan Claims Made Basis

#### I. Instructions

The rules of this Plan shall govern the experience and schedule rating procedure to be followed in connection with Medical Professional Liability for Medical Insurance Exchange of California (the Company).

#### II. Definitions

- A. Group - The term "group" as used in this plan shall mean the combined exposure of any one group of insureds to be rated by the Company. The groups may include physicians, hospitals, blood banks, etc. exposure.
- B. Experience - For the purpose of this plan, "experience" shall mean Medical Professional Liability.
- C. Basic Limits - The term "basic limits" shall mean \$250,000 limits of liability for all damages on account of each claim or suit.
- D. Experience Period Premium at Present Rates - The "experience period premium at present rates" is the total of the premiums computed by extending the actual exposures developed during the experience period at present manual rates for basic limits of liability regardless of whether the policies were written at increased limits of liability.
- E. Basic Limits Incurred Losses - "Basic Limits Incurred Losses" are the sum of (1) all paid and outstanding allocated claim expenses and (2) paid and outstanding indemnity losses limited to \$250,000 per claim for Medical Professional Liability on a claims made basis (assigned to the period in which it is reported).

#### III. General Provisions

Eligibility Requirements. A group consisting of ~~208~~ or more full-time physicians or a group developing an annual total limits manual Medical Professional Liability



# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

Group Experience Rating Plan  
State of California  
Effective ~~February~~ January 1, 2011 2012

## Section 1

Number of Years between the Effective Date of Each Policy in the Experience Period and the Effective Date of the Experience Modification Being Established	Medical Professional Liability Factor
2	<u>.9294</u>
3	<u>.8992</u>
4	<u>.8589</u>
5	<u>.8286</u>
6	<u>.7984</u>

## Section 2.1 MIEC Experience

Number of Months (N) between the Loss Evaluation Date and the Effective Date of the Latest Policy Included in the Experience Period	Latest Policy Year (N)	2nd Latest Policy Year (N+12)	3rd Latest Policy Year (N+24)	4th Latest Policy Year (N+36)	5th Latest Policy Year (N+48)
<b>Professional Liability Factor</b>					
18	<u>1.1921</u> <u>58</u>	<u>0.994980</u>	<u>0.988978</u>	<u>0.992990</u>	<u>0.996994</u>
21	<u>1.0930</u> <u>74</u>	<u>0.986976</u>	<u>0.980983</u>	<u>0.993991</u>	<u>0.997995</u>
24	<u>1.0460</u> <u>34</u>	<u>0.988978</u>	<u>0.990988</u>	<u>0.994992</u>	<u>0.998996</u>
27	<u>1.0120</u> <u>02</u>	<u>0.988978</u>	<u>0.994990</u>	<u>0.995993</u>	<u>0.999997</u>

**Section 2.2  
Other Company Experience**

Number of Months (N) between the Loss Evaluation Date and the Effective Date of the Latest Policy Included in the Experience Period	Latest Policy Year (N)	2nd Latest Policy Year (N+12)	3rd Latest Policy Year (N+24)	4th Latest Policy Year (N+36)	5th Latest Policy Year (N+48)
<b>Professional Liability Factor</b>					
18	1.68	1.36	1.16	1.08	1.05
21	1.58	1.30	1.13	1.07	1.04
24	1.50	1.25	1.10	1.07	1.04
27	1.43	1.20	1.09	1.06	1.03

**Section 3**  
**Expected Loss Ratio = .899895**

**Section 4**

**Decreased Limits Factor for \$250,000 per claim**

From Limits of	Decreased Limits Factor
\$500,000	.783
\$1 million	.666
\$2 million	.537
\$3 million	.481
\$4 million	.450
\$5 million	.432
\$10 million	.374

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

## **CALIFORNIA**

### **Rates, Rating Factors and Rating Plans Manual Pages**

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

## **California**

**Rates, Rating Factors & Rating Plans**

**Manual Pages**

## **SECTION**

### **A - KEY RATING FACTORS**

- 1) Claims Made Factors**
- 2) Reporting Endorsement Factors**
- 3) Increased Limits Factors**
- 4) Class Differentials**
- 5) Class & Coverage Descriptions**
- 6) Other Miscellaneous Adjustments**

### **B - BASE RATES**

- 1) Physicians & Surgeons and Other Miscellaneous Providers**
- 2) Hospitals**
- 3) Allied Health Care**
- 4) Blood Banks**
- 5) Community Clinics**
- 6) ER Contractors**
- 7) Hemodialysis**
- 8) Home Health Agency**
- 9) Industrial Medicine Centers**
- 10) Laboratory Rates**
- 11) MRI Facilities**
- 12) Surgical Outpatient Centers**
- 13) Urgent Care Centers**
- 14) Part IV Coverage**
- 15) Acupuncturist Purchasing Group**

### **C - GROUP RATING PLANS**

- 1) Group Experience & Schedule Rating Plans**
- 2) Group Deductible Factors**
- 3) Hospital Deductible Factors**
- 4) Blood Bank Deductible Factors**
- 5) Group Shared Aggregate Increased Limits Factors**

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-1

## California

Effective January 1, 2012

Claims Made Factors\*

<u>Coverage Year</u>	<u>All Coverages**</u>	<u>Hospital</u>	<u>Blood Banks</u>	<u>Surgical O/P</u>
First	0.30	0.30	0.30	0.30
Second	0.60	0.60	0.60	0.60
Third	0.80	0.80	0.80	0.80
Fourth	0.90	0.90	0.90	0.90
Mature	0.94	0.94	0.94	0.94

\*Claims made factors are applied to the underlying occurrence base rate or premium for each state, class and limit.

\*\*Includes all coverages except hospitals, blood banks and surgical o/p.

NOTE: To determine the appropriate coverage year use the following table.

Coverage Year	Policy Term (Feb. 1, YYYY - YYYY+1)		Feb. 1, 2012 - 2013	
	Retroactive Dates		Retroactive Dates	
	From	To	From	To
First	July 1, 20YY-1	Jan. 31, 20YY+1	July 1, 2011	Jan. 31, 2013
Second	July 1, 20YY-2	June 30, 20YY-1	July 1, 2010	June 30, 2011
Third	July 1, 20YY-3	June 30, 20YY-2	July 1, 2009	June 30, 2010
Fourth	July 1, 20YY-4	June 30, 20YY-3	July 1, 2008	June 30, 2009
Mature	Aug. 1, 1975	June 30, 20YY-4	Aug. 1, 1975	June 30, 2008

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-2

## California

Effective January 1, 2012

Reporting Endorsement Factors\*

All Coverages

No. of Months Retroactive Date Precedes Policy Expiration Date	3 Installment Program			Single Reporting Endorsement
	1st	2nd	Final	
0 - 12	0.32	0.21	0.20	0.81
12-15	0.37	0.24	0.23	0.91
15-18	0.41	0.26	0.25	1.01
18-21	0.46	0.28	0.28	1.11
21-24	0.50	0.31	0.30	1.21
24-27	0.52	0.33	0.30	1.26
27-30	0.54	0.36	0.30	1.31
30-33	0.56	0.39	0.30	1.36
33-36	0.58	0.42	0.30	1.41
36-39	0.61	0.42	0.30	1.43
39-42	0.63	0.42	0.30	1.46
42-45	0.65	0.42	0.30	1.48
45 and over	0.68	0.42	0.30	1.51

\*Reporting endorsement factors are applied to the underlying occurrence base rate or premium for each state, class and limit, adjusted for historical coverage changes. See underwriter for premium quote.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-3

## California

Effective January 1, 2012

### Increased Limits Factors

Physicians & Surgeons Class	\$500,000/ \$1,500,000	\$1,000,000/ \$3,000,000	\$2,000,000/ \$4,000,000
1	0.850	1.000	1.220
2	0.850	1.000	1.220
3	0.850	1.000	1.220
4	0.850	1.000	1.220
5	0.850	1.000	1.220
6	0.850	1.000	1.220
7	0.850	1.000	1.220
8	0.850	1.000	1.220
9	0.850	1.000	1.220
10	0.850	1.000	1.220
11	0.850	1.000	1.220
12	0.850	1.000	1.220
13	0.850	1.000	1.250
14	0.850	1.000	1.250
15	0.850	1.000	1.275
16	0.850	1.000	1.300
17	0.850	1.000	1.300
Tech	0.850	1.000	1.220
PA/NP	0.850	1.000	1.220
Physio.	0.850	1.000	1.220
CRNA	0.850	1.000	1.220
Perfusionist	0.850	1.000	1.220
CNM	0.850	1.000	1.220
MFCC/LCSW	0.850	1.000	1.220
Non-Individ.*	0.850	1.000	1.220
Hospitals	0.850	1.000	1.220
Blood Banks	0.850	1.000	1.220
Acupuncturists	0.850	1.000	

Increased limits factors apply to \$1,000,000 limits base rates or premiums for each state, class, step rate factor or category.

\*Includes all coverages except hospitals and blood banks

California

Effective January 1, 2012

Physicians, Surgeons and Miscellaneous Medical  
Professional Liability Classification Differentials and  
\$1,000,000 Limits Base Class Occurrence Basis Rates

<u>Rating Classification</u>	<u>Class Diff.</u>	<u>\$1,000,000 Limits Occurrence Basis Base Class Rates</u>
1	0.450	\$3,578
2	0.700	5,565
3	0.900	7,155
4	1.000	7,950
5	1.150	9,143
6	1.250	9,938
7	1.500	11,925
8	1.750	13,913
9	2.000	15,900
10	2.250	17,888
11	2.500	19,875
12	3.000	23,850
13	3.600	28,620
14	4.000	31,801
15	5.000	39,751
16	6.000	47,701
17	7.500	59,626
Tech	0.042	334
PA/NP	0.100	795
Physiotherapist	0.084	668
CRNA	0.750	5,963
Perfusionist	1.000	7,950
CNM	2.500	19,875
MFCC/LCSW	0.100	795
Base Class	1.000	\$7,950

NOTE: The base rate for all coverages (excluding blood banks) should be multiplied by the following territorial rate multiplier.

<u>Counties</u>	<u>Territorial Rate Multiplier</u>	
	<u>Excluding</u>	<u>Acupuncturists</u>
	<u>Acupuncturists</u>	<u>Only</u>
Los Angeles, Kern, Orange, Riverside, San Bernardino	1.700	1.000
San Diego, Ventura	1.500	1.000
Northern California and Remainder of State	1.000	1.000



# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-4  
Sheet 2

## California

Effective January 1, 2012

Hospital Professional Liability Classification Differentials and  
\$1,000,000 Limits Base Class Occurrence Basis Monthly Rates

<u>Rating Classification</u>	<u>Rating Basis</u>	<u>Diff.</u>	<u>\$1,000,000 Limits Occurrence Basis Base Class Monthly Rates</u>
Acute Care Beds	Acute Care Beds	1.000	\$246.42
Extended Care Beds	Extended Care Beds	0.070	17.25
Psych. Beds	Psych. Beds	0.680	167.57
Rehab. Beds	Rehab. Beds	0.310	76.39
Emergency OPVs	100 ER Visits	3.831	944.03
Other OPVs	100 Other Visits	0.862	212.41
Counseling Therapy-OPVs	100 Counseling Therapy Visits	0.431	106.20
Home Health Visits	100 Home Health Visits	0.177	43.62
CRNA, CNM, Perfusionist	CRNA/CNM/Perfusionist	4.189	1,032.25
PA/NP	PA/NP	0.209	51.61
Inpatient Surgery	Per Inpatient Surgery	0.128	31.54
Outpatient Surgery	Per Outpatient Surgery	0.066	16.26
Deliveries	Per Delivery	0.257	63.33
ER Physicians	Per 100 Patient Treatments	1.285	316.74
Base Class Physician	Base Class Physician	2.095	516.18
Base Class Resident in Training	Per FTE Physician	1.676	412.94

**NOTE:** The base rate for all coverages (excluding blood banks) should be multiplied by the following territorial rate multiplier.

### Counties

Los Angeles, Kern, Orange, Riverside, San Bernardino  
San Diego, Ventura  
Northern California and Remainder of State

### Territorial Rate Multiplier

1.700  
1.500  
1.000

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA****2012 Coverage Classification Schedule**

<b><u>Class</u></b>	<b><u>Specialty</u></b>
13	Abdominal Surgery
1	Addiction Medicine
2	Administrative Medicine
1	Allergy & Immunology
7	Anesthesiology
7	Anesthesiology, Pediatric
7	Assisting at Surgery
15	Bariatric Surgery
5	Cardiology, Excluding Cardiac Catheterization and Angioplasty
8	Cardiology, Including Cardiac Catheterization and Angioplasty
8	Cardiology, Interventional
15	Cardiovascular Surgery
13	Colon & Rectal Surgery
5	Critical Care Medicine
2	Dermatology, Excluding Hair Transplants
6	Dermatology, Including Hair Transplants
6	Dermatology, Liposuction
4	Dermatopathology
10	Emergency Medicine
4	Endocrinology
13	Facial Plastic Surgery
	Family Practice/General Practice
4	- No Surgery
5	- Minor Surgery
7	- Assisting at Surgery
12	- Including Obstetrics (Rural Use Class 11)
4	Gastroenterology
4	General Medicine
4	General Practice
2	General Preventative Medicine
13	General Surgery
4	Genetics – Medical
4	Geriatrics
11	Gynecology (Only)
13	Hand Surgery
13	Head & Neck Surgery
4	Hematology

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### 2012 Coverage Classification Schedule

<b><u>Class</u></b>	<b><u>Specialty</u></b>
4	Hematology/Oncology
4	Hospice/Palliative
5	Hospitalist
4	Hyperbaric Medicine
5	Industrial Medicine
4	Infectious Diseases
4	Integrative Medicine
4	Intensivist
4	Internal Medicine, Excluding Cardiac Catheterization and Angioplasty
8	Internal Medicine, Including Cardiac Catheterization and Angioplasty
7	Interventional Radiology
7	Neonatology
4	Neoplastic Diseases
4	Nephrology
17	Neurological Surgery
7	Neurology
7	Neurology, Child
7	Neuropathology
7	Neuroradiology
4	Nuclear Medicine
15	OB-GYN
4	Occupational Medicine (Not Industrial)
4	Oncology
3	Ophthalmology, Excluding Refractive Surgery
6	Ophthalmology, Including Refractive Surgery
12	Orthopedics, Excluding Spinal Surgery
15	Orthopedics, Including Spinal Surgery
10	Otolaryngology – less than 5% from Cosmetic Surgery
13	Otolaryngology - 5% or more from Cosmetic Surgery
5	Pain Management
3	Pathology
13	Pediatric Surgery
3	Pediatrics
1	Pediatrics, Allergy
1	Pediatrics, Behavioral/Developmental
5	Pediatrics, Cardiology, Excluding Cardiac Catheterization and Angioplasty
8	Pediatrics, Cardiology, Including Cardiac Catheterization and Angioplasty

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### 2012 Coverage Classification Schedule

<u>Class</u>	<u>Specialty</u>
6	Pediatrics, Pulmonology
3	Physical Medicine and Rehabilitation
13	Plastic Surgery
1	Psychiatry
1	Psychiatry, Child
1	Psychiatry, Forensic
1	Psychoanalysis
1	Psychosomatic Medicine
2	Public Health
6	Pulmonary Diseases
7	Radiology, Diagnostic Only
6	Radiology, Oncology
4	Rheumatology
4	Sleep Medicine
15	Spinal Surgery
4	Sports Medicine
13	Thoracic Surgery, Excluding Cardiovascular
5	Urgent Care Medicine
9	Urology
13	Vascular Surgery

## **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

### **2012 Coverage Classification Schedule**

#### **Partnership/Corporation Liability and Full Time Employed Physicians**

17.5% if all partners/shareholders and employed doctors have \$500,000/1,500,000 limits;  
10.0% if all partners/shareholders and employed doctors have \$1,000,000/3,000,000 limits or higher. Full Time Employed Physicians must carry limits at least equal to employer.  
Employer will be charged a percentage of the premium charged for the employed physician's classification at employer's limits.

#### **Secretaries, Receptionists and Bookkeepers**

No charge.

#### **MIEC DATAGUARD - Information Security Endorsement (ISE)**

Provides coverage for loss due to disclosure of confidential information and damage to information systems. Limits of liability under the ISE are separate and generally limited to \$50,000. (Excess limits are available subject to underwriting.)

Premium is \$60 per policy.

#### **Optional Coverages**

##### **Professional premises/limited non-owned automobile liability**

Covers certain liabilities for injuries sustained by the public or for damage to property of third persons at your offices. It also covers certain liabilities to injured parties arising from an employee's use of an automobile (not owned, rented or leased to you) in the course of your professional practice; limit \$100,000, bodily injury and \$25,000 property damage. Refer to the policy for coverage specifics.

Limits of Liability: Bodily injury, \$500,000 each claim/\$1,500,000 aggregate, or \$1,000,000 each claim/\$3,000,000 aggregate (to coincide with professional liability limits, but not higher than \$1,000,000/\$3,000,000); property damage liability, \$100,000 each claim/aggregate.

Premium: No additional premium for premises occupied as physicians' professional offices. Clinics and other premises: refer to the Company.

**Defense coverage for miscellaneous liability**

Provides up to \$100,000 annual aggregate limit legal defense coverage only for alleged acts or omissions involving:

- Certain civil actions or proceedings, including a physician's act or omissions as an officer of a national, state or local medical or specialty society
- Alleged wrongful termination or discrimination against an employee
- Breach of contract or other alleged misconduct in the nature of a commercial or fee dispute arising from professional practice
- Assault, battery, false arrest or personal restraint, malicious prosecution or conspiracy arising from professional practice.

This optional coverage is fully described in Part IV of the company policy and is subject to the terms and conditions of the policy and endorsements actually issues. The company pays 90% of legal expenses to a maximum amount of \$100,000.

**Surcharges**

The company may employ a charge of 25%, 50%, 75% or 100% in those individual situations where the risk of loss is materially higher than contemplated by the standard classification and rate because of any one or a combination of the following factors:

- a. Loss frequency unusually high
- b. Loss severity unusually high
- c. Unusually extreme departure from applicable standards of care resulting in settlement of indefensible claim(s)
- d. Practice pattern appreciably more hazardous than normal for specialty
- e. Insured engages in experimental, non-standard, or unusually risky medical or surgical procedure(s)
- f. Insured has failed to comply with risk management/loss prevention recommendations.

Whenever a premium charge is proposed, the policyholder has the option of requesting a peer review committee to discuss the reasons for the charge with the policyholder and the underwriters, and to make recommendations for adjustment. The company's Underwriting Committee has ultimate authority to decide appropriateness of charges and/or coverage restrictions.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-6

**California****Effective January 1, 2012**

<u>Coverage Year</u>	<u>New Doctor Discount Factors</u>	
	<u>Rate Adjustment Factor</u>	<u>Indicated Discount</u>
First	0.50	50%
Second	0.70	30%
Third	0.85	15%
Fourth	1.00	0%
Mature	1.00	0%

**Other Miscellaneous Charges**

1) Vicarious Liability 20.0%  
(Subject to underwriting)

2) Partnership/Corporation Liability  
Where all partners/shareholders and employed doctors retain:

A) \$500,000/\$1,500,000 Limits 17.5%  
B) At least \$1,000,000/\$3,000,000 Limits 10.0%

**Maximum Premium for Partnership/Corporation Liability is equal to one FTE doctor premium or one blended FTE for multi-specialty groups.**

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-1  
Sheet 1

## California

Effective January 1, 2012

Physicians, Surgeons, & Other Miscellaneous Providers

Limits: \$500,000 Per Claim /\$1,500,000 Annual Aggregate

Doctor Coverage Classifications	Coverage Year						
	ILF	Diff.	First	Second	Third	Fourth	Mature
Coverage Class 1	0.850	0.450	\$912	\$1,825	\$2,433	\$2,737	\$2,858
Coverage Class 2	0.850	0.700	1,419	2,838	3,784	4,257	4,446
Coverage Class 3	0.850	0.900	1,825	3,649	4,865	5,474	5,717
Coverage Class 4	0.850	1.000	2,027	4,055	5,406	6,082	6,352
Coverage Class 5	0.850	1.150	2,331	4,663	6,217	6,994	7,305
Coverage Class 6	0.850	1.250	2,534	5,068	6,758	7,602	7,940
Coverage Class 7	0.850	1.500	3,041	6,082	8,109	9,123	9,528
Coverage Class 8	0.850	1.750	3,548	7,095	9,461	10,643	11,116
Coverage Class 9	0.850	2.000	4,055	8,109	10,812	12,164	12,704
Coverage Class 10	0.850	2.250	4,561	9,123	12,164	13,684	14,292
Coverage Class 11	0.850	2.500	5,068	10,136	13,515	15,204	15,880
Coverage Class 12	0.850	3.000	6,082	12,164	16,218	18,245	19,056
Coverage Class 13	0.850	3.600	7,298	14,596	19,462	21,894	22,867
Coverage Class 14	0.850	4.000	8,109	16,218	21,624	24,327	25,408
Coverage Class 15	0.850	5.000	10,136	20,273	27,030	30,409	31,760
Coverage Class 16	0.850	6.000	12,164	24,327	32,436	36,491	38,112
Coverage Class 17	0.850	7.500	15,204	30,409	40,545	45,613	47,640
Technician	0.850	0.042	85	170	227	255	267
Phy. Asst./Nurse Pract.	0.850	0.100	203	405	541	608	635
Physiotherapist	0.850	0.084	170	341	454	511	534
CRNA	0.850	0.750	1,520	3,041	4,055	4,561	4,764
Perfusionist	0.850	1.000	2,027	4,055	5,406	6,082	6,352
CNM	0.850	2.500	5,068	10,136	13,515	15,204	15,880
MFCC/LCSW	0.850	0.100	203	405	541	608	635

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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INPUT DATA:	
BASE CLASS RATE	\$7,950
NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.	



# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-1  
Sheet 2

## California

Effective January 1, 2012

Physicians, Surgeons, & Other Miscellaneous Providers

Limits: \$1,000,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	Coverage Year						
	ILF	Diff.	First	Second	Third	Fourth	Mature
Coverage Class 1	1.000	0.450	\$1,073	\$2,147	\$2,862	\$3,220	\$3,363
Coverage Class 2	1.000	0.700	1,670	3,339	4,452	5,009	5,231
Coverage Class 3	1.000	0.900	2,147	4,293	5,724	6,440	6,726
Coverage Class 4	1.000	1.000	2,385	4,770	6,360	7,155	7,473
Coverage Class 5	1.000	1.150	2,743	5,486	7,314	8,228	8,594
Coverage Class 6	1.000	1.250	2,981	5,963	7,950	8,944	9,341
Coverage Class 7	1.000	1.500	3,578	7,155	9,540	10,733	11,210
Coverage Class 8	1.000	1.750	4,174	8,348	11,130	12,521	13,078
Coverage Class 9	1.000	2.000	4,770	9,540	12,720	14,310	14,946
Coverage Class 10	1.000	2.250	5,366	10,733	14,310	16,099	16,814
Coverage Class 11	1.000	2.500	5,963	11,925	15,900	17,888	18,683
Coverage Class 12	1.000	3.000	7,155	14,310	19,080	21,465	22,419
Coverage Class 13	1.000	3.600	8,586	17,172	22,896	25,758	26,903
Coverage Class 14	1.000	4.000	9,540	19,080	25,440	28,620	29,892
Coverage Class 15	1.000	5.000	11,925	23,850	31,800	35,775	37,365
Coverage Class 16	1.000	6.000	14,310	28,620	38,160	42,930	44,838
Coverage Class 17	1.000	7.500	17,888	35,775	47,700	53,663	56,048
Technician	1.000	0.042	100	200	267	301	314
Phy. Asst./Nurse Pract.	1.000	0.100	239	477	636	716	747
Physiotherapist	1.000	0.084	200	401	534	601	628
CRNA	1.000	0.750	1,789	3,578	4,770	5,366	5,605
Perfusionist	1.000	1.000	2,385	4,770	6,360	7,155	7,473
CNM	1.000	2.500	5,963	11,925	15,900	17,888	18,683
MFCC/LCSW	1.000	0.100	239	477	636	716	747

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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INPUT DATA:	
BASE CLASS RATE	\$7,950
NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.	

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-1  
Sheet 3

## California

Effective January 1, 2012

Physicians, Surgeons, & Other Miscellaneous Providers

Limits: \$2,000,000 Per Claim /\$4,000,000 Annual Aggregate

Doctor Coverage Classifications	Coverage Year						
	ILF	Diff.	First	Second	Third	Fourth	Mature
Coverage Class 1	1.220	0.450	\$1,309	\$2,619	\$3,492	\$3,928	\$4,103
Coverage Class 2	1.220	0.700	2,037	4,074	5,431	6,110	6,382
Coverage Class 3	1.220	0.900	2,619	5,237	6,983	7,856	8,205
Coverage Class 4	1.220	1.000	2,910	5,819	7,759	8,729	9,117
Coverage Class 5	1.220	1.150	3,346	6,692	8,923	10,038	10,485
Coverage Class 6	1.220	1.250	3,637	7,274	9,699	10,911	11,396
Coverage Class 7	1.220	1.500	4,365	8,729	11,639	13,094	13,676
Coverage Class 8	1.220	1.750	5,092	10,184	13,579	15,276	15,955
Coverage Class 9	1.220	2.000	5,819	11,639	15,518	17,458	18,234
Coverage Class 10	1.220	2.250	6,547	13,094	17,458	19,640	20,513
Coverage Class 11	1.220	2.500	7,274	14,549	19,398	21,823	22,793
Coverage Class 12	1.220	3.000	8,729	17,458	23,278	26,187	27,351
Coverage Class 13	1.250	3.600	10,733	21,465	28,620	32,198	33,629
Coverage Class 14	1.250	4.000	11,925	23,850	31,800	35,775	37,365
Coverage Class 15	1.275	5.000	15,204	30,409	40,545	45,613	47,640
Coverage Class 16	1.300	6.000	18,603	37,206	49,608	55,809	58,289
Coverage Class 17	1.300	7.500	23,254	46,508	62,010	69,761	72,862
Technician	1.220	0.042	122	244	326	367	383
Phy. Asst./Nurse Pract.	1.220	0.100	291	582	776	873	912
Physiotherapist	1.220	0.084	244	489	652	733	766
CRNA	1.220	0.750	2,182	4,365	5,819	6,547	6,838
Perfusionist	1.220	1.000	2,910	5,819	7,759	8,729	9,117
CNM	1.220	2.500	7,274	14,549	19,398	21,823	22,793
MFCC/LCSW	1.220	0.100	291	582	776	873	912

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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### INPUT DATA:

BASE CLASS RATE \$7,950

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 1

## California

Effective January 1, 2012

Hospitals

Limits: \$500,000 Per Claim /\$1,500,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			First	Second	Third	Fourth	Mature
Acute Care Beds	0.850	1.000	\$62.84	\$125.67	\$167.56	\$188.51	\$196.89
Extended Care Beds	0.850	0.070	4.40	8.80	11.73	13.20	13.78
Psych. Beds	0.850	0.680	42.73	85.46	113.94	128.19	133.88
Rehab. Beds	0.850	0.310	19.48	38.96	51.95	58.44	61.04
Emergency OPVs	0.850	3.831	240.73	481.46	641.94	722.18	754.28
Other OPVs	0.850	0.862	54.17	108.33	144.44	162.50	169.72
Counseling Therapy-OPVs	0.850	0.431	27.08	54.17	72.22	81.25	84.86
Home Health Visits	0.850	0.177	11.12	22.24	29.66	33.37	34.85
CRNA, CNM, Perfusionist	0.850	4.189	263.22	526.45	701.93	789.67	824.77
PA/NP	0.850	0.209	13.13	26.27	35.02	39.40	41.15
Inpatient Surgery	0.850	0.128	8.04	16.09	21.45	24.13	25.20
Outpatient Surgery	0.850	0.066	4.15	8.29	11.06	12.44	12.99
Deliveries	0.850	0.257	16.15	32.30	43.06	48.45	50.60
ER Physicians	0.850	1.285	80.75	161.49	215.32	242.24	253.00
Base Class Physician	0.850	2.095	131.64	263.29	351.05	394.93	412.48
Base Class Resident in Training	0.850	1.676	105.31	210.63	280.84	315.94	329.99

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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## INPUT DATA:

BASE CLASS RATE \$246.42

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 2

## California

Effective January 1, 2012

Hospitals

Limits: \$1,000,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			First	Second	Third	Fourth	Mature
Acute Care Beds	1.000	1.000	\$73.93	\$147.85	\$197.14	\$221.78	\$231.63
Extended Care Beds	1.000	0.070	5.17	10.35	13.80	15.52	16.21
Psych. Beds	1.000	0.680	50.27	100.54	134.05	150.81	157.51
Rehab. Beds	1.000	0.310	22.92	45.83	61.11	68.75	71.81
Emergency OPVs	1.000	3.831	283.21	566.42	755.23	849.63	887.39
Other OPVs	1.000	0.862	63.72	127.45	169.93	191.17	199.67
Counseling Therapy-OPVs	1.000	0.431	31.86	63.72	84.97	95.59	99.83
Home Health Visits	1.000	0.177	13.08	26.17	34.89	39.25	41.00
CRNA, CNM, Perfusionist	1.000	4.189	309.67	619.35	825.80	929.02	970.31
PA/NP	1.000	0.209	15.45	30.90	41.20	46.35	48.41
Inpatient Surgery	1.000	0.128	9.46	18.92	25.23	28.39	29.65
Outpatient Surgery	1.000	0.066	4.88	9.76	13.01	14.64	15.29
Deliveries	1.000	0.257	19.00	38.00	50.66	57.00	59.53
ER Physicians	1.000	1.285	94.99	189.99	253.32	284.98	297.65
Base Class Physician	1.000	2.095	154.87	309.75	413.00	464.62	485.27
Base Class Resident in Training	1.000	1.676	123.90	247.80	330.40	371.70	388.22
CLAIMS MADE FACTORS			0.30	0.60	0.80	0.90	0.94

### INPUT DATA:

BASE CLASS RATE

\$246.42

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 3

## California

Effective January 1, 2012

Hospitals

Limits: \$1,500,000 Per Claim /\$3,000,000 Annual Aggregate

Doctor Coverage Classifications	ILF	Diff.	Coverage Year				
			First	Second	Third	Fourth	Mature
Acute Care Beds	1.114	1.000	\$82.35	\$164.70	\$219.60	\$247.05	\$258.03
Extended Care Beds	1.114	0.070	5.76	11.53	15.37	17.29	18.06
Psych. Beds	1.114	0.680	56.00	111.99	149.33	167.99	175.46
Rehab. Beds	1.114	0.310	25.53	51.06	68.08	76.58	79.99
Emergency OPVs	1.114	3.831	315.48	630.96	841.28	946.44	988.50
Other OPVs	1.114	0.862	70.99	141.97	189.29	212.96	222.42
Counseling Therapy-OPVs	1.114	0.431	35.49	70.99	94.65	106.48	111.21
Home Health Visits	1.114	0.177	14.58	29.15	38.87	43.73	45.67
CRNA, CNM, Perfusionist	1.114	4.189	344.96	689.92	919.90	1,034.88	1,080.88
PA/NP	1.114	0.209	17.21	34.42	45.90	51.63	53.93
Inpatient Surgery	1.114	0.128	10.54	21.08	28.11	31.62	33.03
Outpatient Surgery	1.114	0.066	5.44	10.87	14.49	16.31	17.03
Deliveries	1.114	0.257	21.16	42.33	56.44	63.49	66.31
ER Physicians	1.114	1.285	105.82	211.64	282.18	317.46	331.57
Base Class Physician	1.114	2.095	172.52	345.04	460.06	517.56	540.57
Base Class Resident in Training	1.114	1.676	138.02	276.03	368.05	414.05	432.45
CLAIMS MADE FACTORS			0.30	0.60	0.80	0.90	0.94

### INPUT DATA:

BASE CLASS RATE \$246.42

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-2  
Sheet 4

## California

Effective January 1, 2012

Hospitals

Limits: \$2,000,000 Per Claim /\$4,000,000 Annual Aggregate

Doctor Coverage Classifications	Coverage Year						
	ILF	Diff.	First	Second	Third	Fourth	Mature
Acute Care Beds	1.220	1.000	\$90.19	\$180.38	\$240.50	\$270.57	\$282.59
Extended Care Beds	1.220	0.070	6.31	12.63	16.84	18.94	19.78
Psych. Beds	1.220	0.680	61.33	122.66	163.54	183.99	192.16
Rehab. Beds	1.220	0.310	27.96	55.92	74.56	83.88	87.60
Emergency OPVs	1.220	3.831	345.52	691.03	921.37	1,036.55	1,082.62
Other OPVs	1.220	0.862	77.74	155.49	207.32	233.23	243.60
Counseling Therapy-OPVs	1.220	0.431	38.87	77.74	103.66	116.61	121.80
Home Health Visits	1.220	0.177	15.96	31.93	42.57	47.89	50.02
CRNA, CNM, Perfusionist	1.220	4.189	377.80	755.61	1,007.48	1,133.41	1,183.78
PA/NP	1.220	0.209	18.85	37.70	50.27	56.55	59.06
Inpatient Surgery	1.220	0.128	11.54	23.09	30.78	34.63	36.17
Outpatient Surgery	1.220	0.066	5.95	11.90	15.87	17.86	18.65
Deliveries	1.220	0.257	23.18	46.36	61.81	69.54	72.63
ER Physicians	1.220	1.285	115.89	231.79	309.05	347.68	363.13
Base Class Physician	1.220	2.095	188.95	377.89	503.86	566.84	592.03
Base Class Resident in Training	1.220	1.676	151.16	302.31	403.09	453.47	473.63

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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### INPUT DATA:

BASE CLASS RATE \$246.42

NOTE: ACTUAL RATES MAY VARY SLIGHTLY DUE TO ROUNDING

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-3

## California

Effective January 1, 2012

Allied Health Care

Rating Basis: Patient Visits

### SECTION I RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.068	\$0.135	\$0.180	\$0.203	\$0.212
1,000/3,000	1.000	0.080	0.159	0.212	0.239	0.249
2,000/4,000	1.220	0.097	0.194	0.259	0.291	0.304

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$100	\$100	\$100	\$100	\$100
1,000/3,000	1.000	100	100	100	100	100
2,000/4,000	1.220	122	122	122	122	122

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
NP/PA DIFFERENTIAL	0.10	\$100 adjusted for ILFs
FTE (PATIENT VISITS)	4,400	
FTE ADJUSTMENT FACTOR	0.6814	
ALLIED HEALTH CARE BASE RATE	\$0.2652	
= \$7,950 / (4,400 x 0.6814) x 0.10		

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-4

## California

Effective January 1, 2012

Blood Banks

Rating Basis: Donations

## RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.3224	\$0.6448	\$0.8598	\$0.9673	\$1.0103
1,000/3,000	1.000	0.3792	0.7583	1.0111	1.1375	1.1881
2,000/4,000	1.220	0.4626	0.9252	1.2336	1.3878	1.4494

## MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
1,000/3,000	1.000	10,000	10,000	10,000	10,000	10,000
2,000/4,000	1.220	12,200	12,200	12,200	12,200	12,200

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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## INPUT DATA:

BASE CLASS RATE \$1.2639

MINIMUM PREMIUM\* \$10,000

NOTE: All blood banks are subject to the MIEC Experience & Schedule Rating Plan with no limitation (plus or minus) on experience/schedule rating credits or debits.

\*Minimum premium for a blood bank at limits up to \$1M/\$3M is \$10,000 for the overall policy amount. Limits above \$1M/\$3M are adjusted using appropriate increased limits factors.

ie: The total charge for donations, pheresis procedures, employees, etc.

Employed Doctors: 1) Medical Director - No charge for 1 FTE  
2) All Other Employed Doctors - Use Class 4 (blood bank retro date) where FTE = 40 hours/week

## Part III - Premises Liability - No Claims Made Factors

Limits (\$000s):	<u>500/1,500</u>	<u>1,000/3,000</u>	(Higher Limits not available on Part III)
BI	224	268	
PD	56	56	(Mobile Unit = 1 Location)
Per Location Total	280	324	



# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-5

## California

Effective January 1, 2012

Community Clinics

Rating Basis: Patient Visits

### RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.530	\$1.060	\$1.414	\$1.590	\$1.661
1,000/3,000	1.000	0.623	1.247	1.662	1.870	1.953
2,000/4,000	1.220	0.761	1.521	2.028	2.282	2.383

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$1,521	\$3,042	\$4,056	\$4,563	\$4,766
1,000/3,000	1.000	1,789	3,578	4,770	5,366	5,605
2,000/4,000	1.220	2,182	4,365	5,819	6,547	6,838

<b>CLAIMS MADE FACTORS</b>	0.30	0.60	0.80	0.90	0.94
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### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
COMMUNITY CLINICS RELATIVITY FACTOR	0.00026	75% of Class 4 rate
COMMUNITY CLINICS BASE CLASS RATE	\$2.0778	
= \$7,950 x 0.00026		

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-6

## California

Effective January 1, 2012

ER Contractors

Rating Basis: Patient Visits

### SECTION I RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$1.037	\$1.825	\$2.433	\$2.737	\$2.858
1,000/3,000	1.000	1.220	2.439	3.252	3.659	3.821
2,000/4,000	1.220	1.488	2.976	3.968	4.464	4.662

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$13,688	\$24,090	\$32,116	\$36,128	\$37,726
1,000/3,000	1.000	16,104	32,195	42,926	48,299	50,437
2,000/4,000	1.220	19,642	39,283	52,378	58,925	61,538

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
---------------------	------	------	------	------	------

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
CLASS 10 DIFFERENTIAL	2.25	3 FTE @ Class 10 per policy
FTE (PATIENT VISITS)	4,400	May be subject to 0.88
ER CONTRACTORS BASE RATE	\$4.0653	FTE discount factor.
= \$7,950 / 4,400 x 2.25		

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-7

## California

Effective January 1, 2012

Hemodialysis

Rating Basis: Procedures

## RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.193	\$0.386	\$0.514	\$0.579	\$0.604
1,000/3,000	1.000	0.227	0.454	0.605	0.680	0.711
2,000/4,000	1.220	0.277	0.553	0.738	0.830	0.867

## MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$507	\$1,014	\$1,352	\$1,521	\$1,589
1,000/3,000	1.000	596	1,193	1,590	1,789	1,868
2,000/4,000	1.220	727	1,455	1,940	2,182	2,279

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
---------------------	------	------	------	------	------

## INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
HEMODIALYSIS RELATIVITY FACTOR	0.0000951	25% of Class 4 rate
HEMODIALYSIS PROCEDURE BASE CLASS RATE	\$0.756	
= \$7,950 x 0.0000951		

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-8

## California

Effective January 1, 2012

Home Health Agency

Rating Basis: Home Health Visits

## RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.106	\$0.213	\$0.283	\$0.319	\$0.333
1,000/3,000	1.000	0.125	0.250	0.333	0.375	0.392
2,000/4,000	1.220	0.152	0.305	0.407	0.457	0.478

## MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$2,332	\$4,665	\$6,220	\$6,997	\$7,308
1,000/3,000	1.000	2,743	5,486	7,314	8,229	8,594
2,000/4,000	1.220	3,346	6,693	8,924	10,039	10,485

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
---------------------	------	------	------	------	------

## INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
HOME HEALTH RELATIVITY FACTOR	0.0000524	Class 5 rate
HOME HEALTH VISITS BASE CLASS RATE	\$0.417	
= \$7,950 x 0.0000524		

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-9

## California

Effective January 1, 2012

Industrial Medical Center

Rating Basis: Patient Visits

### SECTION I RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.530	\$1.060	\$1.413	\$1.590	\$1.660
1,000/3,000	1.000	0.623	1.247	1.662	1.870	1.953
2,000/4,000	1.220	0.760	1.521	2.028	2.281	2.383

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$6,996	\$13,992	\$18,652	\$20,988	\$21,912
1,000/3,000	1.000	8,224	16,460	21,938	24,684	25,780
2,000/4,000	1.220	10,032	20,077	26,770	30,109	31,456

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
---------------------	------	------	------	------	------

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
CLASS 5 DIFFERENTIAL	1.15	3 FTE @ Class 5 per policy
FTE (PATIENT VISITS)	4,400	May be subject to 0.88
INDUSTRIAL MEDICAL CENTER BASE RATE	\$2.0778	FTE discount factor.
= \$7,950 / 4,400 x 1.15		

California

Effective January 1, 2012

Laboratory Rates

Rating Basis: Lab Receipts (Per \$1,000)

RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$3.787	\$7.573	\$10.098	\$11.360	\$11.865
1,000/3,000	1.000	4.453	8.906	11.875	13.359	13.953
2,000/4,000	1.220	5.433	10.866	14.487	16.298	17.023

MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$507	\$1,014	\$1,352	\$1,521	\$1,589
1,000/3,000	1.000	596	1,193	1,590	1,789	1,868
2,000/4,000	1.220	727	1,455	1,940	2,182	2,279

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
LABORATORY RELATIVITY FACTOR	0.0018671	25% of Class 4 rate
LABORATORY RECEIPTS BASE CLASS RATE	\$14.844	
= \$7,950 x 0.0018671		

California

Effective January 1, 2012

MRI Facilities

Rating Basis: MRI Procedures

RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.629	\$1.257	\$1.677	\$1.886	\$1.970
1,000/3,000	1.000	0.739	1.479	1.972	2.218	2.317
2,000/4,000	1.220	0.902	1.804	2.405	2.706	2.826

MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$2,028	\$4,056	\$5,408	\$6,084	\$6,355
1,000/3,000	1.000	2,385	4,770	6,360	7,155	7,473
2,000/4,000	1.220	2,910	5,819	7,759	8,729	9,117

<b>CLAIMS MADE FACTORS</b>	0.30	0.60	0.80	0.90	0.94
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INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
MRI RELATIVITY FACTOR	0.00031	Class 4 rate
MRI PROCEDURE BASE CLASS RATE	\$2.465	
= \$7,950 x 0.00031		

**Part III - Premises Liability - No Claims Made Factors**

Limits (\$000s):	500/1,500	1,000/3,000	(Higher Limits not available on Part III) (Mobile Unit = 1 Location)
BI	224	268	
PD	56	56	
Per Location Total	280	324	

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-12

## California

Effective January 1, 2012

Surgical Outpatient Center

Rating Basis: Per Surgical Procedure

## RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$2.839	\$5.679	\$7.572	\$8.518	\$8.897
1,000/3,000	1.000	3.339	6.678	8.904	10.017	10.462
2,000/4,000	1.220	4.074	8.147	10.863	12.221	12.764

## MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$4,286	\$8,571	\$11,429	\$12,857	\$13,429
1,000/3,000	1.000	5,040	10,080	13,440	15,120	15,792
2,000/4,000	1.220	6,149	12,298	16,397	18,446	19,266

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
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## INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE \$7,950 MINIMUM PREMIUM  
 SURGICAL OUTPATIENT RELATIVITY FACTOR 0.0014 211.32% of Class 4 rate  
 SURGICAL OUTPATIENT BASE CLASS RATE \$11.130  
 = \$7,950 x 0.0014

### Part III - Premises Liability - No Claims Made Factors

Limits (\$000s):	500/1,500	1,000/3,000	(Higher Limits not available on Part III) (Mobile Unit = 1 Location)
BI	224	268	
PD	56	56	
Per Location Total	280	324	

Birth centers: charge 2 times per surgery rates.

Non-surgical emergency visit to center: charge rate per patient visit  
for ER contractors.

Other patient visits to center: charge urgent care center per patient  
visit rates.



# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

B-13

## California

Effective January 1, 2012

Urgent Care Centers

Rating Basis: Patient Visits

### SECTION I RATES

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.530	\$1.060	\$1.413	\$1.590	\$1.661
1,000/3,000	1.000	0.623	1.247	1.662	1.870	1.953
2,000/4,000	1.220	0.760	1.521	2.028	2.281	2.383

### MINIMUM PREMIUMS

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$6,996	\$13,992	\$18,652	\$20,988	\$21,925
1,000/3,000	1.000	8,224	16,460	21,938	24,684	25,780
2,000/4,000	1.220	10,032	20,077	26,770	30,109	31,456

CLAIMS MADE FACTORS	0.30	0.60	0.80	0.90	0.94
---------------------	------	------	------	------	------

### INPUT DATA:

PHYSICIANS & SURGEONS BASE CLASS RATE	\$7,950	<u>MINIMUM PREMIUM</u>
CLASS 5 DIFFERENTIAL	1.15	3 FTE @ Class 5 per policy
FTE (PATIENT VISITS)	4,400	May be subject to 0.88
URGENT CARE PATIENT VISITS BASE RATE	\$2.0778	FTE discount factor.
= \$7,950 / 4,400 x 1.15		

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA****B-14****California****Effective January 1, 2012****Part IV Coverage****Defense Only Coverage For Miscellaneous Liability****Outline of Coverage**

	<u>Rate Charges</u>	<u>Coverage Limits</u>	
		<u>Per Occurrence</u>	<u>Annual Aggregate</u>
<b><u>INDIVIDUAL</u></b>	<b>\$1,400/physician</b>	<b>\$100,000</b>	<b>\$300,000</b>
<b><u>CORPORATIONS/PARTNERSHIPS</u></b>			
<b>First physician member</b>	<b>\$1,400/physician*</b>	<b>\$100,000</b>	<b>\$300,000</b>
<b>2nd - 5th physician</b>	<b>\$400/physician</b>	<b>\$100,000</b>	<b>\$300,000</b>
<b>6th - 10th physician</b>	<b>\$125/physician</b>	<b>\$100,000</b>	<b>\$500,000</b>
<b>11th - or more physicians</b>	<b>\$75/physician</b>	<b>\$100,000</b>	<b>\$500,000</b>

**\*Subject to a minimum premium of \$2,100****NON-INDIVIDUAL POLICYHOLDERS**

<b>First 10 employees</b>	<b>\$280/FTE employees*</b>	<b>\$100,000</b>	<b>\$100,000</b>
<b>11th - 25th employees</b>	<b>\$100/FTE employees</b>	<b>\$100,000</b>	<b>\$300,000</b>
<b>26th - 50th employees</b>	<b>\$60/FTE employees</b>	<b>\$100,000</b>	<b>\$300,000</b>
<b>51st - or more employees</b>	<b>\$50/FTE employees</b>	<b>\$100,000</b>	<b>\$500,000</b>

**\*Subject to a minimum premium of \$2,100**

California

Acupuncturist Purchasing Group Program

Rating Basis: Per Member

Deductible: \$0

RATES

Limits (\$000s)	Type	ILF	DIFF.	Coverage Year		
				First	Second	Mature
Non-Society Member						
500/1,500	Regular	0.850	0.135	\$299	\$755	\$882
500/1,500	New to Practice	0.850	0.135	162	572	

<b>Society Member</b>						
500/1,500	Regular	0.850	0.135	\$258	\$645	\$754
500/1,500	New to Practice	0.850	0.135	141	490	

Limits (\$000s)	Type	ILF	DIFF.	Coverage Year		
				First	Second	Mature
Non-Society Member						
1,000/3,000	Regular	1.000	0.135	\$347	\$883	\$1,033
1,000/3,000	New to Practice	1.000	0.135	186	668	

<b>Society Member</b>						
1,000/3,000	Regular	1.000	0.135	\$298	\$754	\$882
1,000/3,000	New to Practice	1.000	0.135	162	572	

<b>CLAIMS MADE FACTORS</b>	0.30	0.80	0.94
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INPUT DATA:

BASE CLASS RATE	\$7,950
DEDUCTIBLE FACTOR	1.00
SOCIETY MEMBER FACTOR	0.85
NEW TO PRACTICE	
First Year	0.50
Second Year & Mature	0.75
PEER REVIEW FEE	\$25
TERRITORY RELATIVITY FOR ALL TERRITORIES	1.000

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

**MEDICAL PROFESSIONAL LIABILITY**

**Group Experience and Schedule Rating Plan**

**Effective January 1, 2012**

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

## MEDICAL PROFESSIONAL LIABILITY Group Experience and Schedule Rating Plan Claims Made Basis

### I. Instructions

The rules of this Plan shall govern the experience and schedule rating procedure to be followed in connection with Medical Professional Liability for Medical Insurance Exchange of California (the Company).

### II. Definitions

- A. Group - The term "group" as used in this plan shall mean the combined exposure of any one group of insureds to be rated by the Company. The groups may include physicians, hospitals, blood banks, etc. exposure.
- B. Experience - For the purpose of this plan, "experience" shall mean Medical Professional Liability.
- C. Basic Limits - The term "basic limits" shall mean \$250,000 limits of liability for all damages on account of each claim or suit.
- D. Experience Period Premium at Present Rates - The "experience period premium at present rates" is the total of the premiums computed by extending the actual exposures developed during the experience period at present manual rates for basic limits of liability regardless of whether the policies were written at increased limits of liability.
- E. Basic Limits Incurred Losses - "Basic Limits Incurred Losses" are the sum of (1) all paid and outstanding allocated claim expenses and (2) paid and outstanding indemnity losses limited to \$250,000 per claim for Medical Professional Liability on a claims made basis (assigned to the period in which it is reported).

### III. General Provisions

Eligibility Requirements. A group consisting of 8 or more full-time physicians or a group developing an annual total limits manual Medical Professional Liability

premium of \$150,000 or more for experience rating or \$150,000 for schedule rating may elect to be subject to the rules of this Experience and Schedule Rating Plan.

#### **IV. Application of Experience and Schedule Modifications**

The experience and schedule modifications developed by this plan for the risk shall be applicable to the total limits group premium for Medical Professional Liability insurance. The resulting modification is to be applied to the premium for the renewal policy, regardless of whether the renewal policy will be on an occurrence or claims made basis.

#### **V. Experience to be Used for Rating**

- A. The experience to be used in this plan shall be the latest available five complete report years of experience incurred by the group. The experience period shall commence no more than six years prior to the effective date of the experience modification to be established and expire at least one year prior to the effective date of the experience modification to be single group, only the experience of individual physicians is to be included in the calculation of the experience modification.
- B. A "complete report year" shall include all losses reported during a policy period year, arising from medical incidents occurring during the report period and the five prior years. Report years may include a combination of experience under claims-made and occurrence policies. Occurrence loss data shall be used to complete the report year experience of claims-made policies which are not at a mature level. To the extent that complete report year loss data is not available, report year loss data with a later retroactive date will be used, together with the corresponding immature claims-made pure premium. (See VI A)
- C. If five years of experience is not available, the experience available shall be used in determining the experience modification. In no instance will an experience period of less than one year be used in the determination of an experience modification.
- D. Experience incurred by companies other than the Company or self-insured experience shall be used subject to the periods described above, and given credence in accordance with its apparent reliability.

Rules below will set forth procedures for use of complete report years of experience, regardless of the type(s) of policies in effect for the risk during the experience period.

## VI. Experience Rating Procedure

- A. Basic Limits Premium Subject to Experience Rating shall be the "Experience Period Premium at Present Rates" as defined in II.D., using the decreased limits factors in Section 4 below and modified by the factors displayed in Attachment I. Section 1.

If complete report year data is available, the premiums used in this calculation will be the present mature claims-made rates. If complete report year loss data is not available, the claims-made rates for a policy maturity corresponding to the earliest occurrence data loss data available for each report year shall be used to calculate the premium at present rates.

- B. Basic Limits Incurred Losses Subject to Experience Rating are the product of "1" and "2" below.

1. "Basic Limits Incurred Losses" as defined in II.E.
2. "Adjustment to Reflect Ultimate Level of Losses". For each complete report year of losses during the experience period, Losses Subject to Experience Rating shall be calculated by multiplying the reported incurred losses by the appropriate basic limits loss development factor displayed in Attachment I. Section 2.

- C. Actual Loss Ratio - The actual loss ratio for the risk shall be determined by dividing the "Basic Limits Incurred Losses Subject to Experience Rating" (VI, B.) by the "Basic Limits Premium Subject to Experience Rating" (VI, A.) for Medical Professional Liability.

- D. Credibility - The credibility rating for the risk is displayed on the Credibility Table, based on the "Basic Limits Premium Subject to Experience Rating" (VI, A.) for Medical Professional Liability.

- E. Experience Modification - The experience modification shall be determined by application of the following formula:

Experience Modification =

$$\text{Credibility} \times \frac{(\text{Actual Loss Ratio}) - (\text{Expected Loss Ratio})}{(\text{Expected Loss Ratio})}$$
  
(See Attachment I Section 3)

subject to a maximum of +.25 and a minimum of -.25

If the experience modification is negative, it is a negative, it is a credit; if positive, a debit.

## **VII. Table of Rating Values**

All table entries are based on the combined total "Basic Limits Premium Subject to Experience Rating" for Medical Professional Liability for all years derived in VI, A.

## **VIII. Schedule Rating**

The manual rate for the group may also be modified by a schedule rating credit/debit of up to +/-15% to reflect factors such as the benefits of loss prevention measures to the extent such factors are not reflected in the group's experience. Any such schedule rating credit/debit shall be combined with the experience modification in an additive manner. The following schedule rating worksheet identifies the key factors for review and suggested maximum credits/debits.

## **IX. (a) Rating of Sizeable Risks**

Accounts with annual total limits manual Medical Professional Liability premium of \$250,000 or more will be subject to (a) rating.



**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**C-1  
Sheet 6**Experience Rating Plan  
Credibility Table**

<u>Contribution Band</u>			<u>Credibility</u>
\$150,000	-	\$170,000	0.18
170,001	-	190,000	0.21
190,001	-	210,000	0.23
210,001	-	230,000	0.25
230,001	-	256,805	0.27
256,806	-	276,647	0.29
276,648	-	296,970	0.30
296,971	-	317,791	0.32
317,792	-	339,130	0.33
339,131	-	361,006	0.34
361,007	-	383,439	0.36
383,440	-	406,452	0.37
406,453	-	430,065	0.39
430,066	-	454,305	0.40
454,306	-	479,195	0.41
479,196	-	504,762	0.42
504,763	-	531,034	0.44
531,035	-	558,042	0.45
558,043	-	585,816	0.46
585,817	-	614,388	0.47
614,389	-	643,796	0.49
643,797	-	674,074	0.50
674,075	-	705,263	0.51
705,264	-	737,405	0.52
737,406	-	770,543	0.53
770,544	-	804,724	0.54
804,725	-	840,000	0.55
840,001	-	876,423	0.56
876,424	-	914,050	0.57
914,051	-	952,941	0.58
952,942	-	993,162	0.59
993,163	-	1,034,783	0.60
1,034,784	-	1,077,876	0.61
1,077,877	-	1,122,523	0.62
1,122,524	-	1,168,807	0.63
1,168,808	-	1,216,822	0.64
1,216,823	-	1,266,667	0.65
1,266,668	-	1,318,447	0.66
1,318,448	-	1,372,277	0.67

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA****C-1  
Sheet 7****Experience Rating Plan  
Credibility Table**

<u>Contribution Band</u>			<u>Credibility</u>
\$1,372,278	-	\$1,428,283	0.68
1,428,284	-	1,486,598	0.69
1,486,599	-	1,547,368	0.69
1,547,369	-	1,610,753	0.70
1,610,754	-	1,676,923	0.71
1,676,924	-	1,746,067	0.72
1,746,068	-	1,818,391	0.73
1,818,392	-	1,894,118	0.74
1,894,119	-	1,973,494	0.74
1,973,495	-	2,056,790	0.75
2,056,791	-	2,144,304	0.76
2,144,305	-	2,236,364	0.77
2,236,365	-	2,333,333	0.77
2,333,334	-	2,435,616	0.78
2,435,617	-	2,543,662	0.79
2,543,663	-	2,657,971	0.80
2,657,972	-	2,779,104	0.80
2,779,105	-	2,907,692	0.81
2,907,693	-	3,044,444	0.82
3,044,445	-	3,190,164	0.82
3,190,165	-	3,345,763	0.83
3,345,764	-	3,512,281	0.84
3,512,282	-	3,690,909	0.84
3,690,910	-	3,883,019	0.85
3,883,020	-	4,090,196	0.86
4,090,197	-	4,314,286	0.86
4,314,287	-	4,557,447	0.87
4,557,448	-	4,822,222	0.88
4,822,223	-	5,111,628	0.88
5,111,629	-	5,429,268	0.89
5,429,269	-	5,779,487	0.89
5,779,488	-	6,167,568	0.90
6,167,569	-	6,600,000	0.91
6,600,001	-	7,084,848	0.91
7,084,849	-	7,632,258	0.92

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

**C-1  
Sheet 8**

**Experience Rating Plan  
Credibility Table**

<u><b>Contribution Band</b></u>			<u><b>Credibility</b></u>
<b>\$7,632,259</b>	<b>-</b>	<b>\$8,255,172</b>	<b>0.92</b>
<b>8,255,173</b>	<b>-</b>	<b>8,970,370</b>	<b>0.93</b>
<b>8,970,371</b>	<b>-</b>	<b>9,800,000</b>	<b>0.93</b>
<b>9,800,001</b>	<b>-</b>	<b>10,773,913</b>	<b>0.94</b>
<b>10,773,914</b>	<b>-</b>	<b>11,933,333</b>	<b>0.94</b>
<b>11,933,334</b>	<b>-</b>	<b>13,336,842</b>	<b>0.95</b>
<b>13,336,843</b>	<b>-</b>	<b>15,070,588</b>	<b>0.96</b>
<b>15,070,589</b>	<b>-</b>	<b>17,266,667</b>	<b>0.96</b>
<b>17,266,668</b>	<b>-</b>	<b>20,138,462</b>	<b>0.97</b>
<b>20,138,463</b>	<b>-</b>	<b>24,054,545</b>	<b>0.97</b>
<b>24,054,546</b>	<b>-</b>	<b>29,711,111</b>	<b>0.98</b>
<b>29,711,112</b>	<b>-</b>	<b>38,600,000</b>	<b>0.98</b>
<b>38,600,001</b>	<b>-</b>	<b>54,600,000</b>	<b>0.99</b>
<b>54,600,001</b>	<b>-</b>	<b>69,800,000</b>	<b>0.99</b>
<b>69,800,001</b>	<b>-</b>	<b>71,500,000</b>	<b>1.00</b>
<b>71,500,001</b>	<b>-</b>	<b>and Over</b>	<b>1.00</b>

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

## Group Experience Rating Plan State of California Effective January 1, 2012

### Section 1

Number of Years between the Effective Date of Each Policy in the Experience Period and the Effective Date of the Experience Modification Being Established	Medical Professional Liability Factor
2	.94
3	.92
4	.89
5	.86
6	.84

### Section 2.1 MIEC Experience

Number of Months (N) between the Loss Evaluation Date and the Effective Date of the Latest Policy Included in the Experience Period	Latest Policy Year (N)	2nd Latest Policy Year (N+12)	3rd Latest Policy Year (N+24)	4th Latest Policy Year (N+36)	5th Latest Policy Year (N+48)
<b>Professional Liability Factor</b>					
18	1.158	0.980	0.978	0.990	0.994
21	1.074	0.976	0.983	0.991	0.995
24	1.034	0.978	0.988	0.992	0.996
27	1.002	0.978	0.990	0.993	0.997

**Section 2.2**  
**Other Company Experience**

<b>Number of Months (N) between the Loss Evaluation Date and the Effective Date of the Latest Policy Included in the Experience Period</b>	<b>Latest Policy Year (N)</b>	<b>2nd Latest Policy Year (N+12)</b>	<b>3rd Latest Policy Year (N+24)</b>	<b>4th Latest Policy Year (N+36)</b>	<b>5th Latest Policy Year (N+48)</b>
<b>Professional Liability Factor</b>					
18	1.68	1.36	1.16	1.08	1.05
21	1.58	1.30	1.13	1.07	1.04
24	1.50	1.25	1.10	1.07	1.04
27	1.43	1.20	1.09	1.06	1.03

**Section 3**  
**Expected Loss Ratio = .895**

**Section 4**

**Decreased Limits Factor for \$250,000 per claim**

<b>From Limits of</b>	<b>Decreased Limits Factor</b>
\$500,000	.783
\$1 million	.666
\$2 million	.537
\$3 million	.481
\$4 million	.450
\$5 million	.432
\$10 million	.374

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### SCHEDULE RATING PLAN WORKSHEET

Group Name/State \_\_\_\_\_

Rated By \_\_\_\_\_

Policy Period \_\_\_\_\_

Credit/(Debit)

**I. Management/Group Stability (±5%)**

- a. Administrator/Risk Manager has been with group 3+ years (+3%) \_\_\_\_\_
- b. Group's physician turnover rate is ≤10% per year ≥25% per year (±5%) \_\_\_\_\_
- c. Key nursing and medical assistant staff turnover is ≤10% per year/  
≥25%/year (±2%) \_\_\_\_\_

**II. Quality Assurance/Risk Management (+10%)**

- a. Insured is accredited by AAAHC (+10%) \_\_\_\_\_
- b. Insured not accredited, but meets majority of criteria of  
accreditation manual (see attached) (+5%) \_\_\_\_\_
- c. Insured has Q/A committee, staff coordinator (+5%) \_\_\_\_\_

**III. Loss Prevention/Loss Reduction Activities (+10%)**

- a. Insured has incident reporting system in place (+3%) \_\_\_\_\_
- b. Insured has standing committee which regularly meets  
to review incidents and develop methods by which hazardous  
professional or premises exposures are reduced (+3%) \_\_\_\_\_
- c. Insured requires medical and support staff to attend CME  
courses which emphasize loss prevention (+2%) \_\_\_\_\_
- d. Insured has undergone MIEC site visit and is cooperating with  
Loss Prevention recommendations (+10%) \_\_\_\_\_

**IV. Emerging Development Not Apparent in Experience Underlying  
Experience Rating Plan (±10%)**

- a. Recent significant changes in risk (e.g., elimination of  
obstetrical or other high risk services) (±10%) \_\_\_\_\_
- b. Unusually severe recent losses (-10%) \_\_\_\_\_
- c. Documented departures from standards of care which have not yet  
resulted in actual claims (-10%) \_\_\_\_\_
- d. Insured engages in experimental, unorthodox, non-standard, or  
unusually risky medical or surgical procedures (-10%) \_\_\_\_\_

**TOTAL CREDIT (DEBIT) MAXIMUM (±15)** \_\_\_\_\_

## GROUP DEDUCTIBLE PROGRAM

The objective of the group deductible program is to offer eligible groups of physicians the alternative of sharing in the cost of their own small claims in exchange for a reduction in premium.

The amount of premium discount is equivalent to the expected claims within the deductible; to the extent that actual experience for the given report year is better than expected, the insured group reduces the overall costs for professional liability losses. The deductible applies to indemnity only. All allocated loss adjustment expense will be paid by the insurer.

Both a per claim deductible and an aggregate deductible are included in the program, i.e., the ultimate liability of the group per year is limited by the aggregate deductible amount.

The minimum eligibility requirements are as follows:

- for a multi-specialty clinic, a minimum annual premium of \$150,000 **AND** a minimum of ten physicians
- for a single entity policy (e.g., health clinics) a minimum premium of \$150,000.

Factors have been provided at \$1,000,000 policy limits and \$500,000 policy limits for deductibles in the amount of:

\$10,000 per claim/\$20,000 annual aggregate  
\$25,000 per claim/\$50,000 annual aggregate  
\$50,000 per claim/\$100,000 annual aggregate  
\$75,000 per claim/\$150,000 annual aggregate  
\$100,000 per claim/\$200,000 annual aggregate.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

C-2  
Sheet 2

Deductible Factors  
Applicable to \$1,000,000 Limits

Premium Level	Deductible Amount Per Claim/Aggregate (in \$1,000s)				
	10/20	25/50	50/100	75/150	100/200
\$100,000	0.047	0.097	0.161	0.208	0.248
125,000	0.047	0.097	0.161	0.208	0.248
150,000	0.047	0.097	0.161	0.208	0.248
175,000	0.047	0.097	0.161	0.208	0.248
200,000	0.047	0.097	0.161	0.208	0.248
225,000	0.047	0.097	0.161	0.208	0.248
250,000	0.047	0.097	0.161	0.208	0.248
275,000	0.047	0.097	0.161	0.208	0.248
300,000	0.047	0.097	0.161	0.208	0.248
325,000	0.047	0.097	0.161	0.208	0.248
350,000	0.047	0.097	0.161	0.208	0.248
375,000	0.047	0.097	0.161	0.208	0.248
400,000	0.047	0.097	0.161	0.208	0.248
425,000	0.047	0.097	0.161	0.208	0.248
450,000	0.047	0.097	0.161	0.208	0.248
475,000	0.045	0.097	0.161	0.208	0.248
500,000	0.043	0.097	0.161	0.208	0.248
525,000	0.041	0.097	0.161	0.208	0.248
550,000	0.039	0.097	0.161	0.208	0.248
575,000	0.037	0.093	0.161	0.208	0.248
600,000	0.036	0.089	0.161	0.208	0.248
625,000	0.034	0.086	0.161	0.208	0.248
650,000	0.033	0.082	0.161	0.208	0.248
675,000	0.032	0.079	0.159	0.208	0.248
700,000	0.031	0.076	0.153	0.208	0.248
725,000	0.030	0.074	0.148	0.208	0.248
750,000	0.029	0.071	0.143	0.208	0.248
775,000	0.028	0.069	0.138	0.207	0.248
800,000	0.027	0.067	0.134	0.201	0.248
825,000	0.026	0.065	0.130	0.195	0.248
850,000	0.025	0.063	0.126	0.189	0.248
875,000	0.024	0.061	0.122	0.184	0.245
900,000	0.024	0.059	0.119	0.178	0.238
925,000	0.023	0.058	0.116	0.174	0.231
950,000	0.023	0.056	0.113	0.169	0.225
975,000	0.022	0.055	0.110	0.165	0.220
1,000,000	0.021	0.054	0.107	0.161	0.214
1,025,000	0.021	0.052	0.104	0.157	0.209
1,050,000	0.020	0.051	0.102	0.153	0.204
1,075,000	0.020	0.050	0.100	0.149	0.199
1,100,000	0.019	0.049	0.097	0.146	0.195



# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

C-2  
Sheet 3

Deductible Factors  
Applicable to \$1,000,000 Limits

Premium Level	Deductible Amount Per Claim/Aggregate (in \$1,000s)				
	10/20	25/50	50/100	75/150	100/200
\$1,125,000	0.019	0.048	0.095	0.143	0.190
1,150,000	0.019	0.047	0.093	0.140	0.186
1,175,000	0.018	0.046	0.091	0.137	0.182
1,200,000	0.018	0.045	0.089	0.134	0.178
1,225,000	0.017	0.044	0.087	0.131	0.175
1,250,000	0.017	0.043	0.086	0.128	0.171
1,275,000	0.017	0.042	0.084	0.126	0.168
1,300,000	0.016	0.041	0.082	0.124	0.165
1,325,000	0.016	0.040	0.081	0.121	0.162
1,350,000	0.016	0.040	0.079	0.119	0.159
1,375,000	0.016	0.039	0.078	0.117	0.156
1,400,000	0.015	0.038	0.076	0.115	0.153
1,425,000	0.015	0.038	0.075	0.113	0.150
1,450,000	0.015	0.037	0.074	0.111	0.148
1,475,000	0.015	0.036	0.073	0.109	0.145
1,500,000	0.014	0.036	0.071	0.107	0.143
1,525,000	0.014	0.035	0.070	0.105	0.140
1,550,000	0.014	0.035	0.069	0.104	0.138
1,575,000	0.014	0.034	0.068	0.102	0.136
1,600,000	0.013	0.033	0.067	0.100	0.134
1,625,000	0.013	0.033	0.066	0.099	0.132
1,650,000	0.013	0.032	0.065	0.097	0.130
1,675,000	0.013	0.032	0.064	0.096	0.128
1,700,000	0.013	0.031	0.063	0.094	0.126
1,725,000	0.012	0.031	0.062	0.093	0.124
1,750,000	0.012	0.031	0.061	0.092	0.122
1,775,000	0.012	0.030	0.060	0.090	0.121
1,800,000	0.012	0.030	0.059	0.089	0.119
1,825,000	0.012	0.029	0.059	0.088	0.117
1,850,000	0.012	0.029	0.058	0.087	0.116
1,875,000	0.011	0.029	0.057	0.086	0.114
1,900,000	0.011	0.028	0.056	0.085	0.113
1,925,000	0.011	0.028	0.056	0.083	0.111
1,950,000	0.011	0.027	0.055	0.082	0.110
1,975,000	0.011	0.027	0.054	0.081	0.108
2,000,000	0.011	0.027	0.054	0.080	0.107
2,100,000	0.010	0.025	0.051	0.076	0.102
2,200,000	0.010	0.024	0.049	0.073	0.097
2,300,000	0.009	0.023	0.047	0.070	0.093
2,400,000	0.009	0.022	0.045	0.067	0.089
2,500,000	0.009	0.021	0.043	0.064	0.086

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

C-2  
Sheet 4

Deductible Factors  
Applicable to \$1,000,000 Limits

Premium Level	Deductible Amount Per Claim/Aggregate (in \$1,000s)				
	10/20	25/50	50/100	75/150	100/200
\$2,600,000	0.008	0.021	0.041	0.062	0.082
2,700,000	0.008	0.020	0.040	0.059	0.079
2,800,000	0.008	0.019	0.038	0.057	0.076
2,900,000	0.007	0.018	0.037	0.055	0.074
3,000,000	0.007	0.018	0.036	0.054	0.071
3,100,000	0.007	0.017	0.035	0.052	0.069
3,200,000	0.007	0.017	0.033	0.050	0.067
3,300,000	0.006	0.016	0.032	0.049	0.065
3,400,000	0.006	0.016	0.031	0.047	0.063
3,500,000	0.006	0.015	0.031	0.046	0.061
3,600,000	0.006	0.015	0.030	0.045	0.059
3,700,000	0.006	0.014	0.029	0.043	0.058
3,800,000	0.006	0.014	0.028	0.042	0.056
3,900,000	0.005	0.014	0.027	0.041	0.055
4,000,000	0.005	0.013	0.027	0.040	0.054

NOTE:	Enter the deductible table at the premium level closest to the actual annual premium (discounted).
e.g.	Annual premium = \$490,000, choose deductible factor at the \$500,000 premium level.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

C-2  
Sheet 5

Deductible Factors  
Applicable to \$500,000 Limits

Premium Level	Deductible Amount Per Claim/Aggregate (in \$1,000s)				
	10/20	25/50	50/100	75/150	100/200
\$80,000	0.059	0.121	0.201	0.260	0.310
100,000	0.059	0.121	0.201	0.260	0.310
120,000	0.059	0.121	0.201	0.260	0.310
140,000	0.059	0.121	0.201	0.260	0.310
160,000	0.059	0.121	0.201	0.260	0.310
180,000	0.059	0.121	0.201	0.260	0.310
200,000	0.059	0.121	0.201	0.260	0.310
220,000	0.059	0.121	0.201	0.260	0.310
240,000	0.059	0.121	0.201	0.260	0.310
260,000	0.059	0.121	0.201	0.260	0.310
280,000	0.059	0.121	0.201	0.260	0.310
300,000	0.059	0.121	0.201	0.260	0.310
320,000	0.059	0.121	0.201	0.260	0.310
340,000	0.059	0.121	0.201	0.260	0.310
360,000	0.059	0.121	0.201	0.260	0.310
380,000	0.056	0.121	0.201	0.260	0.310
400,000	0.054	0.121	0.201	0.260	0.310
420,000	0.051	0.121	0.201	0.260	0.310
440,000	0.049	0.121	0.201	0.260	0.310
460,000	0.047	0.116	0.201	0.260	0.310
480,000	0.045	0.112	0.201	0.260	0.310
500,000	0.043	0.107	0.201	0.260	0.310
520,000	0.041	0.103	0.201	0.260	0.310
540,000	0.040	0.099	0.198	0.260	0.310
560,000	0.038	0.096	0.191	0.260	0.310
580,000	0.037	0.092	0.185	0.260	0.310
600,000	0.036	0.089	0.178	0.260	0.310
620,000	0.035	0.086	0.173	0.259	0.310
640,000	0.033	0.084	0.167	0.251	0.310
660,000	0.032	0.081	0.162	0.243	0.310
680,000	0.031	0.079	0.157	0.236	0.310
700,000	0.031	0.076	0.153	0.229	0.306
720,000	0.030	0.074	0.149	0.223	0.297
740,000	0.029	0.072	0.145	0.217	0.289
760,000	0.028	0.070	0.141	0.211	0.282
780,000	0.027	0.069	0.137	0.206	0.275
800,000	0.027	0.067	0.134	0.201	0.268
820,000	0.026	0.065	0.131	0.196	0.261
840,000	0.025	0.064	0.127	0.191	0.255
860,000	0.025	0.062	0.124	0.187	0.249
880,000	0.024	0.061	0.122	0.182	0.243

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

**C-2  
Sheet 6**

**Deductible Factors  
Applicable to \$500,000 Limits**

<b>Premium Level</b>	<b>Deductible Amount Per Claim/Aggregate (in \$1,000s)</b>				
	<b>10/20</b>	<b>25/50</b>	<b>50/100</b>	<b>75/150</b>	<b>100/200</b>
\$900,000	0.024	0.059	0.119	0.178	0.238
920,000	0.023	0.058	0.116	0.175	0.233
940,000	0.023	0.057	0.114	0.171	0.228
960,000	0.022	0.056	0.112	0.167	0.223
980,000	0.022	0.055	0.109	0.164	0.219
1,000,000	0.021	0.054	0.107	0.161	0.214
1,020,000	0.021	0.052	0.105	0.157	0.210
1,040,000	0.021	0.051	0.103	0.154	0.206
1,060,000	0.020	0.051	0.101	0.152	0.202
1,080,000	0.020	0.050	0.099	0.149	0.198
1,100,000	0.019	0.049	0.097	0.146	0.195
1,120,000	0.019	0.048	0.096	0.143	0.191
1,140,000	0.019	0.047	0.094	0.141	0.188
1,160,000	0.018	0.046	0.092	0.138	0.185
1,180,000	0.018	0.045	0.091	0.136	0.181
1,200,000	0.018	0.045	0.089	0.134	0.178
1,220,000	0.018	0.044	0.088	0.132	0.176
1,240,000	0.017	0.043	0.086	0.130	0.173
1,260,000	0.017	0.042	0.085	0.127	0.170
1,280,000	0.017	0.042	0.084	0.125	0.167
1,300,000	0.016	0.041	0.082	0.124	0.165
1,320,000	0.016	0.041	0.081	0.122	0.162
1,340,000	0.016	0.040	0.080	0.120	0.160
1,360,000	0.016	0.039	0.079	0.118	0.157
1,380,000	0.016	0.039	0.078	0.116	0.155
1,400,000	0.015	0.038	0.076	0.115	0.153
1,420,000	0.015	0.038	0.075	0.113	0.151
1,440,000	0.015	0.037	0.074	0.112	0.149
1,460,000	0.015	0.037	0.073	0.110	0.147
1,480,000	0.014	0.036	0.072	0.109	0.145
1,500,000	0.014	0.036	0.071	0.107	0.143
1,520,000	0.014	0.035	0.070	0.106	0.141
1,540,000	0.014	0.035	0.070	0.104	0.139
1,560,000	0.014	0.034	0.069	0.103	0.137
1,580,000	0.014	0.034	0.068	0.102	0.136
1,600,000	0.013	0.033	0.067	0.100	0.134
1,680,000	0.013	0.032	0.064	0.096	0.127
1,760,000	0.012	0.030	0.061	0.091	0.122
1,840,000	0.012	0.029	0.058	0.087	0.116
1,920,000	0.011	0.028	0.056	0.084	0.112
2,000,000	0.011	0.027	0.054	0.080	0.107

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

C-2  
Sheet 7

Deductible Factors  
Applicable to \$500,000 Limits

Premium Level	Deductible Amount Per Claim/Aggregate (in \$1,000s)				
	10/20	25/50	50/100	75/150	100/200
\$2,080,000	0.010	0.026	0.051	0.077	0.103
2,160,000	0.010	0.025	0.050	0.074	0.099
2,240,000	0.010	0.024	0.048	0.072	0.096
2,320,000	0.009	0.023	0.046	0.069	0.092
2,400,000	0.009	0.022	0.045	0.067	0.089
2,480,000	0.009	0.022	0.043	0.065	0.086
2,560,000	0.008	0.021	0.042	0.063	0.084
2,640,000	0.008	0.020	0.041	0.061	0.081
2,720,000	0.008	0.020	0.039	0.059	0.079
2,800,000	0.008	0.019	0.038	0.057	0.076
2,880,000	0.007	0.019	0.037	0.056	0.074
2,960,000	0.007	0.018	0.036	0.054	0.072
3,040,000	0.007	0.018	0.035	0.053	0.070
3,120,000	0.007	0.017	0.034	0.051	0.069
3,200,000	0.007	0.017	0.033	0.050	0.067

**NOTE:** Enter the deductible table at the premium level closest to the actual annual premium (discounted).

e.g. Annual premium = \$490,000, choose deductible factor at the \$500,000 premium level.

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

C-2  
Sheet 8

Physicians and Surgeons Deductible Factors  
Applicable to \$1,000,000 Limits  
Indemnity Only  
No Aggregate

<u>Per Claim Deductible</u>	<u>Deductible Factor</u>
\$10,000	0.047
25,000	0.097
50,000	0.161
75,000	0.208
100,000	0.248

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3  
Sheet 1

Indemnity Only

\$1,000,000 per claim limits

Premium Level: Zero to \$500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.054	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.054	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.107	0.124	0.124	0.124	0.124	0.124	0.124	0.124	0.124	0.124	0.124
75,000	0.142			0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142
100,000	0.176				0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176
125,000	0.190					0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190
150,000	0.203					0.203	0.203	0.203	0.203	0.203	0.203	0.203	0.203
175,000	0.215						0.215	0.215	0.215	0.215	0.215	0.215	0.215
200,000	0.226						0.226	0.226	0.226	0.226	0.226	0.226	0.226
225,000	0.235							0.235	0.235	0.235	0.235	0.235	0.235
250,000	0.244							0.244	0.244	0.244	0.244	0.244	0.244

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$500,000 to \$750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.036	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.036	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.036	0.071	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.071	0.107	0.124	0.124	0.124	0.124	0.124	0.124	0.124	0.124	0.124
75,000	0.142			0.107	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142
100,000	0.176				0.143	0.176	0.176	0.176	0.176	0.176	0.176	0.176	0.176
125,000	0.190					0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190
150,000	0.203					0.203	0.203	0.203	0.203	0.203	0.203	0.203	0.203
175,000	0.215						0.215	0.215	0.215	0.215	0.215	0.215	0.215
200,000	0.226						0.226	0.226	0.226	0.226	0.226	0.226	0.226
225,000	0.235							0.235	0.235	0.235	0.235	0.235	0.235
250,000	0.244							0.244	0.244	0.244	0.244	0.244	0.244

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3  
Sheet 2

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$750,000 to \$1,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.021	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.021	0.043	0.064	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.021	0.043	0.064	0.086	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.043	0.064	0.086	0.124	0.124	0.124	0.124	0.124	0.124	0.124	0.124
75,000	0.142			0.064	0.086	0.128	0.142	0.142	0.142	0.142	0.142	0.142	0.142
100,000	0.176				0.086	0.128	0.171	0.176	0.176	0.176	0.176	0.176	0.176
125,000	0.190					0.128	0.171	0.190	0.190	0.190	0.190	0.190	0.190
150,000	0.203					0.128	0.171	0.203	0.203	0.203	0.203	0.203	0.203
175,000	0.215						0.171	0.214	0.215	0.215	0.215	0.215	0.215
200,000	0.226						0.171	0.214	0.226	0.226	0.226	0.226	0.226
225,000	0.235							0.214	0.235	0.235	0.235	0.235	0.235
250,000	0.244							0.214	0.244	0.244	0.244	0.244	0.244

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$1,250,000 to \$1,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.018	0.036	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.018	0.036	0.054	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.018	0.036	0.054	0.071	0.094	0.094	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.036	0.054	0.071	0.107	0.124	0.124	0.124	0.124	0.124	0.124	0.124
75,000	0.142			0.054	0.071	0.107	0.142	0.142	0.142	0.142	0.142	0.142	0.142
100,000	0.176				0.071	0.107	0.143	0.176	0.176	0.176	0.176	0.176	0.176
125,000	0.190					0.107	0.143	0.178	0.190	0.190	0.190	0.190	0.190
150,000	0.203					0.107	0.143	0.178	0.203	0.203	0.203	0.203	0.203
175,000	0.215						0.143	0.178	0.214	0.215	0.215	0.215	0.215
200,000	0.226						0.143	0.178	0.214	0.226	0.226	0.226	0.226
225,000	0.235							0.178	0.214	0.235	0.235	0.235	0.235
250,000	0.244							0.178	0.214	0.244	0.244	0.244	0.244



# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3  
Sheet 3

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$1,500,000 to \$1,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.015	0.031	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.015	0.031	0.046	0.061	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.015	0.031	0.046	0.061	0.092	0.094	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.031	0.046	0.061	0.092	0.122	0.124	0.124	0.124	0.124	0.124	0.124
75,000	0.142			0.046	0.061	0.092	0.122	0.142	0.142	0.142	0.142	0.142	0.142
100,000	0.176				0.061	0.092	0.122	0.153	0.176	0.176	0.176	0.176	0.176
125,000	0.190					0.092	0.122	0.153	0.184	0.190	0.190	0.190	0.190
150,000	0.203					0.092	0.122	0.153	0.184	0.203	0.203	0.203	0.203
175,000	0.215						0.122	0.153	0.184	0.215	0.215	0.215	0.215
200,000	0.226						0.122	0.153	0.184	0.226	0.226	0.226	0.226
225,000	0.235							0.153	0.184	0.235	0.235	0.235	0.235
250,000	0.244							0.153	0.184	0.244	0.244	0.244	0.244

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$1,750,000 to \$2,000,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.013	0.027	0.040	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.013	0.027	0.040	0.054	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.013	0.027	0.040	0.054	0.080	0.094	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.027	0.040	0.054	0.080	0.107	0.124	0.124	0.124	0.124	0.124	0.124
75,000	0.142			0.040	0.054	0.080	0.107	0.134	0.142	0.142	0.142	0.142	0.142
100,000	0.176				0.054	0.080	0.107	0.134	0.161	0.176	0.176	0.176	0.176
125,000	0.190					0.080	0.107	0.134	0.161	0.190	0.190	0.190	0.190
150,000	0.203					0.080	0.107	0.134	0.161	0.203	0.203	0.203	0.203
175,000	0.215						0.107	0.134	0.161	0.214	0.215	0.215	0.215
200,000	0.226						0.107	0.134	0.161	0.214	0.226	0.226	0.226
225,000	0.235							0.134	0.161	0.214	0.235	0.235	0.235
250,000	0.244							0.134	0.161	0.214	0.244	0.244	0.244

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3  
Sheet 4

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$2,000,000 to \$2,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.012	0.024	0.036	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.012	0.024	0.036	0.048	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.012	0.024	0.036	0.048	0.071	0.094	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.024	0.036	0.048	0.071	0.095	0.119	0.124	0.124	0.124	0.124	0.124
75,000	0.142			0.036	0.048	0.071	0.095	0.119	0.142	0.142	0.142	0.142	0.142
100,000	0.176				0.048	0.071	0.095	0.119	0.143	0.176	0.176	0.176	0.176
125,000	0.190					0.071	0.095	0.119	0.143	0.190	0.190	0.190	0.190
150,000	0.203					0.071	0.095	0.119	0.143	0.190	0.203	0.203	0.203
175,000	0.215						0.095	0.119	0.143	0.190	0.215	0.215	0.215
200,000	0.226						0.095	0.119	0.143	0.190	0.226	0.226	0.226
225,000	0.235							0.119	0.143	0.190	0.235	0.235	0.235
250,000	0.244							0.119	0.143	0.190	0.238	0.244	0.244

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$2,250,000 to \$2,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.011	0.021	0.032	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.011	0.021	0.032	0.043	0.064	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.011	0.021	0.032	0.043	0.064	0.086	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.021	0.032	0.043	0.064	0.086	0.107	0.124	0.124	0.124	0.124	0.124
75,000	0.142			0.032	0.043	0.064	0.086	0.107	0.128	0.142	0.142	0.142	0.142
100,000	0.176				0.043	0.064	0.086	0.107	0.128	0.171	0.176	0.176	0.176
125,000	0.190					0.064	0.086	0.107	0.128	0.171	0.190	0.190	0.190
150,000	0.203					0.064	0.086	0.107	0.128	0.171	0.203	0.203	0.203
175,000	0.215						0.086	0.107	0.128	0.171	0.214	0.215	0.215
200,000	0.226						0.086	0.107	0.128	0.171	0.214	0.226	0.226
225,000	0.235							0.107	0.128	0.171	0.214	0.235	0.235
250,000	0.244							0.107	0.128	0.171	0.214	0.244	0.244

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3  
Sheet 5

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$2,500,000 to \$2,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.010	0.019	0.029	0.039	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.010	0.019	0.029	0.039	0.058	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.010	0.019	0.029	0.039	0.058	0.078	0.094	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.019	0.029	0.039	0.058	0.078	0.097	0.117	0.124	0.124	0.124	0.124
75,000	0.142			0.029	0.039	0.058	0.078	0.097	0.117	0.142	0.142	0.142	0.142
100,000	0.176				0.039	0.058	0.078	0.097	0.117	0.156	0.176	0.176	0.176
125,000	0.190					0.058	0.078	0.097	0.117	0.156	0.190	0.190	0.190
150,000	0.203					0.058	0.078	0.097	0.117	0.156	0.195	0.203	0.203
175,000	0.215						0.078	0.097	0.117	0.156	0.195	0.215	0.215
200,000	0.226						0.078	0.097	0.117	0.156	0.195	0.226	0.226
225,000	0.235							0.097	0.117	0.156	0.195	0.234	0.235
250,000	0.244							0.097	0.117	0.156	0.195	0.234	0.244

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$2,750,000 to \$3,000,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.009	0.018	0.027	0.036	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.009	0.018	0.027	0.036	0.054	0.070	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.009	0.018	0.027	0.036	0.054	0.071	0.089	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.018	0.027	0.036	0.054	0.071	0.089	0.107	0.124	0.124	0.124	0.124
75,000	0.142			0.027	0.036	0.054	0.071	0.089	0.107	0.142	0.142	0.142	0.142
100,000	0.176				0.036	0.054	0.071	0.089	0.107	0.143	0.176	0.176	0.176
125,000	0.190					0.054	0.071	0.089	0.107	0.143	0.178	0.190	0.190
150,000	0.203					0.054	0.071	0.089	0.107	0.143	0.178	0.203	0.203
175,000	0.215						0.071	0.089	0.107	0.143	0.178	0.214	0.215
200,000	0.226						0.071	0.089	0.107	0.143	0.178	0.214	0.226
225,000	0.235							0.089	0.107	0.143	0.178	0.214	0.235
250,000	0.244							0.089	0.107	0.143	0.178	0.214	0.244

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3  
Sheet 6

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$3,000,000 to \$3,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.008	0.016	0.025	0.033	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.008	0.016	0.025	0.033	0.049	0.066	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.008	0.016	0.025	0.033	0.049	0.066	0.082	0.094	0.094	0.094	0.094	0.094
50,000	0.124		0.016	0.025	0.033	0.049	0.066	0.082	0.099	0.124	0.124	0.124	0.124
75,000	0.142			0.025	0.033	0.049	0.066	0.082	0.099	0.132	0.142	0.142	0.142
100,000	0.176				0.033	0.049	0.066	0.082	0.099	0.132	0.165	0.176	0.176
125,000	0.190					0.049	0.066	0.082	0.099	0.132	0.165	0.190	0.190
150,000	0.203					0.049	0.066	0.082	0.099	0.132	0.165	0.198	0.203
175,000	0.215						0.066	0.082	0.099	0.132	0.165	0.198	0.215
200,000	0.226						0.066	0.082	0.099	0.132	0.165	0.198	0.226
225,000	0.235							0.082	0.099	0.132	0.165	0.198	0.235
250,000	0.244							0.082	0.099	0.132	0.165	0.198	0.244

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$3,250,000 to \$3,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.008	0.015	0.023	0.031	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.008	0.015	0.023	0.031	0.046	0.061	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.008	0.015	0.023	0.031	0.046	0.061	0.076	0.092	0.094	0.094	0.094	0.094
50,000	0.124		0.015	0.023	0.031	0.046	0.061	0.076	0.092	0.122	0.124	0.124	0.124
75,000	0.142			0.023	0.031	0.046	0.061	0.076	0.092	0.122	0.142	0.142	0.142
100,000	0.176				0.031	0.046	0.061	0.076	0.092	0.122	0.153	0.176	0.176
125,000	0.190					0.046	0.061	0.076	0.092	0.122	0.153	0.184	0.190
150,000	0.203					0.046	0.061	0.076	0.092	0.122	0.153	0.184	0.203
175,000	0.215						0.061	0.076	0.092	0.122	0.153	0.184	0.215
200,000	0.226						0.061	0.076	0.092	0.122	0.153	0.184	0.226
225,000	0.235							0.076	0.092	0.122	0.153	0.184	0.229
250,000	0.244							0.076	0.092	0.122	0.153	0.184	0.229

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

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Indemnity Only

Sheet 7

\$1,000,000 per claim limits

Premium Level: \$3,500,000 to \$3,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.007	0.014	0.021	0.029	0.041	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.007	0.014	0.021	0.029	0.043	0.057	0.070	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.007	0.014	0.021	0.029	0.043	0.057	0.071	0.086	0.094	0.094	0.094	0.094
50,000	0.124		0.014	0.021	0.029	0.043	0.057	0.071	0.086	0.114	0.124	0.124	0.124
75,000	0.142			0.021	0.029	0.043	0.057	0.071	0.086	0.114	0.142	0.142	0.142
100,000	0.176				0.029	0.043	0.057	0.071	0.086	0.114	0.143	0.171	0.176
125,000	0.190					0.043	0.057	0.071	0.086	0.114	0.143	0.171	0.190
150,000	0.203					0.043	0.057	0.071	0.086	0.114	0.143	0.171	0.203
175,000	0.215						0.057	0.071	0.086	0.114	0.143	0.171	0.214
200,000	0.226						0.057	0.071	0.086	0.114	0.143	0.171	0.214
225,000	0.235							0.071	0.086	0.114	0.143	0.171	0.214
250,000	0.244							0.071	0.086	0.114	0.143	0.171	0.214

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$3,750,000 to \$4,000,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.007	0.013	0.020	0.027	0.040	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.007	0.013	0.020	0.027	0.040	0.054	0.067	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.007	0.013	0.020	0.027	0.040	0.054	0.067	0.080	0.094	0.094	0.094	0.094
50,000	0.124		0.013	0.020	0.027	0.040	0.054	0.067	0.080	0.107	0.124	0.124	0.124
75,000	0.142			0.020	0.027	0.040	0.054	0.067	0.080	0.107	0.134	0.142	0.142
100,000	0.176				0.027	0.040	0.054	0.067	0.080	0.107	0.134	0.161	0.176
125,000	0.190					0.040	0.054	0.067	0.080	0.107	0.134	0.161	0.190
150,000	0.203					0.040	0.054	0.067	0.080	0.107	0.134	0.161	0.201
175,000	0.215						0.054	0.067	0.080	0.107	0.134	0.161	0.201
200,000	0.226						0.054	0.067	0.080	0.107	0.134	0.161	0.201
225,000	0.235							0.067	0.080	0.107	0.134	0.161	0.201
250,000	0.244							0.067	0.080	0.107	0.134	0.161	0.201

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity Only

Sheet 8

\$1,000,000 per claim limits

Premium Level: \$4,000,000 to \$4,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.006	0.013	0.019	0.025	0.038	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.006	0.013	0.019	0.025	0.038	0.050	0.063	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.006	0.013	0.019	0.025	0.038	0.050	0.063	0.076	0.094	0.094	0.094	0.094
50,000	0.124		0.013	0.019	0.025	0.038	0.050	0.063	0.076	0.101	0.124	0.124	0.124
75,000	0.142			0.019	0.025	0.038	0.050	0.063	0.076	0.101	0.126	0.142	0.142
100,000	0.176				0.025	0.038	0.050	0.063	0.076	0.101	0.126	0.151	0.176
125,000	0.190					0.038	0.050	0.063	0.076	0.101	0.126	0.151	0.189
150,000	0.203					0.038	0.050	0.063	0.076	0.101	0.126	0.151	0.189
175,000	0.215						0.050	0.063	0.076	0.101	0.126	0.151	0.189
200,000	0.226						0.050	0.063	0.076	0.101	0.126	0.151	0.189
225,000	0.235							0.063	0.076	0.101	0.126	0.151	0.189
250,000	0.244							0.063	0.076	0.101	0.126	0.151	0.189

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$4,250,000 to \$4,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.006	0.012	0.018	0.024	0.036	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.006	0.012	0.018	0.024	0.036	0.048	0.059	0.070	0.070	0.070	0.070	0.070
25,000	0.094	0.006	0.012	0.018	0.024	0.036	0.048	0.059	0.071	0.094	0.094	0.094	0.094
50,000	0.124		0.012	0.018	0.024	0.036	0.048	0.059	0.071	0.095	0.119	0.124	0.124
75,000	0.142			0.018	0.024	0.036	0.048	0.059	0.071	0.095	0.119	0.142	0.142
100,000	0.176				0.024	0.036	0.048	0.059	0.071	0.095	0.119	0.143	0.176
125,000	0.190					0.036	0.048	0.059	0.071	0.095	0.119	0.143	0.178
150,000	0.203					0.036	0.048	0.059	0.071	0.095	0.119	0.143	0.178
175,000	0.215						0.048	0.059	0.071	0.095	0.119	0.143	0.178
200,000	0.226						0.048	0.059	0.071	0.095	0.119	0.143	0.178
225,000	0.235							0.059	0.071	0.095	0.119	0.143	0.178
250,000	0.244							0.059	0.071	0.095	0.119	0.143	0.178

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

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Indemnity Only

Sheet 9

\$1,000,000 per claim limits

Premium Level: \$4,500,000 to \$4,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.006	0.011	0.017	0.023	0.034	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.006	0.011	0.017	0.023	0.034	0.045	0.056	0.068	0.070	0.070	0.070	0.070
25,000	0.094	0.006	0.011	0.017	0.023	0.034	0.045	0.056	0.068	0.090	0.094	0.094	0.094
50,000	0.124		0.011	0.017	0.023	0.034	0.045	0.056	0.068	0.090	0.113	0.124	0.124
75,000	0.142			0.017	0.023	0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.142
100,000	0.176				0.023	0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.169
125,000	0.190					0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.169
150,000	0.203					0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.169
175,000	0.215						0.045	0.056	0.068	0.090	0.113	0.135	0.169
200,000	0.226						0.045	0.056	0.068	0.090	0.113	0.135	0.169
225,000	0.235							0.056	0.068	0.090	0.113	0.135	0.169
250,000	0.244							0.056	0.068	0.090	0.113	0.135	0.169

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$4,750,000 to \$5,000,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.005	0.011	0.016	0.021	0.032	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.005	0.011	0.016	0.021	0.032	0.043	0.054	0.064	0.070	0.070	0.070	0.070
25,000	0.094	0.005	0.011	0.016	0.021	0.032	0.043	0.054	0.064	0.086	0.094	0.094	0.094
50,000	0.124		0.011	0.016	0.021	0.032	0.043	0.054	0.064	0.086	0.107	0.124	0.124
75,000	0.142			0.016	0.021	0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.142
100,000	0.176				0.021	0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.161
125,000	0.190					0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.161
150,000	0.203					0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.161
175,000	0.215						0.043	0.054	0.064	0.086	0.107	0.128	0.161
200,000	0.226						0.043	0.054	0.064	0.086	0.107	0.128	0.161
225,000	0.235							0.054	0.064	0.086	0.107	0.128	0.161
250,000	0.244							0.054	0.064	0.086	0.107	0.128	0.161

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

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Indemnity Only

Sheet 10

\$1,000,000 per claim limits

Premium Level: \$5,000,000 to \$5,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.005	0.010	0.015	0.020	0.031	0.041	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.005	0.010	0.015	0.020	0.031	0.041	0.051	0.061	0.070	0.070	0.070	0.070
25,000	0.094	0.005	0.010	0.015	0.020	0.031	0.041	0.051	0.061	0.082	0.094	0.094	0.094
50,000	0.124		0.010	0.015	0.020	0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.124
75,000	0.142			0.015	0.020	0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.142
100,000	0.176				0.020	0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.153
125,000	0.190					0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.153
150,000	0.203					0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.153
175,000	0.215						0.041	0.051	0.061	0.082	0.102	0.122	0.153
200,000	0.226						0.041	0.051	0.061	0.082	0.102	0.122	0.153
225,000	0.235							0.051	0.061	0.082	0.102	0.122	0.153
250,000	0.244							0.051	0.061	0.082	0.102	0.122	0.153

Indemnity Only

\$1,000,000 per claim limits

Premium Level: \$5,250,000 to \$5,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.041	0.005	0.010	0.015	0.019	0.029	0.039	0.041	0.041	0.041	0.041	0.041	0.041
10,000	0.070	0.005	0.010	0.015	0.019	0.029	0.039	0.049	0.058	0.070	0.070	0.070	0.070
25,000	0.094	0.005	0.010	0.015	0.019	0.029	0.039	0.049	0.058	0.078	0.094	0.094	0.094
50,000	0.124		0.010	0.015	0.019	0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.124
75,000	0.142			0.015	0.019	0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.142
100,000	0.176				0.019	0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.146
125,000	0.190					0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.146
150,000	0.203					0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.146
175,000	0.215						0.039	0.049	0.058	0.078	0.097	0.117	0.146
200,000	0.226						0.039	0.049	0.058	0.078	0.097	0.117	0.146
225,000	0.235							0.049	0.058	0.078	0.097	0.117	0.146
250,000	0.244							0.049	0.058	0.078	0.097	0.117	0.146



# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

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Indemnity Only

Sheet 11

\$1,000,000 per claim limits

Premium Level \$5,500,000 to \$6,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0 041	0 005	0 009	0 014	0 019	0 028	0 037	0 041	0 041	0 041	0 041	0 041	0 041
10,000	0 070	0 005	0 009	0 014	0 019	0 028	0 037	0 047	0 056	0 070	0 070	0 070	0 070
25,000	0 094	0 005	0 009	0 014	0 019	0 028	0 037	0 047	0 056	0 074	0 093	0 094	0 094
50,000	0 124		0 009	0 014	0 019	0 028	0 037	0 047	0 056	0 074	0 093	0.112	0 124
75,000	0 142			0 014	0 019	0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 140
100,000	0 176				0 019	0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 140
125,000	0 190					0 028	0 037	0 047	0 056	0 074	0 093	0.112	0 140
150,000	0 203					0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 140
175,000	0 215						0 037	0 047	0 056	0 074	0 093	0 112	0 140
200,000	0 226						0 037	0 047	0 056	0 074	0 093	0 112	0 140
225,000	0 235							0 047	0 056	0 074	0 093	0 112	0 140
250,000	0 244							0 047	0 056	0 074	0 093	0 112	0.140

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity and ALAE

Sheet 12

\$1,000,000 per claim limits

Premium Level: Zero to \$500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.054	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.054	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.054	0.107	0.139	0.139	0.139	0.139	0.139	0.139	0.139	0.139	0.139	0.139
50,000	0.184		0.107	0.161	0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184
75,000	0.245			0.161	0.214	0.245	0.245	0.245	0.245	0.245	0.245	0.245	0.245
100,000	0.299				0.214	0.299	0.299	0.299	0.299	0.299	0.299	0.299	0.299
125,000	0.344					0.321	0.344	0.344	0.344	0.344	0.344	0.344	0.344
150,000	0.385					0.321	0.385	0.385	0.385	0.385	0.385	0.385	0.385
175,000	0.421						0.421	0.421	0.421	0.421	0.421	0.421	0.421
200,000	0.454						0.428	0.454	0.454	0.454	0.454	0.454	0.454
225,000	0.485							0.485	0.485	0.485	0.485	0.485	0.485
250,000	0.511							0.511	0.511	0.511	0.511	0.511	0.511

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$500,000 to \$750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.036	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.036	0.071	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.036	0.071	0.107	0.139	0.139	0.139	0.139	0.139	0.139	0.139	0.139	0.139
50,000	0.184		0.071	0.107	0.143	0.184	0.184	0.184	0.184	0.184	0.184	0.184	0.184
75,000	0.245			0.107	0.143	0.214	0.245	0.245	0.245	0.245	0.245	0.245	0.245
100,000	0.299				0.143	0.214	0.286	0.299	0.299	0.299	0.299	0.299	0.299
125,000	0.344					0.214	0.286	0.344	0.344	0.344	0.344	0.344	0.344
150,000	0.385					0.214	0.286	0.357	0.385	0.385	0.385	0.385	0.385
175,000	0.421						0.286	0.357	0.421	0.421	0.421	0.421	0.421
200,000	0.454						0.286	0.357	0.428	0.454	0.454	0.454	0.454
225,000	0.485							0.357	0.428	0.485	0.485	0.485	0.485
250,000	0.511							0.357	0.428	0.511	0.511	0.511	0.511

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity and ALAE

Sheet 13

\$1,000,000 per claim limits

Premium Level: \$750,000 to \$1,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.021	0.043	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.021	0.043	0.064	0.086	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.021	0.043	0.064	0.086	0.128	0.139	0.139	0.139	0.139	0.139	0.139	0.139
50,000	0.184		0.043	0.064	0.086	0.128	0.171	0.184	0.184	0.184	0.184	0.184	0.184
75,000	0.245			0.064	0.086	0.128	0.171	0.214	0.245	0.245	0.245	0.245	0.245
100,000	0.299				0.086	0.128	0.171	0.214	0.257	0.299	0.299	0.299	0.299
125,000	0.344					0.128	0.171	0.214	0.257	0.343	0.344	0.344	0.344
150,000	0.385					0.128	0.171	0.214	0.257	0.343	0.385	0.385	0.385
175,000	0.421						0.171	0.214	0.257	0.343	0.421	0.421	0.421
200,000	0.454						0.171	0.214	0.257	0.343	0.428	0.454	0.454
225,000	0.485							0.214	0.257	0.343	0.428	0.485	0.485
250,000	0.511							0.214	0.257	0.343	0.428	0.511	0.511

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$1,250,000 to \$1,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.018	0.036	0.054	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.018	0.036	0.054	0.071	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.018	0.036	0.054	0.071	0.107	0.139	0.139	0.139	0.139	0.139	0.139	0.139
50,000	0.184		0.036	0.054	0.071	0.107	0.143	0.178	0.184	0.184	0.184	0.184	0.184
75,000	0.245			0.054	0.071	0.107	0.143	0.178	0.214	0.245	0.245	0.245	0.245
100,000	0.299				0.071	0.107	0.143	0.178	0.214	0.286	0.299	0.299	0.299
125,000	0.344					0.107	0.143	0.178	0.214	0.286	0.344	0.344	0.344
150,000	0.385					0.107	0.143	0.178	0.214	0.286	0.357	0.385	0.385
175,000	0.421						0.143	0.178	0.214	0.286	0.357	0.421	0.421
200,000	0.454						0.143	0.178	0.214	0.286	0.357	0.428	0.454
225,000	0.485							0.178	0.214	0.286	0.357	0.428	0.485
250,000	0.511							0.178	0.214	0.286	0.357	0.428	0.511

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity and ALAE

Sheet 14

\$1,000,000 per claim limits

Premium Level: \$1,500,000 to \$1,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.015	0.031	0.046	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.015	0.031	0.046	0.061	0.092	0.104	0.104	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.015	0.031	0.046	0.061	0.092	0.122	0.139	0.139	0.139	0.139	0.139	0.139
50,000	0.184		0.031	0.046	0.061	0.092	0.122	0.153	0.184	0.184	0.184	0.184	0.184
75,000	0.245			0.046	0.061	0.092	0.122	0.153	0.184	0.245	0.245	0.245	0.245
100,000	0.299				0.061	0.092	0.122	0.153	0.184	0.245	0.299	0.299	0.299
125,000	0.344					0.092	0.122	0.153	0.184	0.245	0.306	0.344	0.344
150,000	0.385					0.092	0.122	0.153	0.184	0.245	0.306	0.367	0.385
175,000	0.421						0.122	0.153	0.184	0.245	0.306	0.367	0.421
200,000	0.454						0.122	0.153	0.184	0.245	0.306	0.367	0.454
225,000	0.485							0.153	0.184	0.245	0.306	0.367	0.459
250,000	0.511							0.153	0.184	0.245	0.306	0.367	0.459

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$1,750,000 to \$2,000,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.013	0.027	0.040	0.054	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.013	0.027	0.040	0.054	0.080	0.104	0.104	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.013	0.027	0.040	0.054	0.080	0.107	0.134	0.139	0.139	0.139	0.139	0.139
50,000	0.184		0.027	0.040	0.054	0.080	0.107	0.134	0.161	0.184	0.184	0.184	0.184
75,000	0.245			0.040	0.054	0.080	0.107	0.134	0.161	0.214	0.245	0.245	0.245
100,000	0.299				0.054	0.080	0.107	0.134	0.161	0.214	0.268	0.299	0.299
125,000	0.344					0.080	0.107	0.134	0.161	0.214	0.268	0.321	0.344
150,000	0.385					0.080	0.107	0.134	0.161	0.214	0.268	0.321	0.385
175,000	0.421						0.107	0.134	0.161	0.214	0.268	0.321	0.401
200,000	0.454						0.107	0.134	0.161	0.214	0.268	0.321	0.401
225,000	0.485							0.134	0.161	0.214	0.268	0.321	0.401
250,000	0.511							0.134	0.161	0.214	0.268	0.321	0.401

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity and ALAE

Sheet 15

\$1,000,000 per claim limits

Premium Level: \$2,000,000 to \$2,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.012	0.024	0.036	0.048	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.012	0.024	0.036	0.048	0.071	0.095	0.104	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.012	0.024	0.036	0.048	0.071	0.095	0.119	0.139	0.139	0.139	0.139	0.139
50,000	0.184		0.024	0.036	0.048	0.071	0.095	0.119	0.143	0.184	0.184	0.184	0.184
75,000	0.245			0.036	0.048	0.071	0.095	0.119	0.143	0.190	0.238	0.245	0.245
100,000	0.299				0.048	0.071	0.095	0.119	0.143	0.190	0.238	0.286	0.299
125,000	0.344					0.071	0.095	0.119	0.143	0.190	0.238	0.286	0.344
150,000	0.385					0.071	0.095	0.119	0.143	0.190	0.238	0.286	0.357
175,000	0.421						0.095	0.119	0.143	0.190	0.238	0.286	0.357
200,000	0.454						0.095	0.119	0.143	0.190	0.238	0.286	0.357
225,000	0.485							0.119	0.143	0.190	0.238	0.286	0.357
250,000	0.511							0.119	0.143	0.190	0.238	0.286	0.357

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$2,250,000 to \$2,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.011	0.021	0.032	0.043	0.061	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.011	0.021	0.032	0.043	0.064	0.086	0.104	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.011	0.021	0.032	0.043	0.064	0.086	0.107	0.128	0.139	0.139	0.139	0.139
50,000	0.184		0.021	0.032	0.043	0.064	0.086	0.107	0.128	0.171	0.184	0.184	0.184
75,000	0.245			0.032	0.043	0.064	0.086	0.107	0.128	0.171	0.214	0.245	0.245
100,000	0.299				0.043	0.064	0.086	0.107	0.128	0.171	0.214	0.257	0.299
125,000	0.344					0.064	0.086	0.107	0.128	0.171	0.214	0.257	0.321
150,000	0.385					0.064	0.086	0.107	0.128	0.171	0.214	0.257	0.321
175,000	0.421						0.086	0.107	0.128	0.171	0.214	0.257	0.321
200,000	0.454						0.086	0.107	0.128	0.171	0.214	0.257	0.321
225,000	0.485							0.107	0.128	0.171	0.214	0.257	0.321
250,000	0.511							0.107	0.128	0.171	0.214	0.257	0.321

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3  
Sheet 16

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$2,500,000 to \$2,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.010	0.019	0.029	0.039	0.058	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.010	0.019	0.029	0.039	0.058	0.078	0.097	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.010	0.019	0.029	0.039	0.058	0.078	0.097	0.117	0.139	0.139	0.139	0.139
50,000	0.184		0.019	0.029	0.039	0.058	0.078	0.097	0.117	0.156	0.184	0.184	0.184
75,000	0.245			0.029	0.039	0.058	0.078	0.097	0.117	0.156	0.195	0.234	0.245
100,000	0.299				0.039	0.058	0.078	0.097	0.117	0.156	0.195	0.234	0.292
125,000	0.344					0.058	0.078	0.097	0.117	0.156	0.195	0.234	0.292
150,000	0.385					0.058	0.078	0.097	0.117	0.156	0.195	0.234	0.292
175,000	0.421						0.078	0.097	0.117	0.156	0.195	0.234	0.292
200,000	0.454						0.078	0.097	0.117	0.156	0.195	0.234	0.292
225,000	0.485							0.097	0.117	0.156	0.195	0.234	0.292
250,000	0.511							0.097	0.117	0.156	0.195	0.234	0.292

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$2,750,000 to \$3,000,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.009	0.018	0.027	0.036	0.054	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.009	0.018	0.027	0.036	0.054	0.071	0.089	0.104	0.104	0.104	0.104	0.104
25,000	0.139	0.009	0.018	0.027	0.036	0.054	0.071	0.089	0.107	0.139	0.139	0.139	0.139
50,000	0.184		0.018	0.027	0.036	0.054	0.071	0.089	0.107	0.143	0.178	0.184	0.184
75,000	0.245			0.027	0.036	0.054	0.071	0.089	0.107	0.143	0.178	0.214	0.245
100,000	0.299				0.036	0.054	0.071	0.089	0.107	0.143	0.178	0.214	0.268
125,000	0.344					0.054	0.071	0.089	0.107	0.143	0.178	0.214	0.268
150,000	0.385					0.054	0.071	0.089	0.107	0.143	0.178	0.214	0.268
175,000	0.421						0.071	0.089	0.107	0.143	0.178	0.214	0.268
200,000	0.454						0.071	0.089	0.107	0.143	0.178	0.214	0.268
225,000	0.485							0.089	0.107	0.143	0.178	0.214	0.268
250,000	0.511							0.089	0.107	0.143	0.178	0.214	0.268

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity and ALAE

Sheet 17

\$1,000,000 per claim limits

Premium Level: \$3,000,000 to \$3,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.008	0.016	0.025	0.033	0.049	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.008	0.016	0.025	0.033	0.049	0.066	0.082	0.099	0.104	0.104	0.104	0.104
25,000	0.139	0.008	0.016	0.025	0.033	0.049	0.066	0.082	0.099	0.132	0.139	0.139	0.139
50,000	0.184		0.016	0.025	0.033	0.049	0.066	0.082	0.099	0.132	0.165	0.184	0.184
75,000	0.245			0.025	0.033	0.049	0.066	0.082	0.099	0.132	0.165	0.198	0.245
100,000	0.299				0.033	0.049	0.066	0.082	0.099	0.132	0.165	0.198	0.247
125,000	0.344					0.049	0.066	0.082	0.099	0.132	0.165	0.198	0.247
150,000	0.385					0.049	0.066	0.082	0.099	0.132	0.165	0.198	0.247
175,000	0.421						0.066	0.082	0.099	0.132	0.165	0.198	0.247
200,000	0.454						0.066	0.082	0.099	0.132	0.165	0.198	0.247
225,000	0.485							0.082	0.099	0.132	0.165	0.198	0.247
250,000	0.511							0.082	0.099	0.132	0.165	0.198	0.247

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$3,250,000 to \$3,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.008	0.015	0.023	0.031	0.046	0.061	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.008	0.015	0.023	0.031	0.046	0.061	0.076	0.092	0.104	0.104	0.104	0.104
25,000	0.139	0.008	0.015	0.023	0.031	0.046	0.061	0.076	0.092	0.122	0.139	0.139	0.139
50,000	0.184		0.015	0.023	0.031	0.046	0.061	0.076	0.092	0.122	0.153	0.184	0.184
75,000	0.245			0.023	0.031	0.046	0.061	0.076	0.092	0.122	0.153	0.184	0.229
100,000	0.299				0.031	0.046	0.061	0.076	0.092	0.122	0.153	0.184	0.229
125,000	0.344					0.046	0.061	0.076	0.092	0.122	0.153	0.184	0.229
150,000	0.385					0.046	0.061	0.076	0.092	0.122	0.153	0.184	0.229
175,000	0.421						0.061	0.076	0.092	0.122	0.153	0.184	0.229
200,000	0.454						0.061	0.076	0.092	0.122	0.153	0.184	0.229
225,000	0.485							0.076	0.092	0.122	0.153	0.184	0.229
250,000	0.511							0.076	0.092	0.122	0.153	0.184	0.229

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity and ALAE

Sheet 18

\$1,000,000 per claim limits

Premium Level: \$3,500,000 to \$3,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.007	0.014	0.021	0.029	0.043	0.057	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.007	0.014	0.021	0.029	0.043	0.057	0.071	0.086	0.104	0.104	0.104	0.104
25,000	0.139	0.007	0.014	0.021	0.029	0.043	0.057	0.071	0.086	0.114	0.139	0.139	0.139
50,000	0.184		0.014	0.021	0.029	0.043	0.057	0.071	0.086	0.114	0.143	0.171	0.184
75,000	0.245			0.021	0.029	0.043	0.057	0.071	0.086	0.114	0.143	0.171	0.214
100,000	0.299				0.029	0.043	0.057	0.071	0.086	0.114	0.143	0.171	0.214
125,000	0.344					0.043	0.057	0.071	0.086	0.114	0.143	0.171	0.214
150,000	0.385					0.043	0.057	0.071	0.086	0.114	0.143	0.171	0.214
175,000	0.421						0.057	0.071	0.086	0.114	0.143	0.171	0.214
200,000	0.454						0.057	0.071	0.086	0.114	0.143	0.171	0.214
225,000	0.485							0.071	0.086	0.114	0.143	0.171	0.214
250,000	0.511							0.071	0.086	0.114	0.143	0.171	0.214

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$3,750,000 to \$4,000,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.007	0.013	0.020	0.027	0.040	0.054	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.007	0.013	0.020	0.027	0.040	0.054	0.067	0.080	0.104	0.104	0.104	0.104
25,000	0.139	0.007	0.013	0.020	0.027	0.040	0.054	0.067	0.080	0.107	0.134	0.139	0.139
50,000	0.184		0.013	0.020	0.027	0.040	0.054	0.067	0.080	0.107	0.134	0.161	0.184
75,000	0.245			0.020	0.027	0.040	0.054	0.067	0.080	0.107	0.134	0.161	0.201
100,000	0.299				0.027	0.040	0.054	0.067	0.080	0.107	0.134	0.161	0.201
125,000	0.344					0.040	0.054	0.067	0.080	0.107	0.134	0.161	0.201
150,000	0.385					0.040	0.054	0.067	0.080	0.107	0.134	0.161	0.201
175,000	0.421						0.054	0.067	0.080	0.107	0.134	0.161	0.201
200,000	0.454						0.054	0.067	0.080	0.107	0.134	0.161	0.201
225,000	0.485							0.067	0.080	0.107	0.134	0.161	0.201
250,000	0.511							0.067	0.080	0.107	0.134	0.161	0.201



# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity and ALAE

Sheet 19

\$1,000,000 per claim limits

Premium Level: \$4,000,000 to \$4,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.006	0.013	0.019	0.025	0.038	0.050	0.061	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.006	0.013	0.019	0.025	0.038	0.050	0.063	0.076	0.101	0.104	0.104	0.104
25,000	0.139	0.006	0.013	0.019	0.025	0.038	0.050	0.063	0.076	0.101	0.126	0.139	0.139
50,000	0.184		0.013	0.019	0.025	0.038	0.050	0.063	0.076	0.101	0.126	0.151	0.184
75,000	0.245			0.019	0.025	0.038	0.050	0.063	0.076	0.101	0.126	0.151	0.189
100,000	0.299				0.025	0.038	0.050	0.063	0.076	0.101	0.126	0.151	0.189
125,000	0.344					0.038	0.050	0.063	0.076	0.101	0.126	0.151	0.189
150,000	0.385					0.038	0.050	0.063	0.076	0.101	0.126	0.151	0.189
175,000	0.421						0.050	0.063	0.076	0.101	0.126	0.151	0.189
200,000	0.454						0.050	0.063	0.076	0.101	0.126	0.151	0.189
225,000	0.485							0.063	0.076	0.101	0.126	0.151	0.189
250,000	0.511							0.063	0.076	0.101	0.126	0.151	0.189

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$4,250,000 to \$4,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.006	0.012	0.018	0.024	0.036	0.048	0.059	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.006	0.012	0.018	0.024	0.036	0.048	0.059	0.071	0.095	0.104	0.104	0.104
25,000	0.139	0.006	0.012	0.018	0.024	0.036	0.048	0.059	0.071	0.095	0.119	0.139	0.139
50,000	0.184		0.012	0.018	0.024	0.036	0.048	0.059	0.071	0.095	0.119	0.143	0.178
75,000	0.245			0.018	0.024	0.036	0.048	0.059	0.071	0.095	0.119	0.143	0.178
100,000	0.299				0.024	0.036	0.048	0.059	0.071	0.095	0.119	0.143	0.178
125,000	0.344					0.036	0.048	0.059	0.071	0.095	0.119	0.143	0.178
150,000	0.385					0.036	0.048	0.059	0.071	0.095	0.119	0.143	0.178
175,000	0.421						0.048	0.059	0.071	0.095	0.119	0.143	0.178
200,000	0.454						0.048	0.059	0.071	0.095	0.119	0.143	0.178
225,000	0.485							0.059	0.071	0.095	0.119	0.143	0.178
250,000	0.511							0.059	0.071	0.095	0.119	0.143	0.178

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3  
Sheet 20

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$4,500,000 to \$4,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.006	0.011	0.017	0.023	0.034	0.045	0.056	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.006	0.011	0.017	0.023	0.034	0.045	0.056	0.068	0.090	0.104	0.104	0.104
25,000	0.139	0.006	0.011	0.017	0.023	0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.139
50,000	0.184		0.011	0.017	0.023	0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.169
75,000	0.245			0.017	0.023	0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.169
100,000	0.299				0.023	0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.169
125,000	0.344					0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.169
150,000	0.385					0.034	0.045	0.056	0.068	0.090	0.113	0.135	0.169
175,000	0.421						0.045	0.056	0.068	0.090	0.113	0.135	0.169
200,000	0.454						0.045	0.056	0.068	0.090	0.113	0.135	0.169
225,000	0.485							0.056	0.068	0.090	0.113	0.135	0.169
250,000	0.511							0.056	0.068	0.090	0.113	0.135	0.169

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$4,750,000 to \$5,000,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.005	0.011	0.016	0.021	0.032	0.043	0.054	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.005	0.011	0.016	0.021	0.032	0.043	0.054	0.064	0.086	0.104	0.104	0.104
25,000	0.139	0.005	0.011	0.016	0.021	0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.139
50,000	0.184		0.011	0.016	0.021	0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.161
75,000	0.245			0.016	0.021	0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.161
100,000	0.299				0.021	0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.161
125,000	0.344					0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.161
150,000	0.385					0.032	0.043	0.054	0.064	0.086	0.107	0.128	0.161
175,000	0.421						0.043	0.054	0.064	0.086	0.107	0.128	0.161
200,000	0.454						0.043	0.054	0.064	0.086	0.107	0.128	0.161
225,000	0.485							0.054	0.064	0.086	0.107	0.128	0.161
250,000	0.511							0.054	0.064	0.086	0.107	0.128	0.161

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Sheet 21

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$5,000,000 to \$5,250,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.005	0.010	0.015	0.020	0.031	0.041	0.051	0.061	0.061	0.061	0.061	0.061
10,000	0.104	0.005	0.010	0.015	0.020	0.031	0.041	0.051	0.061	0.082	0.102	0.104	0.104
25,000	0.139	0.005	0.010	0.015	0.020	0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.139
50,000	0.184		0.010	0.015	0.020	0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.153
75,000	0.245			0.015	0.020	0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.153
100,000	0.299				0.020	0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.153
125,000	0.344					0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.153
150,000	0.385					0.031	0.041	0.051	0.061	0.082	0.102	0.122	0.153
175,000	0.421						0.041	0.051	0.061	0.082	0.102	0.122	0.153
200,000	0.454						0.041	0.051	0.061	0.082	0.102	0.122	0.153
225,000	0.485							0.051	0.061	0.082	0.102	0.122	0.153
250,000	0.511							0.051	0.061	0.082	0.102	0.122	0.153

Indemnity and ALAE

\$1,000,000 per claim limits

Premium Level: \$5,250,000 to \$5,500,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0.061	0.005	0.010	0.015	0.019	0.029	0.039	0.049	0.058	0.061	0.061	0.061	0.061
10,000	0.104	0.005	0.010	0.015	0.019	0.029	0.039	0.049	0.058	0.078	0.097	0.104	0.104
25,000	0.139	0.005	0.010	0.015	0.019	0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.139
50,000	0.184		0.010	0.015	0.019	0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.146
75,000	0.245			0.015	0.019	0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.146
100,000	0.299				0.019	0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.146
125,000	0.344					0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.146
150,000	0.385					0.029	0.039	0.049	0.058	0.078	0.097	0.117	0.146
175,000	0.421						0.039	0.049	0.058	0.078	0.097	0.117	0.146
200,000	0.454						0.039	0.049	0.058	0.078	0.097	0.117	0.146
225,000	0.485							0.049	0.058	0.078	0.097	0.117	0.146
250,000	0.511							0.049	0.058	0.078	0.097	0.117	0.146

# HOSPITAL PROFESSIONAL LIABILITY DEDUCTIBLE FACTORS

C-3

Indemnity and ALAE

Sheet 22

\$1,000,000 per claim limits

Premium Level \$5,500,000 to \$5,750,000

Per Claim	Aggregate												
	none	25,000	50,000	75,000	100,000	150,000	200,000	250,000	300,000	400,000	500,000	600,000	750,000
5,000	0 061	0 005	0 009	0 014	0 019	0 028	0 037	0 047	0 056	0 061	0 061	0 061	0 061
10,000	0 104	0 005	0 009	0 014	0 019	0 028	0 037	0 047	0 056	0 074	0 093	0 104	0 104
25,000	0 139	0 005	0 009	0 014	0 019	0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 139
50,000	0 184		0 009	0 014	0 019	0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 140
75,000	0 245			0 014	0 019	0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 140
100,000	0 299				0 019	0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 140
125,000	0 344					0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 140
150,000	0 385					0 028	0 037	0 047	0 056	0 074	0 093	0 112	0 140
175,000	0 421						0 037	0 047	0 056	0 074	0 093	0 112	0 140
200,000	0 454						0 037	0 047	0 056	0 074	0 093	0 112	0 140
225,000	0 485							0 047	0 056	0 074	0 093	0 112	0 140
250,000	0 511							0 047	0 056	0 074	0 093	0 112	0 140

California

Effective January 1, 2012

Blood Bank Deductible Factors

REFER TO HOSPITAL DEDUCTIBLE TABLE (C-3)

**Shared Aggregate Increased Limits Factors  
For Various Aggregate Limits and  
Physician Group Sizes**

**Per Claim Limit                      1,000,000  
Factors in relation to \$1M/\$3M**

<u><b>Aggregate</b></u>	<u><b>Number of Physicians</b></u>			
	<u><b>1-2</b></u>	<u><b>3-7</b></u>	<u><b>8-15</b></u>	<u><b>16+</b></u>
<b>\$3,000,000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
<b>4,000,000</b>	<b>1.006</b>	<b>1.024</b>	<b>1.048</b>	<b>1.072</b>
<b>5,000,000</b>	<b>1.010</b>	<b>1.040</b>	<b>1.080</b>	<b>1.120</b>
<b>6,000,000</b>	<b>1.012</b>	<b>1.060</b>	<b>1.086</b>	<b>1.144</b>
<b>7,000,000</b>	<b>1.013</b>	<b>1.067</b>	<b>1.096</b>	<b>1.154</b>
<b>10,000,000</b>	<b>1.015</b>	<b>1.070</b>	<b>1.103</b>	<b>1.163</b>
<b>15,000,000</b>	<b>1.017</b>	<b>1.078</b>	<b>1.106</b>	<b>1.172</b>

**Per Claim Limit                      2,000,000  
Factors in relation to \$2M/\$4M**

<u><b>Aggregate</b></u>	<u><b>Number of Physicians</b></u>			
	<u><b>1-2</b></u>	<u><b>3-7</b></u>	<u><b>8-15</b></u>	<u><b>16+</b></u>
<b>\$4,000,000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
<b>5,000,000</b>	<b>1.006</b>	<b>1.027</b>	<b>1.054</b>	<b>1.081</b>
<b>6,000,000</b>	<b>1.010</b>	<b>1.045</b>	<b>1.090</b>	<b>1.135</b>
<b>7,000,000</b>	<b>1.012</b>	<b>1.062</b>	<b>1.101</b>	<b>1.149</b>
<b>10,000,000</b>	<b>1.016</b>	<b>1.074</b>	<b>1.117</b>	<b>1.171</b>
<b>15,000,000</b>	<b>1.019</b>	<b>1.077</b>	<b>1.129</b>	<b>1.182</b>
<b>20,000,000</b>	<b>1.020</b>	<b>1.083</b>	<b>1.138</b>	<b>1.196</b>

**Shared Aggregate Increased Limits Factors  
For Various Aggregate Limits and  
Physician Group Sizes**

**Per Claim Limit                      5,000,000  
Factors in relation to \$5M/\$5M**

<u><b>Aggregate</b></u>	<u><b>Number of Physicians</b></u>			
	<u><b>1-2</b></u>	<u><b>3-7</b></u>	<u><b>8-15</b></u>	<u><b>16+</b></u>
<b>\$5,000,000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
<b>6,000,000</b>	<b>1.006</b>	<b>1.030</b>	<b>1.057</b>	<b>1.084</b>
<b>7,000,000</b>	<b>1.010</b>	<b>1.050</b>	<b>1.095</b>	<b>1.140</b>
<b>10,000,000</b>	<b>1.016</b>	<b>1.084</b>	<b>1.119</b>	<b>1.175</b>
<b>15,000,000</b>	<b>1.021</b>	<b>1.088</b>	<b>1.135</b>	<b>1.209</b>
<b>20,000,000</b>	<b>1.024</b>	<b>1.086</b>	<b>1.138</b>	<b>1.221</b>
<b>25,000,000</b>	<b>1.025</b>	<b>1.091</b>	<b>1.147</b>	<b>1.237</b>

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA (MIEC)

Home Office

6250 Claremont Avenue  
Oakland, California 94618-1324

## INDIVIDUAL PHYSICIAN (AND SOLO PROFESSIONAL CORPORATION) POLICY

### NOTICE

#### THIS IS A "CLAIMS-MADE" POLICY

Except to such extent as otherwise provided herein, coverage under this policy is provided on a "claims-made" basis, that is, insurance is limited to matters described in this policy which

1. arise out of events described in the policy occurring on or after the retroactive date in the applicable policy declaration issued to you, and
2. are first reported by you to MIEC either prior to termination of this policy or within any policy period or additional reporting period applicable to you.

Please review this policy carefully and discuss the coverage with your attorney, insurance advisor, or risk management consultant.

### NOTICE

IN THE EVENT YOU ARE INVOLVED IN AN ACCIDENT OR INCIDENT WHICH MAY GIVE RISE TO A CLAIM, LAWSUIT, OR LEGAL OR ADMINISTRATIVE PROCEEDING, CONTACT THE MIEC CLAIMS DEPARTMENT IMMEDIATELY AT (510) 428-9411 OR CALL TOLL-FREE, 1-800-227-4527.

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# INDIVIDUAL (AND SOLO PROFESSIONAL CORPORATION) POLICY

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## NOTICE

Except to such extent as may otherwise be provided herein, the coverage of this **policy** is limited generally to liability for only those **claims** that are first made against **you** while the **policy** is in force. Please review the **policy** carefully and discuss the coverage thereunder with your attorney, insurance advisor, or risk management consultant.

### CLAIMS MADE AND REPORTED INSURANCE POLICY Error! Bookmark not defined.

Medical Insurance Exchange of California ("MIEC") provides the insurance described in this insurance **policy**. The term "**you**" is used to describe the insured person or entity, who is either named in a **policy declaration** or **endorsement** or is an individual described specifically in this **policy**. Terms which appear in boldface are defined in the "Definitions" section, page 18.

Insurance provided by this **policy** is on a "claims-made" basis. Coverage is available only for **claims** or suits arising out of events which occur after the "**retroactive date**" specified in a **policy declaration** or an **endorsement** which applies to this **policy**, and only if **you** report the **claim** or suit to MIEC while your **policy** is in effect. Your **policy** will be in effect from 12:01 a.m. on the effective date until 12:01 a.m. of the day on which your **policy** expires or is terminated by **you** or MIEC.

This **policy** may describe coverage which is not included in your insurance. The **policy declaration** or **endorsements** applicable to this **policy** will specify the effective date and identify the specific coverage which your **policy** includes. The limits of liability for each coverage are specified either in the **policy declaration** or an **endorsement**, or in the **policy** itself.

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**PART I**

**COVERAGE FOR HEALTH CARE SERVICES TO PATIENTS AND AS A CONSULTANT**

1. Subject to the exclusions, limitations, and other terms and conditions of this policy, MIEC will pay reasonable legal expenses and costs to defend each claim seeking damages, brought against you and alleging damage or injury resulting either from the delivery, or alleged failure to deliver, health care services to patients, or because you have acted as an independent medical examiner or provided professional advice or consultation regarding the health or condition of a person who is not a patient. Subject to the limits of liability specified in the policy declarations in effect when the claim is first reported to MIEC, MIEC will pay damages which you become legally obligated to pay in such a matter. In such matters, MIEC will also pay the costs and prejudgment interest imposed upon you by law, post-judgment interest on a judgment against you up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay you \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

2. MIEC's obligation to defend you or to pay reasonable legal expenses and costs of defense shall terminate upon the exhaustion of the specified limits of liability by the payment of damages on your behalf. MIEC's obligation to make any other payment on your behalf is subject to the specified limits of liability on either a per claim or annual aggregate basis.

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COVERAGE FOR PEER REVIEW LIABILITIES

Subject to the exclusions, limitations and other terms and conditions of this policy, and only if no other person or entity is obligated to defend **you** or to make any payment on your behalf, MIEC will pay reasonable expenses and costs to defend **you** against each **claim** and to pay on your behalf such sums as **you** may become legally obligated to pay as damages, for your conduct as a member, officer, witness, or consultant engaged in the conduct of peer review for a professional review body, as defined by the Federal Health Care Quality Improvement Act MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration or hearing at MIEC's request, in the matters described above.

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## PART II.B

### DEFENSE COVERAGE FOR SPECIFIED PRACTICE RISKS

1. Subject to the exclusions, limitations, and other terms and conditions of this policy, MIEC will pay reasonable expenses and costs to a maximum of \$25,000 for combined expenses and costs to defend **you** against investigations, civil lawsuits, or administrative proceedings in a matter arising from your professional practice first initiated after the effective date:

a. By a state agency licensing **you** to engage in professional practice as a physician.

b. By the Office of the Inspector General of the Department of Health and Human Services, by the United States Department of Justice, or by a state agency when taking action which may result in the termination of your right to provide services under any governmentally-funded program for the provision of health care services.

c. By the Department of Health and Human Services when investigating or asserting a claim that **you** have violated the Privacy Rule adopted by DHHS to implement requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

d. By any specialty medical society of which **you** are a member.

The \$25,000 coverage limit applies to an investigation and any resulting administrative proceedings or civil lawsuits and all related or consequential proceedings, regardless of when concluded.

2. Subject to the exclusions, limitations, and other terms and conditions of this policy MIEC will pay reasonable expenses and costs, to a maximum of \$25,000 for such combined expenses and costs, to defend **you** against one or more **claims** alleging unlawful discrimination or harassment, assault, battery, or malicious prosecution, in a matter arising from your professional practice, if no coverage is afforded under Part I, and so long as such **claim** is not brought by or on behalf of any employee of yours.

#### Additional Exclusion Applicable to Part II.B

No coverage is provided to defend any investigation, lawsuit, or proceeding conducted solely to determine your entitlement to any fee or charge, whether paid or unpaid, if no effort is made to impose any sanction or penalty upon **you**. No coverage is provided under this Part for the defense of criminal prosecutions, or for the payment of fines, recoupments, civil penalties, damages, or other obligations imposed by law.

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### PART III

**COVERAGE DESCRIBED IN THIS PART IS OPTIONAL COVERAGE. WHEN PROVIDED, IT DOES NOT CONSTITUTE COMPREHENSIVE GENERAL, BUSINESS OR AUTOMOBILE LIABILITY COVERAGE.**

#### **LIMITED COVERAGE FOR PROFESSIONAL PREMISES AND NON-OWNED AUTOMOBILE LIABILITY**

If this coverage is added by **declaration** or **endorsement** and subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC will pay reasonable legal expenses and costs to defend each **claim** brought against **you**, and will pay on your behalf such sums as **you** may become legally obligated to pay as damages:

1. As a result of **bodily injury** or **property damage** to a person other than **you**, your employees, agents, or representatives, caused by an accident or injurious exposure to physical conditions at or on your **professional premises**, arising from your negligence, if no coverage is provided under Part I.
2. As a result of **property damage** to interior structures occupied by **you** as **professional premises**, so long as the **property damage** is incurred by persons other than **you** or your employees, agents, or representatives, and is caused by accidental fire or water damage, or as a result of negligence by **you**, or your employees, agents, or representatives.
3. As a result of **bodily injury** or **property damage** incurred by any person other than **you**, your agents, employees, or representatives, from an accident arising out of the use (including loading or unloading) of a vehicle neither you nor your spouse own, lease or rent, when such use is by an employee, agent, or representative in the usual and ordinary course in furtherance of your professional practice, if no coverage is afforded under Part I.
4. Notwithstanding Exclusion "7" in this **policy**, coverage under this Part extends to your obligation to hold harmless or indemnify, arising under your lease of **professional premises** or equipment used in your professional practice.

Coverage under this PART III is subject to limits for **bodily injury** and for **property damage** as specified in your declaration. Such limits include the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

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## PART IV

### OPTIONAL DEFENSE COVERAGE FOR MISCELLANEOUS BUSINESS LIABILITY

If this coverage is added by **declaration** or **endorsement** and subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC agrees to pay 90% of the reasonable legal expenses and costs incurred to defend **you** against each civil lawsuit, arbitration, or administrative proceeding which:

1. Alleges wrongful acts or omissions not covered under Part II.A, by you as an officer, member, or consultant of a national, state, or local medical or specialty medical society, or as an officer or committee or department member of a state licensed health care facility or clinic, or of the medical staff of such facility or clinic, arising from customary and authorized activities when acting in that capacity.
2. Alleges employment discrimination against your employee who provided services to your professional practice.
3. Alleges wrongful termination by **you** of an employee who provided services in your professional practice.
4. Alleges violation of a federal, state, or local statute or ordinance providing employment protection or benefits to any employee in your professional practice.
5. Alleges breach of contract or agreement or other misconduct in the nature of a commercial or fee dispute arising from and involving your professional practice, which is not brought by or on behalf of a present or former partner, officer, shareholder, or other person sharing ownership or control of your professional practice.
6. Alleges fraud, assault, battery, false arrest or personal restraint, malicious prosecution, or defamation arising from your professional practice, for which no coverage is afforded under Part I.

The defense coverage provided under this Part shall apply only if **you** agree to be represented in the civil lawsuit, arbitration, or administrative proceeding by legal counsel appointed or approved by MIEC within its sole discretion. Such defense fees and costs are limited to the sum of \$100,000 per **claim**, to an aggregate limit specified in a **policy declaration** or **endorsement** applicable to all matters first reported to MIEC within the same **policy** year.

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## EXCLUSIONS

There is no coverage under any Part of this policy for sums you may become legally obligated to pay as damages or as interest or for any other expenses, or for defense expenses or costs, or for any other reason, for a claim, civil lawsuit, arbitration, legal or administrative proceeding, incident, accident, or event:

1 If not reported by you to MIEC during the policy period.

2 If liability is sought or imposed upon you because of your status as a partner, representative, associate, or joint venturer with any person or entity, or as a result of your status as a member, shareholder, officer, director, trustee, agent, or representative of a corporation (other than an insured solo professional corporation) or unincorporated association.

3 If liability is sought or imposed upon you as a result of participation by you, your employees, agents, or representatives, in the manufacture, assembly, sale, trade, or distribution of any goods, materials, products, or devices.

4 If liability is sought or imposed upon you for acts or omissions of physicians, professional corporations, or persons associated with or employed by you other than nurses, medical assistants, and persons not required to be licensed or certified to perform any duties for which they are employed, unless you have given written notice of such employment or association to MIEC within 30 days after such employment or association commences, and MIEC has issued a declaration or endorsement identifying those persons under the heading of "Employed/Contracted Doctors" or "Non-Physician Practitioners."

5 If liability is sought or imposed upon you (1) as a result of acts or omissions while your authority to practice your profession is revoked or under suspension, (2) as a result of your performance of procedures you are not authorized to perform due to restrictions on your license to practice, or (3) as a result of your performance of a procedure at a hospital that is not within the scope of your privileges at that hospital.

6 If liability is sought or imposed upon you as a result of your activity as an owner, shareholder, partner, investor, joint venturer, officer, director, administrator, or medical director of a hospital, clinic, ambulatory care center, sanitarium, skilled nursing facility, surgery center, convalescent hospital or home, hospice, laboratory, free-standing treatment facility, health maintenance organization, health care service plan, preferred provider organization, or any similar health care entity or delivery system, health care supply or support organization, or any other business organization or operation, whether or not medically related, which is not identified as a "Named Insured" or an "Additional Insured" in a declaration or endorsement. This exclusion expressly includes any activity described in any written service agreement between you and any of the organizations described in the preceding sentence, whether you are performing the activity pursuant to such written agreement or in any other capacity. This exclusion shall not apply to the extent your liability arises out of your personal delivery of health care services to patients or as a

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consultant covered under Part I, or to other activities for which coverage is provided under this **policy**, in the event of your personal and direct participation in the events for which damages or liability is sought or imposed.

7. If liability is sought or imposed because of your written or oral agreement to hold harmless, indemnify, or otherwise assume another's obligation or liability, if liability or the amount of damages sought or imposed upon **you** is greater than that which would exist in the absence of such an agreement.

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8. If liability is imposed, or sought to be imposed, as a result of intentional, willful, criminal, or fraudulent acts.

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9. If liability is sought or imposed as a result of advertising, broadcasting, or telecasting activities.

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10. If liability is sought or imposed for your acts or omissions while your principal place of practice is other than that identified by **you** by your prior notification to MIEC.

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11. If liability is sought or imposed for injury, damage, sickness, disease, or death of any of your employees, agents, or representatives, arising out of and in the course of such person's employment by **you**, or under any workers' compensation, unemployment compensation, disability benefits, or similar law relating to employee benefits, welfare, or entitlements.

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12. If liability is sought or imposed for **property damage** to property owned, leased, or rented, in whole or in part, by **you**, or entrusted to the care, custody, and control of **you**, or your employees, agents, or representatives.

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13. If liability is sought or imposed for damage or injury resulting from:

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a. Surgical proceedings involving the spinal column unless (1) required by a bona fide emergency requiring immediate intervention, or (2) **you** participate as an assistant surgeon only.

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b. Total joint replacements, except where **you** participate as an assistant surgeon only.

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c. The use of chymopapain.

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d. The use of chelation therapy.

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e. Refractive keratoplasty procedures.

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f. Liposuction.

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g. The delivery of infants in locations other than duly-licensed facilities accredited by the Joint Commission on the Accreditation of Healthcare Organizations, except in the case of bona fide emergencies.

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- h. The use of intra gastric balloons or similar medical devices in connection with a program directly or indirectly related to weight control or reduction.
- i. Surgical weight reduction procedures.
- 14 Except for the payment of reasonable expenses and costs *for defense only*, there is no coverage of any kind if damages or liability is sought or imposed in whole or in part for damage or injury arising from or incidental to sexual relations, sexual abuse, sexual contact, sexual intimacy, sexual battery, or sexual exploitation of or with any person, regardless of whether such conduct arises from the delivery of or failure to deliver health care services, or abandonment or the failure to properly refer such person for treatment.
- 15 Regardless of when any **claim**, loss, arbitration, or proceeding is reported to MIEC, no insurance coverage is afforded to **you** for acts, omissions, events, accidents, or incidents which occur prior to the **retroactive date**.
- 16 There is no coverage under this **policy** for payment of exemplary or punitive damages, civil fines, or assessments.
- 17 Except for coverage provided under Parts II.A and II.B of this **policy**, there is no coverage of any kind for conduct which is alleged to be anticompetitive in nature or effect, part of a boycott or other form of combination or conspiracy in restraint of trade, or otherwise in violation of anti-trust or unfair business practice laws or regulations.
- 18 There is no coverage of any kind for any **bodily injury** or **property damage**:
- With respect to which insurance is or can be available to **you** under a nuclear energy liability policy.
  - Which results from the hazardous properties of nuclear material for which financial protection would be required under the Atomic Energy Act of 1954 (as amended) or for which **you** would be entitled to indemnity from the United States of America pursuant to the Atomic Energy Act of 1954 (as amended).
- 19 If any individual or professional corporation identified under this **policy** as an "Additional Insured" or "Employed/Contracted Doctor" is also covered under a separate MIEC **policy**, any exclusions of coverage under such separate MIEC **policy** shall automatically apply to this **policy**, and no coverage shall be available when liability is imposed, or sought to be imposed, upon such individual or professional corporation based upon acts or omissions excluded under this **policy** or such separate MIEC **policy**.
- 20 If liability is sought or imposed upon **you** as a result of acts or omissions in connection with a drug or device study or a clinical trial, unless the study or clinical trial is performed under the independent oversight of an Independent Review Board, the Food and Drug Administration, or other similar body.

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Except as may be provided in an endorsement to this policy, there is no coverage under this policy for:

- a Regulatory fines or penalties you become legally obligated to pay as a result of a claim for an actual or alleged privacy wrongful act, network security wrongful act, or data interference act;
- b Patient notification and credit monitoring costs you incur as a result of a claim for an actual, alleged, or potential privacy wrongful act, network security wrongful act, or data interference act;
- c Data recovery costs you incur as a result of a claim for a privacy wrongful act or a data interference act.
- d For purposes of this exclusion, the following definitions apply:

(1) **Data interference act** means any act by a party other than you or your agents or employees which is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the data you maintain. Data interference act includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

(2) **Network security wrongful act** means an actual or alleged act, error or omission committed by you or your agent or employee, including an unauthorized act by your agent or employee, which results in the unauthorized access to or unauthorized use of your computer system, the consequences of which include, but are not limited to:

- (a) The failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
- (b) The inability of an authorized third party to gain access to your services;
- (c) The failure to prevent denial or disruption of Internet service to an authorized third party;
- (d) The failure to prevent identity theft or credit/debit card fraud; or
- (e) The inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.

(3) **Privacy wrongful act** means any of the below, whether actual or alleged, but only if committed or allegedly committed by you or by

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your employee during the course and scope of his or her duties as such

- (a) Breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or
- (b) Any breach or violation of U.S. federal, state or local statutes or regulations associated with the control and use of personally identifiable financial or medical information, as they may be amended from time to time, including but not limited to:
  - (i) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA");
  - (ii) Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
  - (iii) State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
  - (iv) Governmental privacy protection laws or regulations that require commercial Internet sites or on-line services that collect personal information or medical information (as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse;
  - (v) Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA); or
  - (vi) The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009.

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## GENERAL CONDITIONS

These general conditions describe and limit the amount and availability of insurance provided under this **policy**, except in those instances where the **policy** itself makes different provisions applicable to specified coverage. In order for insurance described in this **policy** to apply to **you**, **you** must comply with each of the conditions described below. MIEC will not be obligated to provide coverage if **you** fail to comply with any condition.

### 1. LIMITS OF LIABILITY

- a. The amount of insurance coverage available for indemnity payments for covered **claims** shall be as described in a **declaration** or **endorsement**, or in Part III(3) or IV of this **policy**.
- b. Limits of liability specified in a **declaration** or **endorsement** of this **policy** apply for all covered **claims** under this **policy**, and shall not be multiplied or expanded regardless of the number of insureds or persons entitled to insurance coverage under this **policy**.
- c. The amount of insurance available from MIEC for covered **claims** arising from a single act, omission, or event, or from related acts, omissions, or events, shall be limited to the sum described in a **declaration** or **endorsement** under the heading of "Per Claim" limit, and this amount shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.
- d. For covered **claims** which arise from different or unrelated acts, omissions, or events which are first reported to MIEC within the same **policy** year, the insurance available from MIEC shall be limited to the total sum described in the **declaration** or **endorsement** under the heading of "Aggregate" limit, and shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.
- e. The "Per Claim" and "Aggregate" limits of liability under this **policy** are not cumulative, even if related acts, omissions, accidents, incidents, or events span more than one **policy** year.
- f. The limits of liability which apply when **you** make a **claim** for coverage under this **policy** are those applicable during the **policy** year in which the **claim** is first reported to MIEC and those limits shall not be available in any greater sums regardless of subsequent reports.
- The limits of liability may vary among the various coverages ("Parts") afforded **you** under the **policy** as described in a **declaration** or **endorsement**. In no event shall the limits of liability be cumulative if liability for covered **claims** may arise under several Parts of this **policy**.

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## 2. APPLICABILITY OF PARTS OF POLICY

Insurance coverage under each Part of the coverage provisions of this policy shall apply to **you** only if and to the extent that each such Part is expressly agreed to be applicable to **you** in a **declaration** or **endorsement** issued to **you** by MIEC. No **claim** will be covered under more than one Part of the policy.

## 3. EFFECT OF SUBSEQUENT DECLARATIONS OR ENDORSEMENTS

Successive **policy declarations** or **endorsements** may be issued to **you** by MIEC, upon renewal or at certain other times. The **policy declaration** or **endorsement** applicable to your coverage when a **claim** is reported to MIEC shall be the **declaration** or **endorsement** most recently issued to **you** prior to your report of the **claim**.

## 4. NOTICE OF CLAIMS

When **you** first become aware of any act, omission, event, incident, or accident which may give rise to a **claim** against **you**, or if **you** obtain knowledge or information from any source that such a matter is contemplated, likely, or has been initiated, **you** must promptly give MIEC written notice of the **claim**, providing such information as is known to **you**, as well as any information subsequently becoming known to **you** or requested by MIEC. **You** must promptly provide MIEC with written notice of the particulars concerning the matter, including information regarding the identity of persons and entities involved, the time, place, and circumstances of the events or occurrences, and names and addresses of injured parties and witnesses. **You** must also promptly forward every demand, notice of intention to file suit, summons, subpoena, or other legal process which **you** or your representatives receive. A **claim** under this **policy** shall not be considered made or reported unless and until **you** provide MIEC with written notice.

## 5. CONTROL OF DEFENSE AND SETTLEMENT

With respect to any **claim** which falls, or is claimed to fall, in whole or in part within the insurance coverage of this **policy**, MIEC shall have the sole and exclusive right to investigate, negotiate, evaluate, control, and direct the defense of such matter, including the right to appoint legal counsel on your behalf, as may be permitted or limited by law. With respect to any covered **claim**, legal counsel selected by **you** shall not be permitted to intervene or substitute into the defense of the matter without the prior consent and written approval of MIEC. MIEC shall have the sole and exclusive right to settle the matter on your behalf, except for covered **claims** under Part I of the coverage provisions, where your consent to settle shall be obtained, in which case **you** may not unreasonably withhold your consent.

If a **claim** involves both covered and non-covered **claims** and/or causes of action, **you** agree to allow bifurcation of the hearing, arbitration or trial as to

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covered **claims** and damages, as well as to non-covered **claims** and damages. You additionally agree to secure a special award or verdict form that segregates covered **claims** from non-covered **claims**, as well as covered and non-covered damages, if requested by MIEC.

## 6. ASSISTANCE AND COOPERATION

You are required to cooperate with MIEC in all respects in matters pertaining to this insurance and, upon request of MIEC, shall provide information, attend hearings and trials, and assist in making settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise facilitating the conduct of any proceeding in connection with the subject matter of this insurance, including a review of the **claim** or lawsuit by a medical review and advisory committee or similar committee of a professional society or organization as may be selected by MIEC. **You** must not voluntarily make any payment, assume any obligation, or incur any expense with respect to a covered **claim** except with prior written consent of MIEC.

## 7. PREMIUMS GENERALLY

The insurance available under the **policy** is provided in return for, and expressly conditioned upon, timely payment by **you** of a premium established by MIEC. All premiums for this **policy** shall be computed solely by MIEC in accordance with MIEC's procedures and rating plans applicable to your insurance. In the event of a change in your professional practice or activities which, in the opinion of MIEC, materially alters the risk or affects the hazard insured against, as a condition of continued coverage MIEC shall have the right to impose and obtain additional premiums consistent with MIEC rating plans applicable to such practices or activities. **You** are required to make and retain records of such information as is necessary for premium computation according to procedures and rating plans of MIEC, and must make copies of such records available to MIEC at such time as MIEC may reasonably request.

## 8. PREMIUM PAYMENTS - AUTOMATIC TERMINATION

All premiums for this **policy** are payable by **you** annually or quarterly as established by MIEC. If paid quarterly, premiums are due February 1, May 1, August 1, November 1; provided, however, that the first premium installment (or pro-rated portion) is due when the **policy** is first issued to **you** and each subsequent installment is due on the first day of the next quarterly period described above. Unless the time for payment is extended by MIEC in writing, **you** will be deemed in default if the premium is not paid on or before its due date, and the **policy** will terminate automatically, without notice, as of 12:01 a.m. Standard Time at the expiration of the period through which the premium has been paid. It is your duty to ensure that premiums are promptly paid to MIEC, regardless of whether **you** receive statements for the premium from MIEC.

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## OTHER INSURANCE

If you have other valid and collectible insurance for acts, omissions, events, incidents, or accidents covered under this **policy**, or any other source for indemnification or reimbursement for damages, settlement, legal fees, costs, or expenses as a result of such matters, insurance under this **policy** shall not apply until the limits of such other insurance or other sources have been exhausted.

## 10. SUBROGATION AND REIMBURSEMENT FOR THIRD-PARTY LIABILITY

**A.** Subrogation--Except for matters described in section B, in the event of any payment by MIEC under this **policy**, MIEC shall be subrogated to your rights of recovery against any person or organization and you must promptly execute and deliver whatever documents, instruments, or papers are necessary and appropriate to effectuate said subrogation, and to do whatever else is necessary to secure such rights for MIEC. You must do nothing to adversely influence or prejudice the subrogation right of MIEC.

**B.** Reimbursement for Third-Party Liability--In the event you assert any claim against a third party for damages, indemnification, contribution, or reimbursement for events for which sums were paid under this **policy** on your behalf, MIEC shall have a lien against such sums recovered by you to the extent that sums were paid by MIEC, and you are required to promptly execute and deliver any documents, instruments, or papers necessary to effectuate such lien, and to do whatever else is necessary to secure such lien rights of MIEC, doing nothing to prejudice MIEC's lien rights.

## 11. REPRESENTATIONS

**A.** By acceptance of this **policy**, you acknowledge that the statements made in your application for insurance and any materials submitted therewith are true and correct, that you and your employees, agents, or representatives have not withheld or failed to disclose pertinent information, and that you have given careful consideration to the statements and information provided. You further acknowledge that such statements are material representations by you, and that any **policy** issued by MIEC is issued in reliance upon the truth and accuracy of such statements. You further agree that this **policy** embodies all agreements, representations, and commitments by MIEC, or any of its employees, agents, representatives, or counsel regarding the subject of insurance coverage. You further acknowledge that in the event your application or materials submitted therewith contain misrepresentations or omissions made with actual intent to deceive or which materially affect the acceptance of the risk or the hazard assumed by MIEC, no coverage shall be afforded under this **policy** and the **policy** in its entirety shall be void and of no effect whatsoever.

**B.** You agree to promptly report to MIEC any material change in the information previously provided to MIEC in connection with this insurance, including

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information provided in your original application, any application updates, and other written communications. Such material changes include, but are not limited to, any changes in the nature and scope of your practice or medical procedures performed, any changes in your medical license, any changes in your partners and associates, any changes in your professional office premises, any changes in interns, externs, residents, dentists, osteopathic or other medical doctors, health care extenders with whom you practice, any changes in practice locations, any changes in administrative responsibilities, and any changes in the status of your hospital privileges. Coverage for any claim that results from an act or omission that occurs after any of these changes is contingent upon your having notified MIEC of the change and MIEC's approval thereof. You further agree that any material changes in your professional practice or activities may be a basis for imposition of an additional premium at the election of MIEC which is consistent with its rating plans, as well as imposition of other terms, conditions, or limitations of insurance coverage, including cancellation if MIEC determines the changed circumstances affect the hazard insured against. Copies of previously submitted applications and related materials are available from MIEC on request.

## 12. WAIVER

Notice to any representative of MIEC, or knowledge possessed by any representative or person employed by or related to MIEC, shall not constitute a waiver or a change of any Part of this policy, or preclude MIEC from asserting any right under the terms of this policy, nor shall the terms of this policy be deemed to be waived or changed by virtue of any representation or written or oral statement by MIEC, its employees, or representatives, except as such waiver or change may be described by MIEC in an endorsement or policy declaration issued to you.

## 13. ASSIGNMENT

Your interests or rights under this policy, including any express or implied covenants, are neither assignable nor transferable.

## 14. TERMINATION

A. Insurance coverage under the policy ends upon cancellation, upon the end of the policy period specified in the policy declaration or endorsement issued to you, at the end of the reporting period specified in the reporting endorsement issued to you, or upon automatic termination of the policy relating to nonpayment of premium or relocation of your principal place of practice, as described in the General Conditions, whichever occurs first.

B. If any individual or solo professional corporation identified under this policy as an "Additional Insured," "Non-Physician Practitioners," or "Employed/Contracted Doctor" is no longer employed or associated with you,

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and fails to obtain insurance coverage equivalent to the insurance afforded herein for the period the individual or **solo professional corporation** was employed or associated with **you**, or if **you** fail to obtain such coverage on behalf of such individual or **solo professional corporation**, insurance from MIEC otherwise available to such person or **solo professional corporation**, or to **you** under this **policy** for acts or omissions of such person or **solo professional corporation**, shall automatically terminate except for those **claims** first reported to MIEC during the period of employment or association.

## CANCELLATION

- A. Your insurance coverage is automatically canceled, upon your death, permanent disability, judicial determination of incompetency, or revocation of your license to practice in any jurisdiction where insurance is afforded under this policy, or, with respect to a solo professional corporation, upon winding-up and dissolution of such professional corporation.
- B. MIEC shall have the right to cancel your insurance coverage in the event of a judgment by a court or by an administrative that you have committed a violation of law having as one of its essential elements an act or omission that materially increases any of the risks insured against.
- C. In addition to the grounds for cancellation described in this policy, and except as otherwise limited by applicable law, insurance coverage may be canceled by you or MIEC, without cause and without any cause of action accruing against the canceling party, upon written notice to the other specifying the date following which the cancellation shall be effective, in which case the date specified shall constitute end of the policy period or additional reporting period; provided, however, that if MIEC cancels, at least 30 days' advance written notice of cancellation shall be mailed to you at your address as stated in the policy declaration.

## 16. AVAILABILITY AND TERMS OF REPORTING ENDORSEMENT

If you are identified by MIEC under the heading of "Named Insured" in a **policy declaration** or **endorsement**, you, or your estate or legal representative, shall have the right, upon written request and following payment of a premium to be determined by MIEC at that time, if applicable, to have issued reporting **endorsement(s)** providing an additional reporting period, unless the termination of your coverage was for non-payment of **premium**, in which case the advance payment of the pro-rata premium through the date of **cancellation** must also be made to MIEC before reporting **endorsement(s)** shall be issued. Insurance coverage provided under a reporting **endorsement** may be modified by terms and conditions established by MIEC as set forth in such reporting **endorsement(s)**. However, the amount of insurance under reporting **endorsement(s)** shall be the same as the limits of liability in the **policy declaration** or **endorsement(s)** last issued to you by MIEC prior to termination

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of the **policy** except that the aggregate limit shall apply to the entire period covered by the endorsement(s) rather than a single **policy** year. In this event it is further provided that:

**A. If you are an individual:**

1. Where the termination is due to death, permanent disability and/or judicial determination of incompetency or permanent retirement from professional practice at age 55 or older, the additional reporting period shall be through the date that all assets, fees, and payments of your estate have been finally distributed, following your death.

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2. Where the termination is due to death, permanent disability or judicial determination of incompetency, no premium shall be charged to you or your estate or legal representative for issuance of the reporting endorsement.

Where termination is due to your permanent retirement from professional practice at age 55 or older, the premium for such reporting endorsement shall be determined as follows: A premium shall be charged as determined by MIEC at the time the reporting endorsement is issued, but MIEC shall deduct from such premium a sum computed by multiplying a) the total number of full months you were covered under a policy issued by MIEC from the original effective date to the date of termination or cancellation of the policy, times b) 1/60, times c) the amount of premium that would otherwise be charged by MIEC for the reporting endorsement.

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4. In all other cases of termination, you shall be entitled to issuance of reporting endorsement(s) by MIEC, but only upon such terms and conditions and payment of additional premiums as may be determined by MIEC.

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**B. If you are a solo professional corporation, you will be entitled to issuance of reporting endorsement(s), but only if you have permanently discontinued the delivery of health care services. In that event it is further provided:**

1. Where the termination is due to death, permanent disability and/or judicial determination of incompetency or permanent retirement from professional practice at age 55 or older of your single shareholder, the additional reporting period shall be through the date that all assets, fees, and payments of the shareholder's estate have been finally distributed, following his or her death.

2. Where the termination is due to death, permanent disability or judicial determination of incompetency of your shareholder, no premium shall be charged to you or your shareholder's estate or legal representative for issuance of the reporting endorsement(s).

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3. Where termination is due to your shareholder's permanent retirement from professional practice at age 55 or older, the premium for such reporting endorsement(s) shall be determined as follows: A premium shall be charged as determined by MIEC at the time the reporting endorsement(s) is/are issued, but MIEC shall deduct from such premium a sum computed by multiplying a) the total number of full months you were covered under a policy issued by MIEC from the original effective date to the date of termination or cancellation of the policy, times b) 1/60, times c) the amount of premium that would otherwise be charged by MIEC for the reporting endorsement(s).
4. In all other cases of termination, you shall be entitled to issuance of reporting endorsement(s) by MIEC, but only upon such terms and conditions and payment of additional premiums as may be determined by MIEC.

## 17. OPERATIONS

- A. MIEC is a reciprocal inter-insurance exchange. Medical Underwriters of California (MUC) functions as the "Attorney-in-Fact" for MIEC. By requesting insurance from MIEC, you vest MUC with authority to issue this policy on your behalf, and to otherwise exercise the duties and responsibilities of an "Attorney-in-Fact" for MIEC.
- B. The Board of Governors of MIEC shall have full power and authority to establish rules and regulations for the management and conduct of MIEC, and for the election of members of the Board. The Board of Governors of MIEC, in its sole discretion, may authorize the distribution of policyholders' savings, and adopt rules, regulations, or schedules for that purpose.
- C. To enforce any claims or rights arising under this policy, MIEC shall be sued or sue in its own name as in the case of an individual. Service of process in any such suit against MIEC shall be upon MUC.

## 18. INSPECTION AND AUDIT

MIEC shall be permitted to inspect your professional premises, property, and operations at any time. Neither MIEC's right to make such inspections nor the making thereof, nor any report thereon shall constitute an undertaking by MIEC on behalf of you or others to determine or warrant that such property or operations are safe. MIEC may request and undertake a reasonable examination and audit your books and records insofar as they relate to the subject matter of this insurance.

## 19. ACTION AGAINST COMPANY

No action shall lie against MIEC by you or your agent or representative, or any other person acting by or through you, unless as a condition precedent thereto,

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there shall have been full compliance with all the terms of this **policy**, nor until the amount of your obligation to pay sums to a claimant or litigant shall have been fully and finally determined either by judgment or award against **you** or by written agreement by **you**, claimant, and MIEC. No person or organization shall have any right under this **policy** to join MIEC as a party to any action against **you** to determine your liability, nor shall MIEC be impleaded by **you** or your legal representative; provided, however, that whenever judgment is secured against **you** in an action based upon **bodily injury**, death, or **property damage**, an action may be brought against MIEC on the **policy** and subject to its terms and limitations, by such judgment creditor to recover on the judgment.

## 20. **BANKRUPTCY OF INSURED**

Your insolvency or bankruptcy will not release MIEC from the payment of damages or injury sustained or loss occasioned during the term of said **policy**.

## 21. **PLACE OF PRACTICE AND TELEMEDICINE**

**A.** You agree that insurance coverage under this **policy** is available only if you maintain your principal place of practice in the location identified by **you** in written notification to MIEC within 30 days after establishing your principal place of practice, and that relocation by **you** to another principal place of practice without notification to and agreement by MIEC as evidenced by MIEC's issuance of a **policy declaration** or **endorsement** shall constitute an automatic termination of insurance coverage under this **policy**.

**B.** You agree that insurance coverage under this **policy** is available only for acts, or the alleged failure to act, occurring or undertaken within the state wherein your place of practice identified in a **policy declaration** or **endorsement** is located, except for (1) services rendered in an emergency, without compensation or other consideration, and on an irregular or infrequent basis, or (2) services rendered incidental to your participation in a formal program of continuing medical education.

**C.** You agree that insurance coverage under this **policy** is available for acts, or the alleged failure to act, which constitute the practice of **telemedicine** according to the laws of any jurisdiction wherein such act or failure to act (or any part thereof) is alleged to have occurred, only if **you** are duly licensed or permitted under such laws to engage in the practice of **telemedicine** in such jurisdiction, you have previously notified MIEC in writing of your intention to engage in **telemedicine** in such jurisdiction, and MIEC has agreed in writing to provide coverage for such activities.

## 22. **NON-ASSESSABILITY**

This **policy** is not assessable.

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## DEFINITIONS

**"You"** identifies an individual insured under this policy who is identified as a "Named Insured" or an "Additional Insured" in a policy declaration or an endorsement. The term **"you"** also describes a solo professional corporation if identified as a "Named Insured" or an "Additional Insured" in a policy declaration or endorsement. The term **"you"** also describes your non-physician employees who are not required to be licensed or certified to provide any services for which they are employed, as well as nurses or medical assistants, but only with respect to health care services they perform within the authorized scope of their employment by you. However, the term **"you"** shall not apply to persons or entities who have not been specifically identified by name in a policy declaration or endorsement if practicing or licensed in any of the following categories: dentists (including oral surgeons), podiatrists, psychologists, counselors, social workers, nurse practitioners, nurse anesthetists, nurse midwives, perfusionists, physicians assistants, scrub nurses, surgical assistants, technicians or therapists who are required to be licensed or certified, optometrists, chiropractors, or acupuncturists, or in any other position requiring licensure or certification

The following terms, whenever they are used in this policy, will be defined as follows:

- **Bodily Injury** - Physical injury, including death, physical sickness, or physical disease.
- **Claim** - A demand, accident, or incident which is covered by this policy, including any resulting lawsuit, arbitration proceeding, or other legal or administrative proceeding.
- **Declaration or Endorsement** - A written document labeled as a declaration or as an endorsement issued by MIEC to you, applicable to this policy. A policy declaration or endorsement is a part of this policy.
- **Policy** - The written insurance agreement herein issued to you upon application and approval by MIEC, and all policy declarations and endorsements which apply to you.
- **Policy Period** - This policy does not apply to you until a policy declaration is issued by MIEC, describing the specific period of time this policy shall be in effect. That period of time is a policy period, and commences at 12:01 a.m. on the effective date in the policy declaration. The policy period continues until 12:01 of the day on which your policy expires, is terminated, or is canceled, whichever occurs first. A new policy period may be specified in a "renewal declaration." A policy period may be shorter or longer than a "policy year," which is the twelve-month period from February 1 until February 1 of the following year.

**Professional Premises** - Your professional premises are the premises designated in a policy declaration issued to you by MIEC. If you acquire ownership or control of other premises for the practice of your profession,

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through purchase, lease, or other agreement, and notify MIEC in writing of your acquisition of such premises within 30 days thereafter, coverage for such premises will be provided until MIEC has issued a **declaration** or **endorsement** providing for continued coverage, or providing written notification that coverage will not be afforded.

- **Property Damage** - Injury to or destruction of tangible personal or real property.

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- **Retroactive Date** - The **retroactive date** is that date before which any act, omission, event, accident, or incident resulting in a **claim** will not be covered under this policy as specified by MIEC in a **declaration** or **endorsement** issued to you.

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- **Solo Professional Corporation** - A professional corporation with only a single shareholder who is engaged in the delivery of health care services.

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- **Telemedicine** – Providing a health care service, including examination, diagnosis, treatment, consultation, transfer of medical data, and education, using interactive audio, video, or data communications. ("Interactive" means audio, video, or data communication by way of real time (synchronous) or near real time (asynchronous) two-way transfer of medical data and information.)

IN WITNESS WHEREOF, MIEC has caused this document to be executed and attested, but this **policy** shall not be valid unless countersigned on a **policy declaration** or reporting **endorsement** by a duly authorized representative of MIEC.

MEDICAL INSURANCE EXCHANGE  
OF CALIFORNIA

By: Medical Underwriters of  
California, Attorney-in-Fact

\_\_\_\_\_  
President

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## ENDORSEMENTS

### P01 (12) PRIOR ACTS DISCOVERY ENDORSEMENT

The insurance coverage described in this **policy** will apply to a **claim** arising before the original effective date which would otherwise constitute the **retroactive date**, so long as such **claim** arises out of events which occur after the **retroactive date** specified in this **endorsement** or in a **declaration** applicable to this **policy**. This specification of an earlier **retroactive date** does not relieve **you** of your obligation to comply with all other terms and conditions of this **policy**, and does not amend the limits of liability. However, paragraph 9, "OTHER INSURANCE" of the **GENERAL CONDITIONS** of this **policy** shall not apply when coverage is afforded under this **endorsement**, and the following condition shall instead apply:

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If **you** have other insurance for acts, omissions, incidents, or accidents which might otherwise fall within the coverage of this **endorsement**, or any other source for indemnification or reimbursement for damages, settlement, defense or legal fees, costs, or expenses as a result of such matters, insurance under this **endorsement** is null and void and shall not apply.

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Coverage under this **endorsement** is provided under your express representation and warranty that **you** know of no **claims**, civil lawsuits, arbitrations, legal or administrative proceedings, events, incidents, or accidents which may be subject to the coverage provided under this **endorsement**, other than those matters disclosed and described in writing to MIEC in the application for coverage. You agree that this **endorsement** and any coverage which would arise under it shall be automatically rescinded and null and void in the event of any fraud, material misrepresentation, or omission of relevant information which is known or which should have been known to **you**, through the reasonable exercise of diligence.

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### E01 (12) ANESTHESIA RESTRICTIVE ENDORSEMENT

**You** agree that neither defense nor indemnity insurance coverage is available under Parts I or II of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the administration of regional or general anesthesia by **you** unless:

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1. Except as provided in Paragraphs 3, 6 and 7 below, **you** shall be physically present in the operating room at all times during the course of such regional and general anesthesia; provided, however, that in the event **you** are required to leave the operating room during the course of such regional or general anesthesia, a physician trained in anesthesiology or certified registered nurse anesthetist (CRNA) shall replace **you** and shall remain in the operating room at all times during such absence.

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2. If **you** are a physician at no time will **you** supervise more than four

CRNAs.

3. In the event of a bona fide emergency requiring your temporary absence and a physician trained in anesthesiology is not available, a physician trained in advanced cardiopulmonary life support and a trained licensed nurse may replace you only if (1) the condition of the patient is stable; and (2) the replacements remain in the operating room and monitor the patient at all times during such absence.

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4. Except as provided in Paragraphs 6 and 7 below, the following means of monitoring shall be mandatory during the course of such regional and general anesthesia, including anesthesia for cesarean section, at whatever location in the facility. Blood pressure and heart rate should be recorded every five minutes; respiratory rate and oximeter reading every 15 minutes; carbon dioxide recordings every 15 minutes only if the endotracheal tube is placed.

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(a) Use of continual blood pressure monitoring with appropriate equipment which will give at a minimum periodic checks at regular intervals;

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(b) Use of continuous electrocardiographic display;

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(c) Use of an oximeter (reflective or transmissive);

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(d) Use of end tidal carbon dioxide monitor when an endotracheal tube is in place. A transcutaneous CO<sub>2</sub> monitor may be used instead of end tidal CO<sub>2</sub> monitor in small infants.

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5. Except as provided in Paragraphs 6 and 7 below, the following equipment shall be available during the course of regional or general anesthesia:

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(a) Equipment to measure temperature;

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(b) An audible device that detects disconnection of any component of the breathing system when an automatic ventilator is used;

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(c) An oxygen analyzer that will detect the concentration of oxygen and has a low concentration of oxygen alarm.

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6. During the course of regional analgesia for pain during childbirth (other than birth by cesarean section), you shall remain with the patient until vital signs are stable; if you leave the presence of the patient during the course of such regional analgesia, the patient must be observed at regular intervals by a CRNA or a licensed trained and competent obstetrical nurse.

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7. During the course of regional analgesia for pain during childbirth (other

than for cesarean section) **you** shall remain available on call within 10 minutes of the hospital premises unless replaced by a physician trained in anesthesiology.

8. A complete record of anesthesia shall be maintained by **you** which shall contain periodic entries of all monitoring data.

#### **E02 (12) SURGICAL EXCLUSION (EXCEPT ASSISTING AT SURGERY)**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the performance of surgery by **you**.

For the purpose of this exclusion, surgery is defined as cutting procedures (except simple repair of lacerations, and excision of lesions limited to the skin and immediate subcutaneous tissue), the practice of anesthesiology, obstetrics, and/or orthopedics, but shall not include procedures in which **you** act as an assistant to surgery.

This exclusion shall apply only to surgery performed upon patients by **you** on or after the effective date of this **endorsement**.

#### **E03 (12) SURGICAL AND SURGICAL ASSISTING EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the performance of surgery or assisting at surgery by **you**.

For the purpose of this exclusion, surgery is defined as cutting procedures (except simple repair of lacerations, and excision of lesions limited to the skin and immediate subcutaneous tissue), the practice of anesthesiology, obstetrics, and/or orthopedics.

This exclusion shall apply only to surgery or surgical assisting upon patients by **you** on or after the effective date of this **endorsement**.

#### **E05 (12) OBSTETRICS EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the practice of obstetrics by **you**.

For the purposes of this exclusion, obstetrics means the care and treatment of pregnancy, beyond the first trimester, and includes delivery by any means, except first trimester abortions.

This exclusion shall apply only to obstetrical services delivered to patients by **you** on or after the effective date of this **endorsement**.

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#### **E06 (12) EMERGENCY MEDICINE/EMERGENCY ROOM PRACTICE EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the practice of emergency medicine by **you** as a contractor to or employed physician of any outpatient facility or hospital designated as or offering emergency medical services.

This exclusion shall apply only to such services to patients by **you** on or after the effective date of this **endorsement**.

#### **E07 (12) INVASIVE CARDIOLOGY PROCEDURES EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the performance of cardiac catheterization, angioplasty, and/or arteriography by **you**.

This exclusion shall apply only to such services to patients by **you** on or after the effective date of this **endorsement**.

#### **E08 (12) INVASIVE DIAGNOSTIC RADIOLOGY PROCEDURES EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the performance of myelography, angiography, and/or other invasive diagnostic procedures (except intravenous pyelograms) by **you**.

This exclusion shall apply only to such services to patients by **you** on or after the effective date of this **endorsement**.

#### **E09 (12) ACUPUNCTURE EXCLUSION**

**You** agree that the following exclusion is added to Paragraph 13 of the "EXCLUSIONS":

j. The practice of acupuncture by **you**.

#### **R01 (12) RETIRED DOCTOR COVERAGE LIMITATION/WARRANTY**

**You** represent and warrant that **you** have retired from the practice of medicine and will not engage in the practice of medicine for compensation or consideration. Based upon such representation and warranty, neither defense nor indemnity insurance coverage is available under Parts I or II of the coverage provisions of this policy for claims, civil lawsuits, arbitrations, legal or administrative proceedings which arise from and relate to alleged damage or injury resulting from the delivery, or alleged failure to deliver, health care services to patients for which compensation is paid or for which there is consideration for such services.

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**R02 (12) PART-TIME PRACTICE LIMITATION (less than 10 hours per week)**

**You** represent and warrant to MIEC that you are engaged in the practice of medicine for which coverage is provided under this policy for an average of less than 10 hours per week.

**You** understand and agree that the basis upon which the lower premium is granted by MIEC is your reduced weekly practice hours, and agree that **you** will notify MIEC in writing within fifteen days of any increase in the weekly hours of practice beyond the limitation stated in the above paragraph.

**R03 (12) PART-TIME PRACTICE LIMITATION (less than 20 hours per week)**

**You** represent and warrant to MIEC that **you** are engaged in the practice of medicine for which coverage is provided under this policy for an average of less than 20 hours per week.

**You** understand and agree that the basis upon which the lower premium is granted by MIEC is your reduced weekly practice hours, and agree that **you** will notify MIEC in writing within fifteen days of any increase in the weekly hours of practice beyond the limitation stated in the above paragraph.

**R04 (12) EMPLOYMENT/CONTRACT EXCLUSION**

**You** agree that neither defense nor indemnity insurance coverage is available from MIEC under Parts I or II of the COVERAGE PROVISIONS of this policy for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events which arise from and relate to alleged damage or injury resulting from the delivery, or alleged failure to deliver, health care services in the course and scope of your duties as an employed physician of, or physician rendering services under contract to a government, state, city, county, university, health maintenance organization, or other entity identified on the policy declaration or on an endorsement.

**You** agree to notify MIEC within fifteen days of any change in the status of your employment or contractual relationship.

**R05 (12) GEOGRAPHIC LIMITATION ENDORSEMENT**

**You** agree that coverage described under this policy shall not apply to claims, civil lawsuits, or arbitration proceedings which arise from and relate to alleged damage or injury resulting from the delivery, or alleged failure to deliver, health care services to patients if such services are delivered outside the geographic boundaries of the state identified on the policy declaration or on an endorsement.

**W01 (12) DELETION OF EXCLUSION 13.a., SPINAL SURGERY**

Exclusion 13.a., concerning the performance of surgical procedures involving the spinal column, is deleted from the policy.

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**W02 (12) DELETION OF EXCLUSION 13.b., TOTAL JOINT REPLACEMENTS**

Exclusion 13.b., concerning total joint replacements, is deleted from the policy.

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**W04 (12) MODIFICATION OF EXCLUSION 13.a., POSTERIOR/POSTEROLATERAL LUMBAR FUSIONS**

Exclusion 13.a. shall not apply to posterior lumbar fusions and posterolateral lumbar fusions performed by you.

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**W05 (12) DELETION OF EXCLUSION 13.f., LIPOSUCTION**

Exclusion 13.f., the performance of liposuction, is deleted from the policy.

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**W06 (12) DELETION OF EXCLUSION 13.e., REFRACTIVE KERATOPLASTY PROCEDURES**

Exclusion 13.e., concerning the performance of refractive keratoplasty procedures, is deleted from the policy.

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**W07 (12) DELETION OF EXCLUSION 13.i., SURGICAL WEIGHT REDUCTION PROCEDURES**

Exclusion 13.i., concerning surgical weight reduction procedures, is deleted from the policy.

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**W08 (12) DELETION OF EXCLUSION 13.h., INTRAGASTRIC BALLOONS**

Exclusion 13.h., concerning the use of intragastric balloons or similar medical devices in connection with a program directly or indirectly related to weight control or reduction, is deleted from the policy.

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**INDIVIDUAL PHYSICIAN  
(AND SOLO PROFESSIONAL CORPORATION)  
POLICY ENDORSEMENT**

**DATAGUARD INSURANCE  
(Claims-Made Basis)**

**NOTICE**

This **endorsement** applies to and forms a part of the **policy** issued by Medical Insurance Exchange of California ("MIEC") to which this **endorsement** is attached.

Except as otherwise noted herein, this is Claims-Made and Reported Coverage. Various provisions in this **endorsement** restrict coverage. Read the entire **endorsement** carefully to determine your rights and duties and what is and is not covered. All other terms, conditions and exclusions of the **policy** to which this **endorsement** attaches remain unchanged and apply in full force and effect to this **endorsement**, unless this **endorsement** states otherwise.

The limits of liability for the coverage provided under this **endorsement** are specified in Section III of this **endorsement**. **Defense costs** are paid within such limits of liability.

**SECTION I - COVERAGE AGREEMENTS**

In consideration of the premium charged and subject to all terms, conditions, definitions, exclusions and other provisions of this **endorsement** and the **policy** to which it attaches, MIEC agrees as follows:

- A. **DATAGUARD Network Security and Privacy Coverage:** Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay **damages** which you become legally obligated to pay, and related **defense costs**, as a result of a **claim** for any actual or alleged **network security wrongful act** or **privacy wrongful act**, provided that:
  - a. Such **claim** is first made against you during the **policy period**;
  - b. You report such **claim** in writing to MIEC during the **policy period**; and
  - c. The **network security wrongful act** or **privacy wrongful act** occurs on or after the **retroactive date**.
- B. **Regulatory Fines and Penalties Coverage:** Notwithstanding Exclusion "16" in the **policy** to which this **endorsement** attaches and subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay **regulatory fines and penalties** which you become legally obligated to pay as a result of a **claim** for any actual or alleged **privacy wrongful act**, provided that:
  - a. Such **claim** is first made against you during the **policy period**;
  - b. You report such **claim** in writing to MIEC during the **policy period**; and
  - c. The **privacy wrongful act** occurs on or after the **retroactive date**.
- C. **Patient Notification and Credit Monitoring Costs Coverage:** Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay reasonable **patient**

**notification and credit monitoring costs** which **you** incur as a result of a **claim** for an actual or potential **privacy wrongful act**, provided that:

- a. Such **claim** is first made and reported in writing to MIEC during the **policy period**; and
- b. The **privacy wrongful act** occurs on or after the **retroactive date**.

D. **Data Recovery Costs Coverage**: Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay reasonable **data recovery costs** which **you** incur as a result of a **claim** for a **data interference act**, provided that:

- a. Such **claim** is first made and reported in writing to MIEC during the **policy period**; and
- b. The **data interference act** occurs on or after the **retroactive date**.

## **SECTION II - ADDITIONAL EXCLUSIONS**

No coverage is provided under this **endorsement** for any **claim** based upon, arising out of, related to, directly or indirectly resulting from, in consequence of, or in any way involving:

- A. Any **network security wrongful act**, **privacy wrongful act** or **data interference act** or any fact, circumstance, or situation:
  - 1. Which was the subject of written notice to any insurer given under any other policy of insurance prior to the effective date of this **endorsement**;
  - 2. Which was the subject of any written demand for monetary damages, any administrative or arbitration proceeding, or any litigation commenced or made against **you** prior to the effective date of this **endorsement**, or the same or substantially the same fact, circumstance, or situation underlying or alleged in such prior matter;
  - 3. Which was identified in any summary or statement of claims or potential claims submitted in connection with your application for insurance for the **policy** to which this **endorsement** attaches;
  - 4. Which **you** had knowledge of prior to the effective date of this **endorsement** and which could reasonably be expected to give rise to a **claim**.
- B. The actual, alleged or threatened discharge, dispersal, release or escape of pollutants, or any direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, nuclear material or nuclear waste. For purposes of this exclusion, "pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including mold, smoke, vapor, soot, fumes, acids, alkalis, chemicals, odors, noise, lead, oil or oil products, radiation, asbestos or asbestos-containing products and waste, and any electric, magnetic or electromagnetic field of any frequency. "Waste" includes, but is not limited to, material to be recycled, reconditioned or reclaimed.
- C. The liability of others **you** assume under any contract or agreement, except to the extent **you** would have been liable in the absence of such contract or agreement;
- D. Any actual or alleged breach of contract, warranty or guarantee, except that with respect to allegations of breach of contract, this exclusion shall not apply to the extent **you** would have been liable in the absence of such contract;



- E. The gaining in fact of any profit, remuneration or financial advantage to which **you** were not legally entitled;
- F. Actual or alleged violations of the False Claims Act or any similar federal or state law, rule or regulation concerning billing errors or fraudulent billing practices or abuse;
- G. Any actual or alleged infringement of any patent or trade secret;
- H. Any actual or alleged price fixing, restraint of trade or a violation of any securities or anti-trust laws;
- I. Any employment or employment-related matters;
- J. Any actual or alleged **Bodily Injury or Property Damage**;
- K. Any actual or alleged harassment or discrimination, including, but not limited to, harassment or discrimination because of, or relating to, race, creed, color, age, sex, sexual orientation or preference, national origin, religion, handicap, disability, political affiliation, marital status or any other basis prohibited by federal, state or local law;
- L. Any actual or alleged electrical failure, including electrical power interruption, surge, brownout or blackout;
- M. Any actual or alleged malfunction or defect of any hardware, equipment or component;
- N. Any actual or alleged violation of any of United States of America's economic or trade sanctions, including but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC");
- O. Any actual or alleged medical malpractice or rendering of or failure to render professional services;
- P. Any loss of business income arising from the interruption, suspension or degradation of your computer network.
- Q. Any criminal proceeding; for purposes of this exclusion, 'criminal proceeding' shall mean any governmental action for enforcement of criminal laws, including those offenses for which conviction could result in imprisonment and/or criminal fine.

### **SECTION III - LIMITS OF INSURANCE AND DEDUCTIBLE**

- A. With respect to the coverage provided under this **endorsement**, the limits of insurance and deductible are as follows:
  - 1. Network Security and Privacy Coverage: \$ 50,000 per **Claim**
  - 2. Regulatory Fines and Penalties Coverage: \$ 50,000 per **Claim**
  - 3. Patient Notification and Credit Monitoring Costs Coverage: \$ 50,000 per **Claim**

- 4 Data Recovery Costs Coverage: \$ 5,000 per **Claim**
- 5 Aggregate Limit: \$ 50,000
- 6. Deductible: \$ 1,000 per **Claim**

- B. The "Per **Claim**" limits specified in items 1-4 of Section III, paragraph A, above is the maximum amount MIEC will pay for each **claim** under each Coverage Agreement of this **endorsement**, including **defense costs** where applicable.
- C The "Aggregate Limit" specified in item 5 of Section III, paragraph A, above is the maximum amount MIEC will pay in a **policy period** for all **claims** under all Coverage Agreements of this **endorsement** combined. The "Aggregate Limit" includes **defense costs** where applicable.
- D. If the "Aggregate Limit" specified in item 5 of Section III, paragraph A, above is exhausted by payment of **damages, defense costs, regulatory fines and penalties, patient notification and credit monitoring costs or data recovery costs**, or any combination thereof, then MIEC's obligations under this **endorsement** shall be deemed completely fulfilled and extinguished.
- E. All related **claims** shall be considered a single **claim** and only one Limit of Liability shall apply to such **claim**. Such **claim** shall be deemed to have been first made on the date the earliest of the related **claims** was first made and shall be deemed to have been first reported to MIEC on the date the earliest of the related **claims** was first reported to MIEC in writing. Appeals and any post-trial proceedings shall be considered to be part of the original **claim**. **Claims** will be deemed related if they are logically or causally connected by any common fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

#### SECTION IV - ADDITIONAL DEFINITIONS

With respect to the coverage provided by this **endorsement**, certain words are shown in boldface type and are defined as follows. Refer to the **policy** to which this **endorsement** attaches for terms which appear in boldface type in this **endorsement**, but are not defined below. If a term is defined below and in the policy to which this **endorsement** attaches, the definition below applies to this **endorsement**.

A. **Claim** means:

- 1. with respect to Coverage Agreement A (DATAGUARD Network Security & Privacy Coverage):
  - a. any written demand for monetary damages or other non-monetary relief made against **you**;
  - b. any civil proceeding or arbitration proceeding initiated against **you**, commenced by the service of a complaint or similar pleading or notification;
  - c. any written request to toll or waive a statute of limitations relating to a potential **claim** against **you**, including any appeal therefrom;
  - d. any **government investigation** commenced against **you** by letter notification, complaint or order of investigation.

A **claim** under Coverage Agreement A will be deemed to be first made or instituted when **you** receive notice of any of 1 (a) through 1 (d) above.

2. with respect to Coverage Agreement B (Regulatory Fines and Penalties Coverage), a **government investigation** commenced against **you** by letter notification, complaint or order of investigation. A **claim** under Coverage Agreement B will be deemed to be first made when it is first received by **you**.

3. with respect to Coverage Agreement C (Patient Notification & Credit Monitoring Costs Coverage):

a written report by **you** to MIEC of an actual or potential **privacy wrongful act**. A **claim** under Coverage Agreement C will be deemed to be first made when such written report is received by MIEC.

4. with respect to Coverage Agreement D (Data Recovery Costs Coverage):

a written report by **you** to MIEC of a **data interference act**, in accordance with the provisions of Condition A of this **endorsement**. A **claim** under Coverage Agreement D will be deemed to be first made when such written report is received by MIEC.

- B. **Damages** means the amount which **you** are legally obligated to pay as a result of a covered **claim** under Coverage Agreement A, including judgments and any prejudgment or post-judgment interest awarded against **you** on that part of any judgment paid or to be paid by MIEC; legal fees and costs awarded pursuant to such judgments; and settlements negotiated with MIEC's consent.

**Damages** does not include: (1) taxes; (2) any amount for which **you** are absolved from legal responsibility to make payment to a third party; (3) amounts owed under, or assumed by, any contract; (4) any return, withdrawal, restitution or reduction of professional fees, profits or other charges; (5) punitive or exemplary damages or the multiplied portion of multiplied damages; (6) criminal fines, sanctions or penalties; or (7) any matters that are deemed uninsurable under applicable law.

- C. **Data** means any and all information stored, recorded, appearing or present in or on your computer systems, including, but not limited to, information stored, recorded, appearing or present in or on the your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

- D. **Data interference act** means any act by a party other than **you** or your employees which occurs during the **policy period** and is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the **data** you maintain. **Data interference act** includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

- E. **Data recovery costs** means all reasonable and necessary sums **you** incur, with MIEC's prior written consent, to recover and/or replace **data** that is compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a **data interference act**,

including, but not limited to, the costs associated with the repair or replacement of any software that is compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a **data interference act**. **Data recovery costs** shall not include: 1) the costs of repairing or replacing any hardware, equipment or wiring; 2) wages, salaries or other compensation or income paid to **you** or your employees; or 3) costs of recovering or replacing **data** for any third party or any **data** that was not within your care, custody or control.

- F. **Defense costs** means reasonable and necessary legal fees, costs and expenses incurred in the investigation, defense and appeal of any covered **claim** under Coverage Agreement A. **Defense costs** shall not include any wages, salaries, or other compensation or income paid to **you** or your employees.
- G. **Government investigation** means an investigation conducted by any federal, state or local government agency or authority, the subject matter of which is a **privacy wrongful act** committed by **you** or your employee.
- H. **Network security wrongful act** means an actual or alleged act, error or omission committed by **you** or your employee, including an unauthorized act by your employee, which results in the unauthorized access or unauthorized use of your computer system, the consequences of which include, but are not limited to:
1. the failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
  2. the inability of an authorized third party to gain access to your services;
  3. the failure to prevent denial or disruption of Internet service to an authorized third party;
  4. the failure to prevent identity theft or credit/debit card fraud; or
  5. the inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.
- I. **Patient notification and credit monitoring costs** means all reasonable and necessary expenses **you** incur, with MIEC's prior written consent, in notifying third persons of any actual or potential **privacy wrongful act**, including, but not limited to: 1) legal expenses; 2) computer forensic and investigation fees; 3) public relations expenses; 4) postage expenses; 5) advertising expenses; and 6) the costs of credit monitoring services provided to affected individuals for up to a period of 12 months from the date of enrollment in such credit monitoring services.
- J. **Privacy wrongful act** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by your employee during the course and scope of his or her duties as such:
1. breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or

2. any breach or violation of U.S. federal, state or local statutes and regulations associated with the control and use of personally identifiable financial or medical information, including but not limited to:
  - a. the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA"), including Title II which requires protection of confidentiality and security of electronic protected health information, and the rules and regulations promulgated thereunder as they currently exist and as amended, including related state medical privacy laws as they currently exist and as amended;
  - b. Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder as they currently exist and as amended;
  - c. State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
  - d. Governmental privacy protection regulations or laws, as they currently exist now or in the future, which require commercial Internet sites or on-line services that collect personal information or medical information (as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse;
  - e. Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA); or
  - f. The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009.

K. **Regulatory fines and penalties** mean any administrative fines and penalties imposed against you as a result of a covered government investigation.

## SECTION V - ADDITIONAL CONDITIONS

In addition to the conditions set forth in the "General Conditions" section of your policy, the following conditions apply to this endorsement:

### A. DATA RECOVERY COSTS ADJUSTMENT

1. In the event that data belonging to you has been compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a data interference act, you shall, as soon as practicable following notification to MIEC, provide MIEC with a written statement detailing:
  - a. The harm or damage known to have resulted from the data interference act;
  - b. The circumstances under which you first discovered the data interference act;

- c. The proposed plan for remediation and/or recovery of said **data**, including the name and identity of the professional or consultant proposed for carrying out the remediation and/or recovery;
- d. The proposed or estimated costs of the remediation and/or recovery; and
- e. The proposed date and time for both commencing and completing such remediation and/or recovery.

- 2. No **data recovery costs** shall be incurred without MIEC's prior written consent, and MIEC shall not be responsible to pay on your behalf or reimburse **you** for any **data recovery costs** that were not so approved. Notwithstanding the foregoing, **you** may incur **data recovery costs** without MIEC's prior written approval, if the circumstances are such that there is no practical or reasonable opportunity to obtain MIEC's prior written consent and the exigencies then and there existing require immediate action to mitigate the potential for damage or harm to **you** or to third parties.

## **B. APPLICABILITY OF REPORTING ENDORSEMENT**

- 1. If a reporting **endorsement** providing an additional reporting period is issued to **you** in accordance with Condition "16" of the **policy** to which this **endorsement** attaches, then the period for reporting **claims** under this **endorsement** shall be automatically extended for a period of up to one (1) year immediately following the termination of the **policy** to which this **endorsement** attaches, but only for **claims** first made during the additional reporting period which arise out of actual or alleged **network security wrongful act(s)**, **privacy wrongful act(s)** or **data interference act(s)** that occur after the **retroactive date** and prior to the non-renewal or cancellation of the **policy**.
- 2. Cancellation or termination, for any reason, of the reporting **endorsement** automatically terminates the period for reporting **claims** under this **endorsement**.
- 3. All terms and conditions of this **endorsement** will continue to apply during any additional reporting period.
- 4. The existence of an additional reporting period will not increase or reinstate the Limits of Liability specified in Section III, paragraph A, of this **endorsement**.

## **C. NOTICE PROVISIONS**

### **1. NOTICE OF A CLAIM**

- a. Notwithstanding Condition "4" of the **policy** to which this **endorsement** attaches, **you** must give MIEC written notice of any **claim** covered under this **endorsement** during the **policy period** or during the additional reporting period, if applicable.
- b. **You** shall provide us with copies of all documentation comprising the **claim** as well as all authorization, cooperation, or assistance as MIEC may require. With respect to Coverage Agreement D, **you** shall also comply with the provisions of Condition A of this **endorsement** as a further condition of coverage.
- c. MIEC will not be obligated to pay any **damages, defense costs, regulatory fines and penalties, patient notification and credit monitoring costs** and/or **data recovery**

## 2. NOTICE OF A POTENTIAL CLAIM

If, during the **policy period**, **you** first become aware of any facts or circumstances which could give rise to a **claim** covered under this **endorsement**, and if **you** provide MIEC with written notice during the **policy period** of:

- a. Details regarding such facts or circumstances;
- b. The nature of the alleged or potential damages;
- c. The identity of the potential claimants involved;
- d. The manner in which **you** first became aware of the facts or circumstances; and
- e. The consequences which have resulted or may result,

then any **claim** subsequently arising out of such facts or circumstances will be deemed first made on the date such notice was given to MIEC.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.**

**Form 8.MD 2012**

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA (MIEC)

Home Office

6250 Claremont Avenue  
Oakland, California 94618-1324

## INDIVIDUAL PHYSICIAN (AND SOLO PROFESSIONAL CORPORATION) POLICY

### NOTICE

#### THIS IS A "CLAIMS-MADE" POLICY

Except to such extent as otherwise provided herein, coverage under this **policy** is provided on a "claims-made" basis, that is, insurance is limited to matters described in this **policy** which:

1. arise out of events described in the **policy** occurring on or after the **retroactive date** in the applicable **policy declaration** issued to you, and
2. are first reported by you to MIEC either prior to termination of this **policy** or within any **policy period** or additional reporting period applicable to you.

Please review this **policy** carefully and discuss the coverage with your attorney, insurance advisor, or risk management consultant.

### NOTICE

IN THE EVENT YOU ARE INVOLVED IN AN ACCIDENT OR INCIDENT WHICH MAY GIVE RISE TO A CLAIM, LAWSUIT, OR LEGAL OR ADMINISTRATIVE PROCEEDING, CONTACT THE MIEC CLAIMS DEPARTMENT IMMEDIATELY AT (510) 428-9411 OR CALL TOLL-FREE, 1-800-227-4527.



# INDIVIDUAL (AND SOLO PROFESSIONAL CORPORATION) POLICY

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## NOTICE

Except to such extent as may otherwise be provided herein, the coverage of this **policy** is limited generally to liability for only those **claims** that are first made against **you** while the **policy** is in force. Please review the **policy** carefully and discuss the coverage thereunder with your attorney, insurance advisor, or risk management consultant.

### CLAIMS MADE AND REPORTED INSURANCE POLICY

Medical Insurance Exchange of California ("MIEC") provides the insurance described in this insurance **policy**. The term "**you**" is used to describe the insured person or entity, who is either named in a **policy declaration** or **endorsement** or is an individual described specifically in this **policy**. Terms which appear in boldface are defined in the "Definitions" section, page 18.

Insurance provided by this **policy** is on a "claims-made" basis. Coverage is available only for **claims** or suits arising out of events which occur after the "**retroactive date**" specified in a **policy declaration** or an **endorsement** which applies to this **policy**, and only if **you** report the **claim** or suit to MIEC while your **policy** is in effect. Your **policy** will be in effect from 12:01 a.m. on the effective date until 12:01 a.m. of the day on which your **policy** expires or is terminated by **you** or MIEC.

This **policy** may describe coverage which is not included in your insurance. The **policy declaration** or **endorsements** applicable to this **policy** will specify the effective date and identify the specific coverage which your **policy** includes. The limits of liability for each coverage are specified either in the **policy declaration** or an **endorsement**, or in the **policy** itself.

## **PART I**

### **COVERAGE FOR HEALTH CARE SERVICES TO PATIENTS AND AS A CONSULTANT**

1. Subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC will pay reasonable legal expenses and costs to defend each **claim** seeking damages, brought against **you** and alleging damage or injury resulting either from the delivery, or alleged failure to deliver, health care services to patients, or because **you** have acted as an independent medical examiner or provided professional advice or consultation regarding the health or condition of a person who is not a patient. Subject to the limits of liability specified in the **policy declarations** in effect when the **claim** is first reported to MIEC, MIEC will pay damages which **you** become legally obligated to pay in such a matter. In such matters, MIEC will also pay the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.
2. MIEC's obligation to defend **you** or to pay reasonable legal expenses and costs of defense shall terminate upon the exhaustion of the specified limits of liability by the payment of damages on your behalf. MIEC's obligation to make any other payment on your behalf is subject to the specified limits of liability on either a per claim or annual aggregate basis.

## **PART II.A**

### **COVERAGE FOR PEER REVIEW LIABILITIES**

Subject to the exclusions, limitations and other terms and conditions of this policy, and only if no other person or entity is obligated to defend **you** or to make any payment on your behalf, MIEC will pay reasonable expenses and costs to defend **you** against each **claim** and to pay on your behalf such sums as **you** may become legally obligated to pay as damages, for your conduct as a member, officer, witness, or consultant engaged in the conduct of peer review for a professional review body, as defined by the Federal Health Care Quality Improvement Act. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration or hearing at MIEC's request, in the matters described above.

## **PART II.B**

### **DEFENSE COVERAGE FOR SPECIFIED PRACTICE RISKS**

1. Subject to the exclusions, limitations, and other terms and conditions of this policy, MIEC will pay reasonable expenses and costs to a maximum of \$25,000 for combined expenses and costs to defend **you** against investigations, civil lawsuits, or administrative proceedings in a matter arising from your professional practice first initiated after the effective date:
  - a. By a state agency licensing **you** to engage in professional practice as a physician.
  - b. By the Office of the Inspector General of the Department of Health and Human Services, by the United States Department of Justice, or by a state agency when taking action which may result in the termination of your right to provide services under any governmentally-funded program for the provision of health care services.
  - c. By the Department of Health and Human Services when investigating or asserting a claim that **you** have violated the Privacy Rule adopted by DHHS to implement requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").
  - d. By any specialty medical society of which **you** are a member.

The \$25,000 coverage limit applies to an investigation and any resulting administrative proceedings or civil lawsuits and all related or consequential proceedings, regardless of when concluded.

2. Subject to the exclusions, limitations, and other terms and conditions of this **policy** MIEC will pay reasonable expenses and costs, to a maximum of \$25,000 for such combined expenses and costs, to defend **you** against one or more **claims** alleging unlawful discrimination or harassment, assault, battery, or malicious prosecution, in a matter arising from your professional practice, if no coverage is afforded under Part I, and so long as such **claim** is not brought by or on behalf of any employee of yours.

#### **Additional Exclusion Applicable to Part II.B**

No coverage is provided to defend any investigation, lawsuit, or proceeding conducted solely to determine your entitlement to any fee or charge, whether paid or unpaid, if no effort is made to impose any sanction or penalty upon **you**. No coverage is provided under this Part for the defense of criminal prosecutions, or for the payment of fines, recoupments, civil penalties, damages, or other obligations imposed by law.

### PART III

**COVERAGE DESCRIBED IN THIS PART IS OPTIONAL COVERAGE. WHEN PROVIDED, IT DOES NOT CONSTITUTE COMPREHENSIVE GENERAL, BUSINESS OR AUTOMOBILE LIABILITY COVERAGE.**

#### **LIMITED COVERAGE FOR PROFESSIONAL PREMISES AND NON-OWNED AUTOMOBILE LIABILITY**

If this coverage is added by **declaration** or **endorsement** and subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC will pay reasonable legal expenses and costs to defend each **claim** brought against **you**, and will pay on your behalf such sums as **you** may become legally obligated to pay as damages:

1. As a result of **bodily injury** or **property damage** to a person other than **you**, your employees, agents, or representatives, caused by an accident or injurious exposure to physical conditions at or on your **professional premises**, arising from your negligence, if no coverage is provided under Part I.
2. As a result of **property damage** to interior structures occupied by **you** as **professional premises**, so long as the **property damage** is incurred by persons other than **you** or your employees, agents, or representatives, and is caused by accidental fire or water damage, or as a result of negligence by **you**, or your employees, agents, or representatives.
3. As a result of **bodily injury** or **property damage** incurred by any person other than **you**, your agents, employees, or representatives, from an accident arising out of the use (including loading or unloading) of a vehicle neither you nor your spouse own, lease or rent, when such use is by an employee, agent, or representative in the usual and ordinary course in furtherance of your professional practice, if no coverage is afforded under Part I.
4. Notwithstanding Exclusion "7" in this **policy**, coverage under this Part extends to your obligation to hold harmless or indemnify, arising under your lease of **professional premises** or equipment used in your professional practice.

Coverage under this PART III is subject to limits for **bodily injury** and for property damage as specified in your declaration. Such limits include the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

## PART IV

### OPTIONAL DEFENSE COVERAGE FOR MISCELLANEOUS BUSINESS LIABILITY

If this coverage is added by **declaration** or **endorsement** and subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC agrees to pay 90% of the reasonable legal expenses and costs incurred to defend **you** against each civil lawsuit, arbitration, or administrative proceeding which:

1. Alleges wrongful acts or omissions not covered under Part II.A, by you as an officer, member, or consultant of a national, state, or local medical or specialty medical society, or as an officer or committee or department member of a state licensed health care facility or clinic, or of the medical staff of such facility or clinic, arising from customary and authorized activities when acting in that capacity.
2. Alleges employment discrimination against your employee who provided services to your professional practice.
3. Alleges wrongful termination by **you** of an employee who provided services in your professional practice.
4. Alleges violation of a federal, state, or local statute or ordinance providing employment protection or benefits to any employee in your professional practice.
5. Alleges breach of contract or agreement or other misconduct in the nature of a commercial or fee dispute arising from and involving your professional practice, which is not brought by or on behalf of a present or former partner, officer, shareholder, or other person sharing ownership or control of your professional practice.
6. Alleges fraud, assault, battery, false arrest or personal restraint, malicious prosecution, or defamation arising from your professional practice, for which no coverage is afforded under Part I.

The defense coverage provided under this Part shall apply only if **you** agree to be represented in the civil lawsuit, arbitration, or administrative proceeding by legal counsel appointed or approved by MIEC within its sole discretion. Such defense fees and costs are limited to the sum of \$100,000 per **claim**, to an aggregate limit specified in a **policy declaration** or **endorsement** applicable to all matters first reported to MIEC within the same **policy** year.



## EXCLUSIONS

There is no coverage under any Part of this **policy** for sums **you** may become legally obligated to pay as damages or as interest or for any other expenses, or for defense expenses or costs, or for any other reason, for a **claim**, civil lawsuit, arbitration, legal or administrative proceeding, incident, accident, or event:

1. If not reported by **you** to MIEC during the **policy period**.
2. If liability is sought or imposed upon **you** because of your status as a partner, representative, associate, or joint venturer with any person or entity, or as a result of your status as a member, shareholder, officer, director, trustee, agent, or representative of a corporation (other than an insured **solo professional corporation**) or unincorporated association.
3. If liability is sought or imposed upon **you** as a result of participation by **you**, your employees, agents, or representatives, in the manufacture, assembly, sale, trade, or distribution of any goods, materials, products, or devices.
4. If liability is sought or imposed upon **you** for acts or omissions of physicians, professional corporations, or persons associated with or employed by **you** other than nurses, medical assistants, and persons not required to be licensed or certified to perform any duties for which they are employed, unless **you** have given written notice of such employment or association to MIEC within 30 days after such employment or association commences, and MIEC has issued a **declaration** or **endorsement** identifying those persons under the heading of "Employed/Contracted Doctors" or "Non-Physician Practitioners."
5. If liability is sought or imposed upon **you** (1) as a result of acts or omissions while your authority to practice your profession is revoked or under suspension, (2) as a result of your performance of procedures **you** are not authorized to perform due to restrictions on your license to practice, or (3) as a result of your performance of a procedure at a hospital that is not within the scope of your privileges at that hospital.
6. If liability is sought or imposed upon **you** as a result of your activity as an owner, shareholder, partner, investor, joint venturer, officer, director, administrator, or medical director of a hospital, clinic, ambulatory care center, sanitarium, skilled nursing facility, surgery center, convalescent hospital or home, hospice, laboratory, free-standing treatment facility, health maintenance organization, health care service plan, preferred provider organization, or any similar health care entity or delivery system, health care supply or support organization, or any other business organization or operation, whether or not medically related, which is not identified as a "Named Insured" or an "Additional Insured" in a **declaration** or **endorsement**. This exclusion expressly includes any activity described in any written service agreement between **you** and any of the organizations described in the preceding sentence, whether **you** are performing the activity pursuant to such written agreement or in any other capacity. This exclusion shall not apply to

the extent your liability arises out of your personal delivery of health care services to patients or as a consultant covered under Part I, or to other activities for which coverage is provided under this **policy**, in the event of your personal and direct participation in the events for which damages or liability is sought or imposed.

7. If liability is sought or imposed because of your written or oral agreement to hold harmless, indemnify, or otherwise assume another's obligation or liability, if liability or the amount of damages sought or imposed upon **you** is greater than that which would exist in the absence of such an agreement.
8. If liability is imposed, or sought to be imposed, as a result of intentional, willful, criminal, or fraudulent acts.
9. If liability is sought or imposed as a result of advertising, broadcasting, or telecasting activities.
10. If liability is sought or imposed for your acts or omissions while your principal place of practice is other than that identified by **you** by your prior notification to MIEC.
11. If liability is sought or imposed for injury, damage, sickness, disease, or death of any of your employees, agents, or representatives, arising out of and in the course of such person's employment by **you**, or under any workers' compensation, unemployment compensation, disability benefits, or similar law relating to employee benefits, welfare, or entitlements.
12. If liability is sought or imposed for **property damage** to property owned, leased, or rented, in whole or in part, by **you**, or entrusted to the care, custody, and control of **you**, or your employees, agents, or representatives.
13. If liability is sought or imposed for damage or injury resulting from:
  - a. Surgical proceedings involving the spinal column unless (1) required by a bona fide emergency requiring immediate intervention, or (2) **you** participate as an assistant surgeon only.
  - b. Total joint replacements, except where **you** participate as an assistant surgeon only.
  - c. The use of chymopapain.
  - d. The use of chelation therapy.
  - e. Refractive keratoplasty procedures.
  - f. Liposuction.

- g. The delivery of infants in locations other than duly-licensed facilities accredited by the Joint Commission on the Accreditation of Healthcare Organizations, except in the case of bona fide emergencies.
  - h. The use of intra gastric balloons or similar medical devices in connection with a program directly or indirectly related to weight control or reduction.
  - i. Surgical weight reduction procedures.
14. Except for the payment of reasonable expenses and costs *for defense only*, there is no coverage of any kind if damages or liability is sought or imposed in whole or in part for damage or injury arising from or incidental to sexual relations, sexual abuse, sexual contact, sexual intimacy, sexual battery, or sexual exploitation of or with any person, regardless of whether such conduct arises from the delivery of or failure to deliver health care services, or abandonment or the failure to properly refer such person for treatment.
15. Regardless of when any **claim**, loss, arbitration, or proceeding is reported to MIEC, no insurance coverage is afforded to **you** for acts, omissions, events, accidents, or incidents which occur prior to the **retroactive date**.
16. There is no coverage under this **policy** for payment of exemplary or punitive damages, civil fines, or assessments.
17. Except for coverage provided under Parts II.A and II.B of this **policy**, there is no coverage of any kind for conduct which is alleged to be anticompetitive in nature or effect, part of a boycott or other form of combination or conspiracy in restraint of trade, or otherwise in violation of anti-trust or unfair business practice laws or regulations.
18. There is no coverage of any kind for any **bodily injury or property damage**:
- With respect to which insurance is or can be available to **you** under a nuclear energy liability policy.
  - Which results from the hazardous properties of nuclear material for which financial protection would be required under the Atomic Energy Act of 1954 (as amended) or for which **you** would be entitled to indemnity from the United States of America pursuant to the Atomic Energy Act of 1954 (as amended).
19. If any individual or professional corporation identified under this **policy** as an "Additional Insured" or "Employed/Contracted Doctor" is also covered under a separate MIEC **policy**, any exclusions of coverage under such separate MIEC **policy** shall automatically apply to this **policy**, and no coverage shall be available when liability is imposed, or sought to be imposed, upon such individual or professional corporation based upon acts or omissions excluded under this **policy** or such separate MIEC **policy**.

20. If liability is sought or imposed upon **you** as a result of acts or omissions in connection with a drug or device study or a clinical trial, unless the study or clinical trial is performed under the independent oversight of an Independent Review Board, the Food and Drug Administration, or other similar body.
21. Except as may be provided in an **endorsement** to this **policy**, there is no coverage under this **policy** for:
- a. Regulatory fines or penalties **you** become legally obligated to pay as a result of a **claim** for an actual or alleged **privacy wrongful act, network security wrongful act, or data interference act**;
  - b. Patient notification and credit monitoring costs **you** incur as a result of a **claim** for an actual, alleged, or potential **privacy wrongful act, network security wrongful act, or data interference act**;
  - c. Data recovery costs **you** incur as a result of a **claim** for a **privacy wrongful act** or a **data interference act**.
  - d. For purposes of this exclusion, the following definitions apply:
    - (1) **Data interference act** means any act by a party other than **you** or your agents or employees which is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the **data** you maintain. **Data interference act** includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.
    - (2) **Network security wrongful act** means an actual or alleged act, error or omission committed by **you** or your agent or employee, including an unauthorized act by your agent or employee, which results in the unauthorized access to or unauthorized use of your computer system, the consequences of which include, but are not limited to:
      - (a) The failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
      - (b) The inability of an authorized third party to gain access to your services;
      - (c) The failure to prevent denial or disruption of Internet service to an authorized third party;

- (d) The failure to prevent identity theft or credit/debit card fraud;  
or
  - (e) The inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.
- (3) **Privacy wrongful act** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by your employee during the course and scope of his or her duties as such:
- (a) Breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or
  - (b) Any breach or violation of U.S. federal, state or local statutes or regulations associated with the control and use of personally identifiable financial or medical information, as they may be amended from time to time, including but not limited to:
    - (i) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA");
    - (ii) Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
    - (iii) State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
    - (iv) Governmental privacy protection laws or regulations that require commercial Internet sites or on-line services that collect personal information or medical information (as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse;
    - (v) Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA);  
or

- (vi) The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009.

## GENERAL CONDITIONS

These general conditions describe and limit the amount and availability of insurance provided under this **policy**, except in those instances where the **policy** itself makes different provisions applicable to specified coverage. In order for insurance described in this **policy** to apply to **you**, **you** must comply with each of the conditions described below. MIEC will not be obligated to provide coverage if **you** fail to comply with any condition.

### 1. LIMITS OF LIABILITY

- a. The amount of insurance coverage available for indemnity payments for covered **claims** shall be as described in a **declaration** or **endorsement**, or in Part III(3) or IV of this **policy**.
- b. Limits of liability specified in a **declaration** or **endorsement** of this **policy** apply for all covered **claims** under this **policy**, and shall not be multiplied or expanded regardless of the number of insureds or persons entitled to insurance coverage under this **policy**.
- c. The amount of insurance available from MIEC for covered **claims** arising from a single act, omission, or event, or from related acts, omissions, or events, shall be limited to the sum described in a **declaration** or **endorsement** under the heading of "Per **Claim**" limit, and this amount shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.
- d. For covered **claims** which arise from different or unrelated acts, omissions, or events which are first reported to MIEC within the same **policy** year, the insurance available from MIEC shall be limited to the total sum described in the **declaration** or **endorsement** under the heading of "Aggregate" limit, and shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.
- e. The "Per **Claim**" and "Aggregate" limits of liability under this **policy** are not cumulative, even if related acts, omissions, accidents, incidents, or events span more than one **policy** year.
- f. The limits of liability which apply when **you** make a **claim** for coverage under this **policy** are those applicable during the **policy** year in which the **claim** is first reported to MIEC and those limits shall not be available in any greater sums regardless of subsequent reports.
- g. The limits of liability may vary among the various coverages ("Parts") afforded **you** under the **policy** as described in a **declaration** or **endorsement**. In no event shall the limits of liability be cumulative if liability for covered **claims** may arise under several Parts of this **policy**.

## 2. APPLICABILITY OF PARTS OF POLICY

Insurance coverage under each Part of the coverage provisions of this **policy** shall apply to **you** only if and to the extent that each such Part is expressly agreed to be applicable to **you** in a **declaration** or **endorsement** issued to **you** by MIEC. No **claim** will be covered under more than one Part of the **policy**.

## 3. EFFECT OF SUBSEQUENT DECLARATIONS OR ENDORSEMENTS

Successive **policy declarations** or **endorsements** may be issued to **you** by MIEC, upon renewal or at certain other times. The **policy declaration** or **endorsement** applicable to your coverage when a **claim** is reported to MIEC shall be the **declaration** or **endorsement** most recently issued to **you** prior to your report of the **claim**.

## 4. NOTICE OF CLAIMS

When **you** first become aware of any act, omission, event, incident, or accident which may give rise to a **claim** against **you**, or if **you** obtain knowledge or information from any source that such a matter is contemplated, likely, or has been initiated, **you** must promptly give MIEC written notice of the **claim**, providing such information as is known to **you**, as well as any information subsequently becoming known to **you** or requested by MIEC. **You** must promptly provide MIEC with written notice of the particulars concerning the matter, including information regarding the identity of persons and entities involved, the time, place, and circumstances of the events or occurrences, and names and addresses of injured parties and witnesses. **You** must also promptly forward every demand, notice of intention to file suit, summons, subpoena, or other legal process which **you** or your representatives receive. A **claim** under this **policy** shall not be considered made or reported unless and until **you** provide MIEC with written notice.

## 5. CONTROL OF DEFENSE AND SETTLEMENT

With respect to any **claim** which falls, or is claimed to fall, in whole or in part within the insurance coverage of this **policy**, MIEC shall have the sole and exclusive right to investigate, negotiate, evaluate, control, and direct the defense of such matter, including the right to appoint legal counsel on your behalf, as may be permitted or limited by law. With respect to any covered **claim**, legal counsel selected by **you** shall not be permitted to intervene or substitute into the defense of the matter without the prior consent and written approval of MIEC. MIEC shall have the sole and exclusive right to settle the matter on your behalf, except for covered **claims** under Part I of the coverage provisions, where your consent to settle shall be obtained, in which case **you** may not unreasonably withhold your consent.

If a **claim** involves both covered and non-covered **claims** and/or causes of action, **you** agree to allow bifurcation of the hearing, arbitration or trial as to covered **claims** and **damages**, as well as to non-covered **claims** and **damages**.



**You** additionally agree to secure a special award or verdict form that segregates covered claims from non-covered claims, as well as covered and non-covered damages, if requested by MIEC.

## **6. ASSISTANCE AND COOPERATION**

**You** are required to cooperate with MIEC in all respects in matters pertaining to this insurance and, upon request of MIEC, shall provide information, attend hearings and trials, and assist in making settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise facilitating the conduct of any proceeding in connection with the subject matter of this insurance, including a review of the **claim** or lawsuit by a medical review and advisory committee or similar committee of a professional society or organization as may be selected by MIEC. **You** must not voluntarily make any payment, assume any obligation, or incur any expense with respect to a covered **claim** except with prior written consent of MIEC.

## **7. PREMIUMS GENERALLY**

The insurance available under the **policy** is provided in return for, and expressly conditioned upon, timely payment by **you** of a premium established by MIEC. All premiums for this **policy** shall be computed solely by MIEC in accordance with MIEC's procedures and rating plans applicable to your insurance. In the event of a change in your professional practice or activities which, in the opinion of MIEC, materially alters the risk or affects the hazard insured against, as a condition of continued coverage MIEC shall have the right to impose and obtain additional premiums consistent with MIEC rating plans applicable to such practices or activities. **You** are required to make and retain records of such information as is necessary for premium computation according to procedures and rating plans of MIEC, and must make copies of such records available to MIEC at such time as MIEC may reasonably request.

## **8. PREMIUM PAYMENTS – AUTOMATIC TERMINATION**

All premiums for this **policy** are payable by **you** annually or quarterly as established by MIEC. If paid quarterly, premiums are due February 1, May 1, August 1, November 1; provided, however, that the first premium installment (or pro-rated portion) is due when the **policy** is first issued to **you** and each subsequent installment is due on the first day of the next quarterly period described above. Unless the time for payment is extended by MIEC in writing, **you** will be deemed in default if the premium is not paid on or before its due date, and the **policy** will terminate automatically, without notice, as of 12:01 a.m. Standard Time at the expiration of the period through which the premium has been paid. It is your duty to ensure that premiums are promptly paid to MIEC, regardless of whether **you** receive statements for the premium from MIEC.

## 9. OTHER INSURANCE

If **you** have other valid and collectible insurance for acts, omissions, events, incidents, or accidents covered under this **policy**, or any other source for indemnification or reimbursement for damages, settlement, legal fees, costs, or expenses as a result of such matters, insurance under this **policy** shall not apply until the limits of such other insurance or other sources have been exhausted.

## 10. SUBROGATION AND REIMBURSEMENT FOR THIRD-PARTY LIABILITY

- A. Subrogation--Except for matters described in section B, in the event of any payment by MIEC under this **policy**, MIEC shall be subrogated to your rights of recovery against any person or organization and **you** must promptly execute and deliver whatever documents, instruments, or papers are necessary and appropriate to effectuate said subrogation, and to do whatever else is necessary to secure such rights for MIEC. **You** must do nothing to adversely influence or prejudice the subrogation right of MIEC.
- B. Reimbursement for Third-Party Liability--In the event **you** assert any **claim** against a third party for damages, indemnification, contribution, or reimbursement for events for which sums were paid under this **policy** on your behalf, MIEC shall have a lien against such sums recovered by **you** to the extent that sums were paid by MIEC, and **you** are required to promptly execute and deliver any documents, instruments, or papers necessary to effectuate such lien, and to do whatever else is necessary to secure such lien rights of MIEC, doing nothing to prejudice MIEC's lien rights.

## 11. REPRESENTATIONS

- A. By acceptance of this **policy**, **you** acknowledge that the statements made in your application for insurance and any materials submitted therewith are true and correct, that **you** and your employees, agents, or representatives have not withheld or failed to disclose pertinent information, and that **you** have given careful consideration to the statements and information provided. **You** further acknowledge that such statements are material representations by **you**, and that any **policy** issued by MIEC is issued in reliance upon the truth and accuracy of such statements. **You** further agree that this **policy** embodies all agreements, representations, and commitments by MIEC, or any of its employees, agents, representatives, or counsel regarding the subject of insurance coverage. **You** further acknowledge that in the event your application or materials submitted therewith contain misrepresentations or omissions made with actual intent to deceive or which materially affect the acceptance of the risk or the hazard assumed by MIEC, no coverage shall be afforded under this **policy** and the **policy** in its entirety shall be void and of no effect whatsoever.

- B.** You agree to promptly report to MIEC any material change in the information previously provided to MIEC in connection with this insurance, including information provided in your original application, any application updates, and other written communications. Such material changes include, but are not limited to, any changes in the nature and scope of your practice or medical procedures performed, any changes in your medical license, any changes in your partners and associates, any changes in your professional office premises, any changes in interns, externs, residents, dentists, osteopathic or other medical doctors, health care extenders with whom you practice, any changes in practice locations, any changes in administrative responsibilities, and any changes in the status of your hospital privileges. Coverage for any claim that results from an act or omission that occurs after any of these changes is contingent upon your having notified MIEC of the change and MIEC's approval thereof. You further agree that any material changes in your professional practice or activities may be a basis for imposition of an additional premium at the election of MIEC which is consistent with its rating plans, as well as imposition of other terms, conditions, or limitations of insurance coverage, including cancellation if MIEC determines the changed circumstances affect the hazard insured against. Copies of previously submitted applications and related materials are available from MIEC on request.

## **12. WAIVER**

Notice to any representative of MIEC, or knowledge possessed by any representative or person employed by or related to MIEC, shall not constitute a waiver or a change of any Part of this **policy**, or preclude MIEC from asserting any right under the terms of this **policy**, nor shall the terms of this **policy** be deemed to be waived or changed by virtue of any representation or written or oral statement by MIEC, its employees, or representatives, except as such waiver or change may be described by MIEC in an **endorsement** or **policy declaration** issued to you.

## **13. ASSIGNMENT**

Your interests or rights under this **policy**, including any express or implied covenants, are neither assignable nor transferable.

## **14. TERMINATION**

- A.** Insurance coverage under the **policy** ends upon cancellation, upon the end of the **policy period** specified in the **policy declaration** or **endorsement** issued to you, at the end of the reporting period specified in the **reporting endorsement** issued to you, or upon automatic termination of the **policy** relating to nonpayment of premium or relocation of your principal place of practice, as described in the General Conditions, whichever occurs first.

- B. If any individual or **solo professional corporation** identified under this **policy** as an "Additional Insured," "Non-Physician Practitioners," or "Employed/Contracted Doctor" is no longer employed or associated with **you**, and fails to obtain insurance coverage equivalent to the insurance afforded herein for the period the individual or **solo professional corporation** was employed or associated with **you**, or if **you** fail to obtain such coverage on behalf of such individual or **solo professional corporation**, insurance from MIEC otherwise available to such person or **solo professional corporation**, or to **you** under this **policy** for acts or omissions of such person or **solo professional corporation**, shall automatically terminate except for those **claims** first reported to MIEC during the period of employment or association.

## 15. CANCELLATION

- A. Your insurance coverage is automatically canceled, upon your death, permanent disability, judicial determination of incompetency, or revocation of your license to practice in any jurisdiction where insurance is afforded under this policy, or, with respect to a solo professional corporation, upon winding-up and dissolution of such professional corporation.
- B. MIEC shall have the right to cancel your insurance coverage in the event of a judgment by a court or by an administrative that **you** have committed a violation of law having as one of its essential elements an act or omission that materially increases any of the risks insured against.
- C. In addition to the grounds for cancellation described in this **policy**, and except as otherwise limited by applicable law, insurance coverage may be canceled by **you** or MIEC, without cause and without any cause of action accruing against the canceling party, upon written notice to the other specifying the date following which the cancellation shall be effective, in which case the date specified shall constitute end of the **policy period** or additional reporting period; provided, however, that if MIEC cancels, at least 30 days' advance written notice of cancellation shall be mailed to **you** at your address as stated in the **policy declaration**.

## 16. AVAILABILITY AND TERMS OF REPORTING ENDORSEMENT

If **you** are identified by MIEC under the heading of "Named Insured" in a **policy declaration** or **endorsement**, **you**, or your estate or legal representative, shall have the right, upon written request and following payment of a premium to be determined by MIEC at that time, if applicable, to have issued reporting **endorsement(s)** providing an additional reporting period, unless the termination of your coverage was for non-payment of **premium**, in which case the advance payment of the pro-rata premium through the date of **cancellation** must also be made to MIEC before reporting **endorsement(s)** shall be issued. Insurance coverage provided under a reporting **endorsement** may be modified by terms

and conditions established by MIEC as set forth in such reporting **endorsement(s)**. However, the amount of insurance under reporting endorsement(s) shall be the same as the limits of liability in the **policy declaration** or **endorsement(s)** last issued to **you** by MIEC prior to termination of the **policy** except that the aggregate limit shall apply to the entire period covered by the endorsement(s) rather than a single **policy** year. In this event it is further provided that:

**A. If you are an individual:**

1. Where the termination is due to death, permanent disability and/or judicial determination of incompetency or permanent retirement from professional practice at age 55 or older, the additional reporting period shall be through the date that all assets, fees, and payments of your estate have been finally distributed, following your death.
2. Where the termination is due to death, permanent disability or judicial determination of incompetency, no premium shall be charged to **you** or your estate or legal representative for issuance of the reporting **endorsement**.
3. Where termination is due to your permanent retirement from professional practice at age 55 or older, the premium for such reporting **endorsement** shall be determined as follows: A premium shall be charged as determined by MIEC at the time the reporting **endorsement** is issued, but MIEC shall deduct from such premium a sum computed by multiplying a) the total number of full months **you** were covered under a **policy** issued by MIEC from the original effective date to the date of termination or cancellation of the **policy**, times b) 1/60, times c) the amount of premium that would otherwise be charged by MIEC for the reporting **endorsement**.
4. In all other cases of termination, **you** shall be entitled to issuance of reporting **endorsement(s)** by MIEC, but only upon such terms and conditions and payment of additional premiums as may be determined by MIEC.

**B. If you are a solo professional corporation, you will be entitled to issuance of reporting endorsement(s), but only if you have permanently discontinued the delivery of health care services. In that event it is further provided:**

1. Where the termination is due to death, permanent disability and/or judicial determination of incompetency or permanent retirement from professional practice at age 55 or older of your single shareholder, the additional reporting period shall be through the

date that all assets, fees, and payments of the shareholder's estate have been finally distributed, following his or her death.

2. Where the termination is due to death, permanent disability or judicial determination of incompetency of your shareholder, no premium shall be charged to **you** or your shareholder's estate or legal representative for issuance of the reporting **endorsement(s)**.
3. Where termination is due to your shareholder's permanent retirement from professional practice at age 55 or older, the premium for such reporting **endorsement(s)** shall be determined as follows: A premium shall be charged as determined by MIEC at the time the reporting **endorsement(s)** is/are issued, but MIEC shall deduct from such premium a sum computed by multiplying a) the total number of full months **you** were covered under a **policy** issued by MIEC from the original effective date to the date of termination or cancellation of the **policy**, times b) 1/60, times c) the amount of premium that would otherwise be charged by MIEC for the reporting **endorsement(s)**.
4. In all other cases of termination, **you** shall be entitled to issuance of reporting **endorsement(s)** by MIEC, but only upon such terms and conditions and payment of additional premiums as may be determined by MIEC.

## 17. OPERATIONS

- A. MIEC is a reciprocal inter-insurance exchange. Medical Underwriters of California (MUC) functions as the "Attorney-in-Fact" for MIEC. By requesting insurance from MIEC, **you** vest MUC with authority to issue this **policy** on your behalf, and to otherwise exercise the duties and responsibilities of an "Attorney-in-Fact" for MIEC.
- B. The Board of Governors of MIEC shall have full power and authority to establish rules and regulations for the management and conduct of MIEC, and for the election of members of the Board. The Board of Governors of MIEC, in its sole discretion, may authorize the distribution of policyholders' savings, and adopt rules, regulations, or schedules for that purpose.
- C. To enforce any **claims** or rights arising under this **policy**, MIEC shall be sued or sue in its own name as in the case of an individual. Service of process in any such suit against MIEC shall be upon MUC.

## 18. INSPECTION AND AUDIT

MIEC shall be permitted to inspect your **professional premises**, property, and operations at any time. Neither MIEC's right to make such inspections nor the making thereof, nor any report thereon shall constitute an undertaking by MIEC on behalf of **you** or others to determine or warrant that such property or

operations are safe. MIEC may request and undertake a reasonable examination and audit your books and records insofar as they relate to the subject matter of this insurance.

**19. ACTION AGAINST COMPANY**

No action shall lie against MIEC by **you** or your agent or representative, or any other person acting by or through **you**, unless as a condition precedent thereto, there shall have been full compliance with all the terms of this **policy**, nor until the amount of your obligation to pay sums to a claimant or litigant shall have been fully and finally determined either by judgment or award against **you** or by written agreement by **you**, claimant, and MIEC. No person or organization shall have any right under this **policy** to join MIEC as a party to any action against **you** to determine your liability, nor shall MIEC be impleaded by **you** or your legal representative; provided, however, that whenever judgment is secured against **you** in an action based upon **bodily injury**, death, or **property damage**, an action may be brought against MIEC on the **policy** and subject to its terms and limitations, by such judgment creditor to recover on the judgment.

**20. BANKRUPTCY OF INSURED**

Your insolvency or bankruptcy will not release MIEC from the payment of damages or injury sustained or loss occasioned during the term of said **policy**.

**21. PLACE OF PRACTICE AND TELEMEDICINE**

- A. **You** agree that insurance coverage under this **policy** is available only if **you** maintain your principal place of practice in the location identified by **you** in written notification to MIEC within 30 days after establishing your principal place of practice, and that relocation by **you** to another principal place of practice without notification to and agreement by MIEC as evidenced by MIEC's issuance of a **policy declaration** or **endorsement** shall constitute an automatic termination of insurance coverage under this **policy**.
- B. **You** agree that insurance coverage under this **policy** is available only for acts, or the alleged failure to act, occurring or undertaken within the state wherein your place of practice identified in a **policy declaration** or **endorsement** is located, except for (1) services rendered in an emergency, without compensation or other consideration, and on an irregular or infrequent basis, or (2) services rendered incidental to your participation in a formal program of continuing medical education.
- C. **You** agree that insurance coverage under this **policy** is available for acts, or the alleged failure to act, which constitute the practice of **telemedicine** according to the laws of any jurisdiction wherein such act or failure to act (or any part thereof) is alleged to have occurred, only if **you** are duly licensed or permitted under such laws to engage in the practice of **telemedicine** in such jurisdiction, **you** have previously notified MIEC in

writing of your intention to engage in **telemedicine** in such jurisdiction, and MIEC has agreed in writing to provide coverage for such activities.

**22. NON-ASSESSABILITY**

This **policy** is not assessable.



## DEFINITIONS

**"You"** identifies an individual insured under this **policy** who is identified as a "Named Insured" or an "Additional Insured" in a **policy declaration** or an **endorsement**. The term **"you"** also describes a **solo professional corporation** if identified as a "Named Insured" or an "Additional Insured" in a **policy declaration** or **endorsement**. The term **"you"** also describes your non-physician employees who are not required to be licensed or certified to provide any services for which they are employed, as well as nurses or medical assistants, but only with respect to health care services they perform within the authorized scope of their employment by you. However, the term **"you"** shall not apply to persons or entities who have not been specifically identified by name in a **policy declaration** or **endorsement** if practicing or licensed in any of the following categories: dentists (including oral surgeons), podiatrists, psychologists, counselors, social workers, nurse practitioners, nurse anesthetists, nurse midwives, perfusionists, physicians assistants, scrub nurses, surgical assistants, technicians or therapists who are required to be licensed or certified, optometrists, chiropractors, or acupuncturists, or in any other position requiring licensure or certification.

The following terms, whenever they are used in this **policy**, will be defined as follows:

- **Bodily Injury** - Physical injury, including death, physical sickness, or physical disease.
- **Claim** - A demand, accident, or incident which is covered by this **policy**, including any resulting lawsuit, arbitration proceeding, or other legal or administrative proceeding.
- **Declaration** or **Endorsement** - A written document labeled as a **declaration** or as an **endorsement** issued by MIEC to **you**, applicable to this **policy**. A **policy declaration** or **endorsement** is a part of this **policy**.
- **Policy** - The written insurance agreement herein issued to **you** upon application and approval by MIEC, and all **policy declarations** and **endorsements** which apply to **you**.
- **Policy Period** - This **policy** does not apply to **you** until a **policy declaration** is issued by MIEC, describing the specific period of time this **policy** shall be in effect. That period of time is a **policy period**, and commences at 12:01 a.m. on the effective date in the **policy declaration**. The **policy period** continues until 12:01 of the day on which your **policy** expires, is terminated, or is canceled, whichever occurs first. A new **policy period** may be specified in a "renewal **declaration**." A **policy period** may be shorter or longer than a "**policy year**," which is the twelve-month period from February 1 until February 1 of the following year.
- **Professional Premises** - Your **professional premises** are the premises designated in a **policy declaration** issued to **you** by MIEC. If **you** acquire ownership or control of other premises for the practice of your

profession, through purchase, lease, or other agreement, and notify MIEC in writing of your acquisition of such premises within 30 days thereafter, coverage for such premises will be provided until MIEC has issued a **declaration** or **endorsement** providing for continued coverage, or providing written notification that coverage will not be afforded.

- **Property Damage** - Injury to or destruction of tangible personal or real property.
- **Retroactive Date** - The **retroactive date** is that date before which any act, omission, event, accident, or incident resulting in a **claim** will not be covered under this policy as specified by MIEC in a **declaration** or **endorsement** issued to you.
- **Solo Professional Corporation** - A professional corporation with only a single shareholder who is engaged in the delivery of health care services.
- **Telemedicine** – Providing a health care service, including examination, diagnosis, treatment, consultation, transfer of medical data, and education, using interactive audio, video, or data communications. (“Interactive” means audio, video, or data communication by way of real time (synchronous) or near real time (asynchronous) two-way transfer of medical data and information.)

IN WITNESS WHEREOF, MIEC has caused this document to be executed and attested, but this **policy** shall not be valid unless countersigned on a **policy declaration** or reporting **endorsement** by a duly authorized representative of MIEC.

MEDICAL INSURANCE EXCHANGE  
OF CALIFORNIA

By: Medical Underwriters of  
California, Attorney-in-Fact

\_\_\_\_\_  
President

## ENDORSEMENTS

### P01 (12) PRIOR ACTS DISCOVERY ENDORSEMENT

The insurance coverage described in this **policy** will apply to a **claim** arising before the original effective date which would otherwise constitute the **retroactive date**, so long as such **claim** arises out of events which occur after the **retroactive date** specified in this **endorsement** or in a **declaration** applicable to this **policy**. This specification of an earlier **retroactive date** does not relieve **you** of your obligation to comply with all other terms and conditions of this **policy**, and does not amend the limits of liability. However, paragraph 9, "**OTHER INSURANCE**" of the **GENERAL CONDITIONS** of this **policy** shall not apply when coverage is afforded under this **endorsement**, and the following condition shall instead apply:

If **you** have other insurance for acts, omissions, incidents, or accidents which might otherwise fall within the coverage of this **endorsement**, or any other source for indemnification or reimbursement for damages, settlement, defense or legal fees, costs, or expenses as a result of such matters, insurance under this **endorsement** is null and void and shall not apply.

Coverage under this **endorsement** is provided under your express representation and warranty that **you** know of no **claims**, civil lawsuits, arbitrations, legal or administrative proceedings, events, incidents, or accidents which may be subject to the coverage provided under this **endorsement**, other than those matters disclosed and described in writing to MIEC in the application for coverage. You agree that this **endorsement** and any coverage which would arise under it shall be automatically rescinded and null and void in the event of any fraud, material misrepresentation, or omission of relevant information which is known or which should have been known to **you**, through the reasonable exercise of diligence.

### E01 (12) ANESTHESIA RESTRICTIVE ENDORSEMENT

**You** agree that neither defense nor indemnity insurance coverage is available under Parts I or II of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the administration of regional or general anesthesia by **you** unless:

1. Except as provided in Paragraphs 3, 6 and 7 below, **you** shall be physically present in the operating room at all times during the course of such regional and general anesthesia; provided, however, that in the event **you** are required to leave the operating room during the course of such regional or general anesthesia, a physician trained in anesthesiology or certified registered nurse anesthetist (CRNA) shall replace **you** and shall remain in the operating room at all times during such absence.
2. If you are a physician at no time will **you** supervise more than four CRNAs.

3. In the event of a bona fide emergency requiring your temporary absence and a physician trained in anesthesiology is not available, a physician trained in advanced cardiopulmonary life support and a trained licensed nurse may replace **you** only if (1) the condition of the patient is stable; and (2) the replacements remain in the operating room and monitor the patient at all times during such absence.

4. Except as provided in Paragraphs 6 and 7 below, the following means of monitoring shall be mandatory during the course of such regional and general anesthesia, including anesthesia for cesarean section, at whatever location in the facility. Blood pressure and heart rate should be recorded every five minutes; respiratory rate and oximeter reading every 15 minutes; carbon dioxide recordings every 15 minutes only if the endotracheal tube is placed.

(a) Use of continual blood pressure monitoring with appropriate equipment which will give at a minimum periodic checks at regular intervals;

(b) Use of continuous electrocardiographic display;

(c) Use of an oximeter (reflective or transmissive);

(d) Use of end tidal carbon dioxide monitor when an endotracheal tube is in place. A transcutaneous CO<sub>2</sub> monitor may be used instead of end tidal CO<sub>2</sub> monitor in small infants.

5. Except as provided in Paragraphs 6 and 7 below, the following equipment shall be available during the course of regional or general anesthesia:

(a) Equipment to measure temperature;

(b) An audible device that detects disconnection of any component of the breathing system when an automatic ventilator is used;

(c) An oxygen analyzer that will detect the concentration of oxygen and has a low concentration of oxygen alarm.

6. During the course of regional analgesia for pain during childbirth (other than birth by cesarean section), **you** shall remain with the patient until vital signs are stable; if **you** leave the presence of the patient during the course of such regional analgesia, the patient must be observed at regular intervals by a CRNA or a licensed trained and competent obstetrical nurse.

7. During the course of regional analgesia for pain during childbirth (other than for cesarean section) **you** shall remain available on call within 10 minutes of the hospital premises unless replaced by a physician trained

in anesthesiology.

8. A complete record of anesthesia shall be maintained by **you** which shall contain periodic entries of all monitoring data.

#### **E02 (12) SURGICAL EXCLUSION (EXCEPT ASSISTING AT SURGERY)**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the performance of surgery by **you**.

For the purpose of this exclusion, surgery is defined as cutting procedures (except simple repair of lacerations, and excision of lesions limited to the skin and immediate subcutaneous tissue), the practice of anesthesiology, obstetrics, and/or orthopedics, but shall not include procedures in which **you** act as an assistant to surgery.

This exclusion shall apply only to surgery performed upon patients by **you** on or after the effective date of this **endorsement**.

#### **E03 (12) SURGICAL AND SURGICAL ASSISTING EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the performance of surgery or assisting at surgery by **you**.

For the purpose of this exclusion, surgery is defined as cutting procedures (except simple repair of lacerations, and excision of lesions limited to the skin and immediate subcutaneous tissue), the practice of anesthesiology, obstetrics, and/or orthopedics.

This exclusion shall apply only to surgery or surgical assisting upon patients by **you** on or after the effective date of this **endorsement**.

#### **E05 (12) OBSTETRICS EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the practice of obstetrics by **you**.

For the purposes of this exclusion, obstetrics means the care and treatment of pregnancy, beyond the first trimester, and includes delivery by any means, except first trimester abortions.

This exclusion shall apply only to obstetrical services delivered to patients by **you** on or after the effective date of this **endorsement**.

#### **E06 (12) EMERGENCY MEDICINE/EMERGENCY ROOM PRACTICE EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the practice of emergency medicine by **you** as a contractor to or employed physician of any outpatient facility or hospital designated as or offering emergency medical services.

This exclusion shall apply only to such services to patients by **you** on or after the effective date of this **endorsement**.

#### **E07 (12) INVASIVE CARDIOLOGY PROCEDURES EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the performance of cardiac catheterization, angioplasty, and/or arteriography by **you**.

This exclusion shall apply only to such services to patients by **you** on or after the effective date of this **endorsement**.

#### **E08 (12) INVASIVE DIAGNOSTIC RADIOLOGY PROCEDURES EXCLUSION**

Neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events resulting from the performance of myelography, angiography, and/or other invasive diagnostic procedures (except intravenous pyelograms) by **you**.

This exclusion shall apply only to such services to patients by **you** on or after the effective date of this **endorsement**.

#### **E09 (12) ACUPUNCTURE EXCLUSION**

**You** agree that the following exclusion is added to Paragraph 13 of the "EXCLUSIONS":

j. The practice of acupuncture by **you**.

#### **R01 (12) RETIRED DOCTOR COVERAGE LIMITATION/WARRANTY**

**You** represent and warrant that **you** have retired from the practice of medicine and will not engage in the practice of medicine for compensation or consideration. Based upon such representation and warranty, neither defense nor indemnity insurance coverage is available under Parts I or II of the coverage provisions of this policy for claims, civil lawsuits, arbitrations, legal or administrative proceedings which arise from and relate to alleged damage or injury resulting from the delivery, or alleged failure to deliver, health care services to patients for which compensation is paid or for which there is consideration for such services.

#### **R02 (12) PART-TIME PRACTICE LIMITATION (less than 10 hours per week)**

**You** represent and warrant to MIEC that you are engaged in the practice of medicine for which coverage is provided under this policy for an average of less than 10 hours per week.

**You** understand and agree that the basis upon which the lower premium is granted by MIEC is your reduced weekly practice hours, and agree that **you** will notify MIEC in writing within fifteen days of any increase in the weekly hours of practice beyond the limitation stated in the above paragraph.

#### **R03 (12) PART-TIME PRACTICE LIMITATION (less than 20 hours per week)**

**You** represent and warrant to MIEC that **you** are engaged in the practice of medicine for which coverage is provided under this policy for an average of less than 20 hours per week.

**You** understand and agree that the basis upon which the lower premium is granted by MIEC is your reduced weekly practice hours, and agree that **you** will notify MIEC in writing within fifteen days of any increase in the weekly hours of practice beyond the limitation stated in the above paragraph.

#### **R04 (12) EMPLOYMENT/CONTRACT EXCLUSION**

**You** agree that neither defense nor indemnity insurance coverage is available from MIEC under Parts I or II of the COVERAGE PROVISIONS of this policy for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or events which arise from and relate to alleged damage or injury resulting from the delivery, or alleged failure to deliver, health care services in the course and scope of your duties as an employed physician of, or physician rendering services under contract to a government, state, city, county, university, health maintenance organization, or other entity identified on the policy declaration or on an endorsement.

**You** agree to notify MIEC within fifteen days of any change in the status of your employment or contractual relationship.

#### **R05 (12) GEOGRAPHIC LIMITATION ENDORSEMENT**

**You** agree that coverage described under this policy shall not apply to claims, civil lawsuits, or arbitration proceedings which arise from and relate to alleged damage or injury resulting from the delivery, or alleged failure to deliver, health care services to patients if such services are delivered outside the geographic boundaries of the state identified on the policy declaration or on an endorsement.

#### **W01 (12) DELETION OF EXCLUSION 13.a., SPINAL SURGERY**

Exclusion 13.a., concerning the performance of surgical procedures involving the spinal column, is deleted from the policy.

**W02 (12) DELETION OF EXCLUSION 13.b., TOTAL JOINT REPLACEMENTS**

Exclusion 13.b., concerning total joint replacements, is deleted from the policy.

**W03 (12) DELETION OF EXCLUSION 13.c., USE OF CHYMOPAPAIN**

Exclusion 13.c., concerning the use of chymopapain, is deleted from the policy.

**W04 (12) MODIFICATION OF EXCLUSION 13.a., POSTERIOR/POSTEROLATERAL LUMBAR FUSIONS**

Exclusion 13.a. shall not apply to posterior lumbar fusions and posterolateral lumbar fusions performed by you.

**W05 (12) DELETION OF EXCLUSION 13.f., LIPOSUCTION**

Exclusion 13.f., the performance of liposuction, is deleted from the policy.

**W06 (12) DELETION OF EXCLUSION 13.e., REFRACTIVE KERATOPLASTY PROCEDURES**

Exclusion 13.e., concerning the performance of refractive keratoplasty procedures, is deleted from the policy.

**W07 (12) DELETION OF EXCLUSION 13.i., SURGICAL WEIGHT REDUCTION PROCEDURES**

Exclusion 13.i., concerning surgical weight reduction procedures, is deleted from the policy.

**W08 (12) DELETION OF EXCLUSION 13.h., INTRAGASTRIC BALLOONS**

Exclusion 13.h., concerning the use of intragastric balloons or similar medical devices in connection with a program directly or indirectly related to weight control or reduction, is deleted from the policy.



## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA (MIEC)

Home Office

6250 Claremont Avenue  
Oakland, California 94618-1324

### PARTNERSHIP, CORPORATION, UNINCORPORATED ASSOCIATION POLICY

#### NOTICE

#### THIS IS A "CLAIMS-MADE" POLICY

Except to such extent as otherwise provided herein, coverage under this policy is provided on a "claims-made" basis, that is, insurance is limited to matters described in this policy which

- 1 arise out of events described in the policy occurring on or after the retroactive date in the applicable policy declaration issued to you, and
- 2 are first reported by you to MIEC either prior to termination of this policy or within any policy period or additional reporting period applicable to you.

Please review this policy carefully and discuss the coverage with your attorney, insurance advisor, or risk management consultant.

#### NOTICE

IN THE EVENT YOU ARE INVOLVED IN AN ACCIDENT OR INCIDENT WHICH MAY GIVE RISE TO A CLAIM, LAWSUIT, OR LEGAL OR ADMINISTRATIVE PROCEEDING, CONTACT THE MIEC CLAIMS DEPARTMENT IMMEDIATELY AT (510) 428-9411 OR CALL TOLL-FREE, 1-800-227-4527.

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# **PARTNERSHIP, CORPORATION, UNINCORPORATED ASSOCIATION POLICY**

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## NOTICE

Except to such extent as may otherwise be provided herein, the coverage of this **policy** is limited generally to liability for only those **claims** that are first made against **you** while the **policy** is in force. Please review the **policy** carefully and discuss the coverage thereunder with your attorney, insurance advisor, or risk management consultant.

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### **CLAIMS MADE AND REPORTED INSURANCE POLICY**

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Medical Insurance Exchange of California ("MIEC") provides the insurance described in this insurance **policy**. The term "**you**" is used to describe the insured entity or a person who is either named in a **policy declaration** or **endorsement** or is an individual described specifically in this **policy**. Terms which appear in boldface are defined in the "Definitions" section, page 21.

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Insurance provided by this **policy** is on a "claims-made" basis. Coverage is available only for **claims** or suits arising out of events which occur after the "**retroactive date**" specified in a **policy declaration** or an **endorsement** which applies to this **policy**, and only if **you** report the **claim** or suit to MIEC while your **policy** is in effect. Your **policy** will be in effect from 12:01 a.m. on the effective date until 12:01 a.m. of the day on which your **policy** expires or is terminated by **you** or MIEC.

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This **policy** may describe coverage which is not included in your insurance. The **policy declaration** or **endorsements** applicable to this **policy** will specify the effective date and identify the specific coverage which your **policy** includes. The limits of liability for each coverage are specified either in the **policy declaration** or an **endorsement**, or in the **policy** itself.

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**PART I**

**COVERAGE FOR HEALTH CARE SERVICES TO  
PATIENTS AND AS A CONSULTANT**

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1 MIEC will pay reasonable legal expenses and costs to defend each **claim** seeking damages, brought against **you** and alleging damage or injury resulting either from the delivery, or alleged failure to deliver, health care services to patients, or because **you** have acted as an independent medical examiner or provided professional advice or consultation regarding the health or condition of a person who is not a patient. Subject to the limits of liability specified in the **policy declarations** in effect when the **claim** is first reported to MIEC, MIEC will pay damages which **you** become legally obligated to pay in such a matter. In such matters, MIEC will also pay the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day for your employee, representative, or agent to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

2 MIEC's obligation to defend **you** or to pay reasonable legal expenses and costs of defense shall terminate upon the exhaustion of the specified limits of liability by the payment of damages on your behalf. MIEC's obligation to make any other payment on your behalf is subject to the specified limits of liability.

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**PART II.A**

**COVERAGE FOR PEER REVIEW LIABILITIES**

Subject to the exclusions, limitations and other terms and conditions of this policy and only if no other person or entity is obligated to defend **you** or to make any payment on your behalf, MIEC will pay reasonable expenses and costs to defend **you** against each **claim** and to pay on your behalf such sums as **you** may become legally obligated to pay as damages, for the conduct of your employee, agent, or representative as a member, officer, witness, or consultant engaged in the conduct of peer review for a professional review body, as defined by the Federal Health Care Quality Improvement Act. MIEC will also pay you \$800 per half-day to attend any trial, arbitration or hearing at MIEC's request, in the matters described above

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## PART II.B

### DEFENSE COVERAGE FOR SPECIFIED PRACTICE RISKS

1. MIEC will pay reasonable expenses and costs to a maximum of \$25,000 for combined expenses and costs to defend **you** against investigations, civil lawsuits, or administrative proceedings in a matter arising from your professional practice first initiated after the effective date:

a. By a state agency licensing **you** to engage in your professional practice,

b. By the Office of the Inspector General of the Department of Health and Human Services, by the United States Department of Justice, or by a state agency when taking action which may result in the termination of your right to provide services under any governmentally funded program for the provision of health care services.

c. By the Department of Health and Human Services when investigating or asserting a claim that **you** have violated the Privacy Rule adopted by DHHS to implement requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

d. By any specialty medical society of which you are a member.

The \$25,000 coverage limit applies to an investigation and any resulting administrative proceedings or civil lawsuits and all related or consequential proceedings, regardless of when concluded.

2. Subject to the exclusions, limitations and other terms and conditions of this policy, MIEC will pay reasonable expenses and costs, to a maximum of \$25,000 for such combined expenses and costs, to defend **you** against one or more **claims** alleging unlawful discrimination or harassment, assault, battery, or malicious prosecution, in a matter arising from your professional practice, if no coverage is afforded under Part I, and so long as such **claim** is not brought by or on behalf of any employee of yours.

#### Additional Exclusion Applicable to Part II.B

No coverage is provided to defend any investigation, lawsuit, or proceeding conducted solely to determine your entitlement to any fee or charge, whether paid or unpaid, if no effort is made to impose any sanction or penalty upon **you**. No coverage is provided under this Part for the defense of criminal prosecutions, or for the payment of fines, recoupments, civil penalties, damages, or other obligations imposed by law.

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### PART III

**COVERAGE DESCRIBED IN THIS PART IS OPTIONAL COVERAGE. WHEN PROVIDED, IT DOES NOT CONSTITUTE COMPREHENSIVE GENERAL, BUSINESS OR AUTOMOBILE LIABILITY COVERAGE.**

#### **LIMITED COVERAGE FOR PROFESSIONAL PREMISES AND NON-OWNED AUTOMOBILE LIABILITY**

If this coverage is added by **declaration** or **endorsement** and subject to the exclusions, limitations and other terms and conditions of this policy, MIEC will pay reasonable legal expenses and costs to defend each **claim** brought against **you**, and will pay on your behalf such sums as **you** may become legally obligated to pay as damages:

1. As a result of **bodily injury** or **property damage** to a person other than **you**, your employees, agents, or representatives, caused by an accident or injurious exposure to physical conditions at or on your **professional premises**, arising from your negligence, if no coverage is provided under Part I.
2. As a result of **property damage** to interior structures occupied by **you** as **professional premises**, so long as the **property damage** is incurred by persons other than **you** or your employees, agents, or representatives, and is caused by accidental fire or water damage, or as a result of negligence by **you**, or your employees, agents, or representatives.
3. As a result of **bodily injury** or **property damage** incurred by any person other than **you**, your agents, employees, or representatives, from an accident arising out of the use (including loading or unloading) of a vehicle not owned, leased, or rented by any "Named Insured," or any partner, member, shareholder, officer, or director of a "Named Insured," when such use is by an employee, agent, or representative in the usual and ordinary course in furtherance of your professional practice, if no coverage is afforded under Part I.
4. Notwithstanding Exclusion "9" in this **policy**, coverage under this Part extends to your obligation to hold harmless or indemnify, arising under your lease of **professional premises** or equipment used in your professional practice.

Coverage under this Part III is subject to limits for **bodily injury** and for **property damage** as specified in your declaration. Such limits include the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

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PART IV.

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OPTIONAL DEFENSE COVERAGE  
FOR MISCELLANEOUS BUSINESS LIABILITY

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If this coverage is added by **declaration** or **endorsement** and subject to the exclusions, limitations and other terms and conditions of this policy, MIEC agrees to pay 90% of the reasonable legal expenses and costs incurred to defend **you** against each civil lawsuit, arbitration, or administrative proceeding which:

1. Alleges wrongful acts or omissions not covered under Part II.A, by your employee, agent, or representative as an officer, member, or consultant of a national, state, or local medical or specialty medical society, or as an officer or committee or department member of a state licensed health care facility or clinic, or of the medical staff of such facility or clinic, arising from customary and authorized activities when acting in that capacity.

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2. Alleges employment discrimination against your employee who provided services to your professional practice.

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3. Alleges wrongful termination by **you** of an employee who provided services in your professional practice.

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4. Alleges violation of a federal, state, or local statute or ordinance providing employment protection or benefits to any employee in your professional practice.

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5. Alleges breach of contract or agreement or other misconduct in the nature of a commercial or fee dispute arising from and involving your professional practice, which is not brought by or on behalf of a present or former partner, officer, shareholder, or other person sharing ownership or control of your professional practice.

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6. Alleges fraud, assault, battery, false arrest or personal restraint, malicious prosecution, or defamation arising from your professional practice, for which no coverage is afforded under Part I.

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The defense coverage provided under this Part shall apply only if **you** agree to be represented in the civil lawsuit, arbitration, or administrative proceeding by legal counsel appointed or approved by MIEC within its sole discretion. Such defense fees and costs are limited to the sum of \$100,000 per **claim**, to an aggregate limit specified in a **policy declaration** or **endorsement** applicable to all matters first reported to MIEC within the same **policy** year.

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## EXCLUSIONS

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There is no coverage under any part of this **policy** for sums **you** may become legally obligated to pay as damages or as interest or for any other expenses, or for defense expenses or costs, or for any other reason, for a **claim**, civil lawsuit, arbitration, legal or administrative proceeding, incident, accident, or event:

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1. If not reported by **you** to MIEC during the **policy period**.

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2. Where the "Named Insured" is identified by MIEC as a partnership, for liability imposed, or sought to be imposed, upon any individual partner, agent, or representative of such partnership, except where such liability results, or may result, solely from such individual's status as a partner and not as a result of his or her direct or indirect acts or omissions.

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2.. If liability is sought or imposed upon you because of your status as a partner, representative, associate, or joint venturer with any person or entity, or as a result of your status as a member, shareholder, officer, director, trustee, agent, or representative of a corporation (other than an insured solo professional corporation) or unincorporated association.¶

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3. Where the "Named Insured" is identified by MIEC as a corporation or unincorporated association, for liability imposed, or sought to be imposed, upon any individual member, shareholder, officer, or director, except where such liability results, or may result, solely from such individual's status as a member, shareholder, officer, or director of such corporation or unincorporated association, and not as a result of his or her direct or indirect acts or omissions.

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4. If liability is sought or imposed upon **you** because of your status as a partner, representative, associate, or joint venturer with any person or entity other than a person or entity identified in a **policy declaration** or **endorsement** as a "Named Insured," or as a result of your status as a member, shareholder, officer, director, trustee, agent, or representative of a corporation or unincorporated association other than a corporation or unincorporated association identified in a **policy declaration** or **endorsement** as a "Named Insured."

5. If liability is sought or imposed upon **you** as a result of participation by **you**, your employees, agents, or representatives, in the manufacture, assembly, sale, trade, or distribution of any goods, materials, products, or devices.

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6. If liability is sought or imposed upon **you** for acts or omissions of physicians, professional corporations, or persons associated with or employed by **you** other than nurses, medical assistants, and persons not required to be licensed or certified to perform any duties for which they are employed, unless **you** have given written notice of such employment or association to MIEC within 30 days after such employment or association commences, and MIEC has issued a **declaration** or **endorsement** identifying those persons under the heading of "Employed/Contracted Doctors" or "Non-Physician Practitioners."

7. If liability is sought or imposed upon **you** (1) as a result of acts or omissions of a person who is either named in a **policy declaration** or **endorsement** or is an individual described specifically in this **policy** while his or her authority to practice his or her profession is revoked or under suspension, (2) as a result of his or her performance of procedures he or she is not authorized to perform due to restrictions on his or her license to practice, or (3) as a result of his or her performance of a

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procedure at a hospital that is not within the scope of his or her privileges at that hospital.

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8 If liability is sought or imposed upon **you** as a result of your activity as an owner, shareholder, partner, investor, joint venturer, officer, director, administrator, or medical director of a hospital, clinic, ambulatory care center, sanitarium, skilled nursing facility, surgery center, convalescent hospital or home, hospice, laboratory, free-standing treatment facility, health maintenance organization, health care service plan, preferred provider organization, or any similar health care entity or delivery system, health care supply or support organization, or any other business organization or operation, whether or not medically related, which is not identified as a "Named Insured" or an "Additional Insured" in a **declaration** or **endorsement**. This exclusion expressly includes any activity described in any written service agreement between **you** and any of the organizations described in the preceding sentence, whether **you** are performing the activity pursuant to such written agreement or in any other capacity. This exclusion shall not apply to the extent your liability arises out of the personal delivery of health care services to patients by **you**, your employee, agent, or representative, or as a consultant covered under Part I, or to other activities for which coverage is provided under this **policy**, in the event of your personal and direct participation in the events for which damages or liability is sought or imposed.

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9 If liability is sought or imposed because of your written or oral agreement to hold harmless, indemnify, or otherwise assume another's obligation or liability, if liability or the amount of damages sought or imposed upon **you** is greater than that which would exist in the absence of such an agreement.

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10 If liability is imposed, or sought to be imposed, as a result of intentional, willful, criminal, or fraudulent acts.

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11 If liability is sought or imposed as a result of advertising, broadcasting, or telecasting activities.

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12 If liability is sought or imposed for your acts or omissions while your principal place of practice is other than that identified by **you** by your prior notification to MIEC.

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13 If liability is sought or imposed for injury, damage, sickness, disease, or death of any of your employees, agents, or representatives, arising out of and in the course of such person's employment by **you**, or under any workers' compensation, unemployment compensation, disability benefits, or similar law relating to employee benefits, welfare, or entitlements.

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14 If liability is sought or imposed for **property damage** to property owned, leased, or rented, in whole or in part, by **you**, or entrusted to the care, custody, and control of **you**, or your employees, agents, or representatives.

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15 If liability is sought or imposed for damage or injury resulting from:

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a. Surgical proceedings involving the spinal column unless (1) required by a bona fide emergency requiring immediate intervention, or (2) you or your employee, agent, or representative participate as an assistant surgeon only.

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b. Total joint replacements, except where you or your employee, agent, or representative participate as an assistant surgeon only.

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c. The use of chymopapain.

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d. The use of chelation therapy.

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e. Refractive keratoplasty procedures.

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f. Liposuction.

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g. The delivery of infants in locations other than duly licensed facilities accredited by the Joint Commission on the Accreditation of Healthcare Organizations, except in the case of bona fide emergencies.

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h. The use of intra gastric balloons or similar medical devices in connection with a program directly or indirectly related to weight control or reduction.

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i. Surgical weight reduction procedures.

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16 Except for the payment of reasonable expenses and costs for defense only, there is no coverage of any kind if damages or liability is sought or imposed in whole or in part for damage or injury arising from or incidental to sexual relations, sexual abuse, sexual contact, sexual intimacy, sexual battery, or sexual exploitation of or with any person, regardless of whether such conduct arises from the delivery of or failure to deliver health care services, or abandonment or the failure to properly refer such person for treatment.

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17 Regardless of when any claim, loss, arbitration, or proceeding is reported to MIEC, no insurance coverage is afforded to you for acts, omissions, events, accidents, or incidents which occur prior to the retroactive date.

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18 There is no coverage under this policy for payment of exemplary or punitive damages, civil fines, or assessments.

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19 Except for coverage provided under Parts II.A and II.B of this policy, there is no coverage of any kind for conduct which is alleged to be anticompetitive in nature or effect, part of a boycott or other form of combination or conspiracy in restraint of trade, or otherwise in violation of anti-trust or unfair business practice laws or regulations.

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20 There is no coverage of any kind for any bodily injury or property damage:

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- With respect to which insurance is or can be available to you under a nuclear energy liability policy.

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- Which results from the hazardous properties of nuclear material for which financial protection would be required under the Atomic Energy Act of 1954 (as amended) or for which you would be entitled to indemnity from the United States of America pursuant to the Atomic Energy Act of 1954 (as amended).

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21 If any individual or professional corporation identified under this policy as an "Additional Insured" or "Employed/Contracted Doctor" is also covered under a separate MIEC policy, any exclusions of coverage under such separate MIEC policy shall automatically apply to this policy, and no coverage shall be available when liability is imposed, or sought to be imposed, upon such individual or professional corporation based upon acts or omissions excluded under this policy or such separate MIEC policy.

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22 If liability is sought or imposed upon you as a result of acts or omissions in connection with a drug or device study or a clinical trial, unless the study or clinical trial is performed under the independent oversight of an Independent Review Board, the Food and Drug Administration, or other similar body.

23 Except as may be provided in an endorsement to this policy, there is no coverage under this policy for:

- a Regulatory fines or penalties you become legally obligated to pay as a result of a claim for an actual or alleged **privacy wrongful act, network security wrongful act, or data interference act**;
- b Patient notification and credit monitoring costs you incur as a result of a claim for an actual, alleged, or potential **privacy wrongful act, network security wrongful act, or data interference act**;
- c Data recovery costs you incur as a result of a claim for a **privacy wrongful act or a data interference act**.
- d For purposes of this exclusion, the following definitions apply:
  - (1) **Data interference act** means any act by a party other than you or your agents or employees which is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the data you maintain. **Data interference act** includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.
  - (2) **Network security wrongful act** means an actual or alleged act, error or omission committed by you or your agent or employee, including an unauthorized act by your agent or employee, which results in the

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unauthorized access to or unauthorized use of your computer system, the consequences of which include, but are not limited to:

- (a) The failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
- (b) The inability of an authorized third party to gain access to your services;
- (c) The failure to prevent denial or disruption of Internet service to an authorized third party;
- (d) The failure to prevent identity theft or credit/debit card fraud; or
- (e) The inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.

(3) **Privacy wrongful act means any of the below, whether actual or alleged, but only if committed or allegedly committed by you or by your employee during the course and scope of his or her duties as such**

- (a) Breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or
- (b) Any breach or violation of U.S. federal, state or local statutes or regulations associated with the control and use of personally identifiable financial or medical information, as they may be amended from time to time, including but not limited to:
  - (i) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA");
  - (ii) Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
  - (iii) State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
  - (iv) Governmental privacy protection laws or regulations that require commercial Internet sites or on-line services that collect personal information or medical information

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(as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse.

- (v) Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA); or
- (vi) The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009

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## GENERAL CONDITIONS

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These general conditions describe and limit the amount and availability of insurance provided under this **policy**, except in those instances where the **policy** itself makes different provisions applicable to specified coverage. In order for insurance described in this **policy** to apply to **you**, **you** must comply with each of the conditions described below. MIEC will not be obligated to provide coverage if **you** fail to comply with any condition.

### 1. LIMITS OF LIABILITY

A. The amount of insurance coverage available for indemnity payments for covered **claims** shall be as described in a **declaration** or **endorsement**, or in Part III(3) or IV of this **policy**.

B. Limits of liability specified in a **declaration** or **endorsement** of this **policy** apply for all covered **claims** under this **policy**, and shall not be multiplied or expanded regardless of the number of insureds or persons entitled to insurance coverage under this **policy**.

C. The amount of insurance available from MIEC for covered **claims** arising from a single act, omission, or event, or from related acts, omissions, or events, shall be limited to the sum described in a **declaration** or **endorsement** under the heading of "Per **Claim**" limit, and this amount shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.

D. For covered **claims** which arise from different or unrelated acts, omissions, or events which are first reported to MIEC within the same **policy** year, the insurance available from MIEC shall be limited to the total sum described in the **declaration** or **endorsement** under the heading of "Aggregate" limit, and shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.

E. The "Per **Claim**" and "Aggregate" limits of liability under this **policy** are not cumulative, even if related acts, omissions, accidents, incidents, or events span more than one **policy** year.

F. The limits of liability which apply when **you** make a **claim** for coverage under this **policy** are those applicable during the **policy** year in which the **claim** is first reported to MIEC and those limits shall not be available in any greater sums regardless of subsequent reports.

G. The limits of liability may vary among the various coverages ("Parts") afforded **you** under the **policy** as described in a **declaration** or **endorsement**. In no event shall the limits of liability be cumulative if liability for covered **claims** may arise under several Parts of this **policy**.



## 2. APPLICABILITY OF PARTS OF POLICY

Insurance coverage under each Part of the coverage provisions of this **policy** shall apply to **you** only if and to the extent that each such Part is expressly agreed to be applicable to **you** in a **declaration** or **endorsement** issued to **you** by MIEC. No **claim** will be covered under more than one Part of the **policy**.

## 3. EFFECT OF SUBSEQUENT DECLARATIONS OR ENDORSEMENTS

Successive **policy declarations** or **endorsements** may be issued to **you** by MIEC, upon renewal or at certain other times. The **policy declaration** or **endorsement** applicable to your coverage when a **claim** is reported to MIEC shall be the **declaration** or **endorsement** most recently issued to **you** prior to your report of the **claim**.

## 4. NOTICE OF CLAIMS

When **you** first become aware of any act, omission, event, incident, or accident which may give rise to a **claim** against **you**, or if **you** obtain knowledge or information from any source that such a matter is contemplated, likely, or has been initiated, **you** must promptly give MIEC written notice of the **claim**, providing such information as is known to **you**, as well as any information subsequently becoming known to **you** or requested by MIEC. **You** must promptly provide MIEC with written notice of the particulars concerning the matter, including information regarding the identity of persons and entities involved, the time, place, and circumstances of the events or occurrences, and names and addresses of injured parties and witnesses. **You** must also promptly forward every demand, notice of intention to file suit, summons, subpoena, or other legal process which **you** or your representatives receive. A **claim** under this **policy** shall not be considered made or reported unless and until **you** provide MIEC with written notice.

## 5. CONTROL OF DEFENSE AND SETTLEMENT

With respect to any **claim** which falls, or is claimed to fall, in whole or in part within the insurance coverage of this **policy**, MIEC shall have the sole and exclusive right to investigate, negotiate, evaluate, control, and direct the defense of such matter, including the right to appoint legal counsel on your behalf, as may be permitted or limited by law. With respect to any covered **claim**, legal counsel selected by **you** shall not be permitted to intervene or substitute into the defense of the matter without the prior consent and written approval of MIEC. MIEC shall have the sole and exclusive right to settle the matter on your behalf, except for covered **claims** under Part I of the coverage provisions, where your consent to settle shall be obtained, in which case **you** may not unreasonably withhold your consent.

If a **claim** involves both covered and non-covered **claims** and/or causes of action, **you** agree to allow bifurcation of the hearing, arbitration or trial as to covered **claims** and damages, as well as to non-covered **claims** and damages. **You** additionally agree to secure a special award or verdict form that segregates covered **claims** from non-covered **claims**, as well as covered and non-covered damages, if

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requested by MIEC.

## 6. ASSISTANCE AND COOPERATION

You are required to cooperate with MIEC in all respects in matters pertaining to this insurance and, upon request of MIEC, shall provide information, attend hearings and trials, and assist in making settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise facilitating the conduct of any proceeding in connection with the subject matter of this insurance, including a review of the **claim** or lawsuit by a medical review and advisory committee or similar committee of a professional society or organization as may be selected by MIEC. You must not voluntarily make any payment, assume any obligation, or incur any expense with respect to a covered **claim** except with prior written consent of MIEC.

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## 7. PREMIUMS GENERALLY

The insurance available under the **policy** is provided in return for, and expressly conditioned upon, timely payment by you of a premium established by MIEC. All premiums for this **policy** shall be computed solely by MIEC in accordance with MIEC's procedures and rating plans applicable to your insurance. In the event of a change in your professional practice or activities which, in the opinion of MIEC, materially alters the risk or affects the hazard insured against, as a condition of continued coverage MIEC shall have the right to impose and obtain additional premiums consistent with MIEC rating plans applicable to such practices or activities. You are required to make and retain records of such information as is necessary for premium computation according to procedures and rating plans of MIEC, and must make copies of such records available to MIEC at such time as MIEC may reasonably request.

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## 8. PREMIUM PAYMENTS

All premiums for this **policy** are payable by you annually or quarterly as established by MIEC. If paid quarterly, premiums are due February 1, May 1, August 1, November 1; provided, however, that the first premium installment (or pro-rated portion) is due when the **policy** is first issued to you and each subsequent installment is due on the first day of the next quarterly period described above. Unless the time for payment is extended by MIEC in writing, you will be deemed in default if the premium is not paid on or before its due date, and the **policy** will terminate automatically, without notice, as of 12:01 a.m. Standard Time at the expiration of the period through which the premium has been paid. It is your duty to ensure that premiums are promptly paid to MIEC, regardless of whether you receive statements for the premium from MIEC.

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## 9. OTHER INSURANCE

If you have other valid and collectible insurance for acts, omissions, events, incidents, or accidents covered under this **policy**, or any other source for indemnification or reimbursement for damages, settlement, legal fees, costs, or expenses as a result of such matters, insurance under this **policy** shall not apply

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until the limits of such other insurance or other sources have been exhausted.

## 10. SUBROGATION AND REIMBURSEMENT FOR THIRD-PARTY LIABILITY

A. Subrogation--Except for matters described in section B, in the event of any payment by MIEC under this policy, MIEC shall be subrogated to your rights of recovery against any person or organization and you must promptly execute and deliver whatever documents, instruments, or papers are necessary and appropriate to effectuate said subrogation, and to do whatever else is necessary to secure such rights for MIEC. You must do nothing to adversely influence or prejudice the subrogation right of MIEC.

B. Reimbursement for Third-Party Liability--In the event you assert any claim against a third party for damages, indemnification, contribution, or reimbursement for events for which sums were paid under this policy on your behalf, MIEC shall have a lien against such sums recovered by you to the extent that sums were paid by MIEC, and you are required to promptly execute and deliver any documents, instruments, or papers necessary to effectuate such lien, and to do whatever else is necessary to secure such lien rights of MIEC, doing nothing to prejudice MIEC's lien rights.

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## 11. REPRESENTATIONS

A. By acceptance of this policy, you acknowledge that the statements made in your application for insurance and any materials submitted therewith are true and correct, that you and your employees, agents, or representatives have not withheld or failed to disclose pertinent information, and that you have given careful consideration to the statements and information provided. You further acknowledge that such statements are material representations by you, and that any policy issued by MIEC is issued in reliance upon the truth and accuracy of such statements. You further agree that this policy embodies all agreements, representations, and commitments by MIEC, or any of its employees, agents, representatives, or counsel regarding the subject of insurance coverage. You further acknowledge that in the event your application or materials submitted therewith contain misrepresentations or omissions made with actual intent to deceive or which materially affect the acceptance of the risk or the hazard assumed by MIEC, no coverage shall be afforded under this policy and the policy in its entirety shall be void and of no effect whatsoever.

B. You agree to promptly report to MIEC any material change in the information previously provided to MIEC in connection with this insurance, including information provided in your original application, any application updates, and other written communications. Such material changes include, but are not limited to, any changes in the nature and scope of your practice or medical procedures performed, any changes in your medical license, any changes in your partners and associates, any changes in your professional office premises, any changes in interns, externs, residents, dentists, osteopathic or other medical doctors, health care extenders with whom you

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practice, any changes in practice locations, any changes in administrative responsibilities, and any changes in the status of your hospital privileges. Coverage for any claim that results from an act or omission that occurs after any of these changes is contingent upon your having notified MIEC of the change and MIEC's approval thereof. You further agree that any material changes in your professional practice or activities may be a basis for imposition of an additional premium at the election of MIEC which is consistent with its rating plans, as well as imposition of other terms, conditions, or limitations of insurance coverage, including cancellation if MIEC determines the changed circumstances affect the hazard insured against. Copies of previously submitted applications and related materials are available from MIEC on request.

## 12. WAIVER

Notice to any representative of MIEC, or knowledge possessed by any representative or person employed by or related to MIEC, shall not constitute a waiver or a change of any Part of this policy, or preclude MIEC from asserting any right under the terms of this policy, nor shall the terms of this policy be deemed to be waived or changed by virtue of any representation or written or oral statement by MIEC, its employees, or representatives, except as such waiver or change may be described by MIEC in an endorsement or policy declaration issued to you.

## 13. ASSIGNMENT

Your interests or rights under this policy, including any express or implied covenants, are neither assignable nor transferable.

## 14. TERMINATION

A. Insurance coverage under the policy ends upon cancellation, upon the end of the policy period specified in the policy declaration or endorsement issued to you, at the end of the reporting period specified in the reporting endorsement issued to you, or upon automatic termination of the policy relating to nonpayment of premium or relocation of your principal place of practice, as described in the General Conditions, whichever occurs first.

B. If any individual or solo professional corporation identified under this policy as an "Additional Insured," "Non-Physician Practitioners," or "Employed/Contracted Doctor" is no longer employed or associated with you, and fails to obtain insurance coverage equivalent to the insurance afforded herein for the period the individual or solo professional corporation was employed or associated with you, or if you fail to obtain such coverage on behalf of such individual or solo professional corporation, insurance from MIEC otherwise available to such person or solo professional corporation, or to you under this policy for acts or omissions of such person or solo professional corporation, shall automatically terminate except for those claims first reported to MIEC during the period of employment or association.

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## 15. CANCELLATION

- A. Your insurance coverage is automatically canceled as to any individual, upon death, permanent disability, judicial determination of incompetency, or revocation of your license to practice in any jurisdiction where insurance is afforded under this policy, or, as to a corporation, partnership, or unincorporated association, upon winding-up and dissolution.
- B. MIEC shall have the right to cancel your insurance coverage as to any individual in the event of a judgment by a court or by an administrative tribunal that the individual has committed a violation of law having as one of its essential elements an act or omission that materially increases any of the risks insured against.
- C. In addition to the grounds for cancellation described in this policy, and except as otherwise limited by applicable law, insurance coverage may be canceled by you or MIEC, without cause and without any cause of action accruing against the canceling party, upon written notice to the other specifying the date following which the cancellation shall be effective, in which case the date specified shall constitute end of the **policy period** or additional reporting period; provided, however, that if MIEC cancels, at least 30 days' advance written notice of cancellation shall be mailed to you at your address as stated in the **policy declaration**.

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## 16. AVAILABILITY AND TERMS OF REPORTING ENDORSEMENT

If you are identified by MIEC under the heading of "Named Insured" in a **policy declaration** or **endorsement**, you shall have the right, upon written request and following payment of a premium to be determined by MIEC at that time, if applicable, to have issued reporting **endorsement(s)** providing an additional reporting period, unless the termination of your coverage was for nonpayment of premium, in which case the advance payment of the pro-rata premium through the date of cancellation must also be made to MIEC before reporting **endorsement(s)** shall be issued. Insurance coverage provided under a reporting **endorsement** may be modified by terms and conditions established by MIEC as set forth in such reporting **endorsement(s)**. However, the amount of insurance under reporting **endorsement(s)** shall be the same as the limits of liability in the **policy declaration** or **endorsement(s)** last issued to you by MIEC prior to termination of the **policy** except that the aggregate limit shall apply to the entire period covered by the endorsement(s) rather than a single **policy year**.

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## 17. OPERATIONS

- A. MIEC is a reciprocal inter-insurance exchange. Medical Underwriters of California (MUC) functions as the "Attorney-in-Fact" for MIEC. By requesting insurance from MIEC, you vest MUC with authority to issue this **policy** on your behalf, and to otherwise exercise the duties and responsibilities of an "Attorney-in-Fact" for MIEC.

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B. The Board of Governors of MIEC shall have full power and authority to establish rules and regulations for the management and conduct of MIEC, and for the election of members of the Board. The Board of Governors of MIEC, in its sole discretion, may authorize the distribution of policyholders' savings, and adopt rules, regulations, or schedules for that purpose.

C. To enforce any **claims** or rights arising under this **policy**, MIEC shall be sued or sue in its own name as in the case of an individual. Service of process in any such suit against MIEC shall be upon MUC.

## 18. INSPECTION AND AUDIT

MIEC shall be permitted to inspect your **professional premises**, property, and operations at any time. Neither MIEC's right to make such inspections nor the making thereof, nor any report thereon shall constitute an undertaking by MIEC on behalf of **you** or others to determine or warrant that such property or operations are safe. MIEC may request and undertake a reasonable examination and audit your books and records insofar as they relate to the subject matter of this insurance.

## 19. ACTION AGAINST COMPANY

No action shall lie against MIEC by **you** or your agent or representative, or any other person acting by or through **you**, unless as a condition precedent thereto, there shall have been full compliance with all the terms of this **policy**, nor until the amount of your obligation to pay sums to a claimant or litigant shall have been fully and finally determined either by judgment or award against **you** or by written agreement by **you**, claimant, and MIEC. No person or organization shall have any right under this **policy** to join MIEC as a party to any action against **you** to determine your liability, nor shall MIEC be impleaded by **you** or your legal representative; provided, however, that whenever judgment is secured against **you** in an action based upon **bodily injury**, death, or **property damage**, an action may be brought against MIEC on the **policy** and subject to its terms and limitations, by such judgment creditor to recover on the judgment.

## 20. BANKRUPTCY OF INSURED

Your insolvency or bankruptcy will not release MIEC from the payment of damages or injury sustained or loss occasioned during the term of said **policy**.

## 21. PLACE OF PRACTICE AND TELEMEDICINE

A. **You** agree that insurance coverage under this **policy** is available only if **you** maintain your principal place of practice in the location identified by **you** in written notification to MIEC within 30 days after establishing your principal place of practice, and that relocation by **you** to another principal place of practice without notification to and agreement by MIEC as evidenced by MIEC's issuance of a **policy declaration** or **endorsement** shall constitute an automatic termination of insurance coverage under this **policy**.

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B. You agree that insurance coverage under this policy is available only for acts, or the alleged failure to act, occurring or undertaken within the state wherein your place of practice identified in a policy declaration or endorsement is located, except for (1) services rendered in an emergency, without compensation or other consideration, and on an irregular or infrequent basis, or (2) services rendered incidental to your participation in a formal program of continuing medical education.

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C. You agree that insurance coverage under this policy is available for acts, or the alleged failure to act, which constitute the practice of telemedicine according to the laws of any jurisdiction wherein such act or failure to act (or any part thereof) is alleged to have occurred, only if you are duly licensed or permitted under such laws to engage in the practice of telemedicine in such jurisdiction, you have previously notified MIEC in writing of your intention to engage in telemedicine in such jurisdiction, and MIEC has agreed in writing to provide coverage for such activities.

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## 22. NON-ASSESSABILITY

This policy is not assessable

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## DEFINITIONS

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**"You"** identifies the insured entity, which is a corporation (except **solo professional corporations**), an unincorporated association, or a partnership, identified by MIEC under the heading of "Named Insured" in a **policy declaration** or **endorsement** accompanying this **policy**; provided, however:

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1. Where the "Named Insured" is identified by MIEC as a partnership, only the partnership as an entity is the insured, not the individual partners, employees, agents, or representatives of the partnership. In no event shall the individual partners [employees, agents, or representatives of the partnership be deemed insured for purposes of entitlement to issuance of a reporting **endorsement**.

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2. Where the "Named Insured" is identified by MIEC as a corporation or unincorporated association, only the corporation or unincorporated association as an entity is the insured, except that the individual members, shareholders, officers, or directors shall be deemed insureds where liabilities covered by this **policy** are imposed, or sought to be individually imposed, upon them solely as a result of their status as members, shareholders, officers, or directors, and not as a result of their direct or indirect acts or omissions. In no event shall any individual members, shareholders, officers, or directors be deemed insureds for the purposes of entitlements to issuance of a reporting **endorsement**.

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**"You"** also identifies individuals or professional corporations identified by MIEC as an "Additional Insured" in a **policy declaration** or **endorsement** accompanying this **policy**, except that an "Additional Insured" shall not be deemed an insured for the purpose of entitlement to issuance of a reporting **endorsement**.

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**"You"** also identifies non-physician employees of an entity which is a "Named Insured" who are identified by name or function under the heading of "Non-Physician Practitioners" in a **policy declaration** or **endorsement** accompanying this **policy**, but only with respect to health care services performed within the authorized scope of their employment. No persons or entities practicing or licensed in any of the following categories or performing the following activities shall be an insured person unless specifically identified by MIEC by name in the **policy declaration** or **endorsement**: dentists (including oral surgeons), podiatrists, psychologists, counselors, social workers, nurse midwives, nurse practitioners, nurse anesthetists, scrub nurses, surgical assistants, perfusionists, physician's assistants, technicians or therapists who are required to be licensed or certified, optometrists, opticians, chiropractors, or acupuncturists. In no event shall any non-physician employees described in this subsection be deemed an insured for the purpose of entitlement to issuance of a reporting **endorsement**.

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The following terms, whenever they are used in this **policy**, will be defined as follows:

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- **Bodily Injury** - Physical injury, including death, physical sickness, or physical disease.

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- **Claim** - A demand, accident, or incident which is covered by this **policy**, including any resulting lawsuit, arbitration proceeding, or other legal or administrative proceeding.

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- **Declaration or Endorsement** - A written document labeled as a **declaration** or as an **endorsement** issued by MIEC to **you**, applicable to this **policy**. A **policy declaration** or **endorsement** is a part of this **policy**.

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- **Policy** - The written insurance agreement herein issued to **you** upon application and approval by MIEC, and all **policy declarations** and **endorsements** which apply to **you**.

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- **Policy Period** - This **policy** does not apply to **you** until a **policy declaration** is issued by MIEC, describing the specific period of time this **policy** shall be in effect. That period of time is a **policy period**, and commences at 12:01 a.m. on the effective date in the **policy declaration**. The **policy period** continues until 12:01 of the day on which your **policy** expires, is terminated, or is canceled, whichever occurs first. A new **policy period** may be specified in a "renewal **declaration**." A **policy period** may be shorter or longer than a "**policy year**," which is the twelve-month period from February 1 until February 1 of the following year.

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- **Professional Premises** - Your **professional premises** are the premises designated in a **policy declaration** issued to **you** by MIEC. If **you** acquire ownership or control of other premises for the practice of your profession, through purchase, lease, or other agreement, and notify MIEC in writing of your acquisition of such premises within 30 days thereafter, coverage for such premises will be provided until MIEC has issued a **declaration** or **endorsement** providing for continued coverage, or providing written notification that coverage will not be afforded.

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- **Property Damage** - Injury to or destruction of tangible personal or real property.

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- **Retroactive Date** - The **retroactive date** is specified by MIEC in a **declaration** or **endorsement** issued to **you**.

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- **Solo Professional Corporation** - A professional corporation with only a single shareholder who is engaged in the delivery of health care services.

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- **Telemedicine** - Providing a health care service, including examination, diagnosis, treatment, consultation, transfer of medical data, and education, using interactive audio, video, or data communications. ("Interactive" means audio, video, or data communication by way of real time (synchronous) or near real time (asynchronous) two-way transfer of medical data and information.)

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JN WITNESS WHEREOF, MIEC has caused this document to be executed and attested, but this **policy** shall not be valid unless countersigned on a **policy declaration** or reporting **endorsement** by a duly authorized representative of MIEC.

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MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

By Medical Underwriters of  
California, Attorney-in-Fact

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President

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## ENDORSEMENTS

### P01 (12) PRIOR ACTS DISCOVERY ENDORSEMENT

The insurance coverage described in this **policy** will apply to a **claim** arising before the original effective date which would otherwise constitute the **retroactive date**, so long as such **claim** arises out of events which occur after the **retroactive date** specified in this **endorsement** or in a **declaration** applicable to this **policy**. This specification of an earlier **retroactive date** does not relieve **you** of your obligation to comply with all other terms and conditions of this **policy**, and does not amend the limits of liability. However, paragraph 9, "OTHER INSURANCE" of the **GENERAL CONDITIONS** of this **policy** shall not apply when coverage is afforded under this **endorsement**, and the following condition shall instead apply:

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If **you** have other insurance for acts, omissions, incidents, or accidents which might otherwise fall within the coverage of this **endorsement**, or any other source for indemnification or reimbursement for damages, settlement, defense or legal fees, costs, or expenses as a result of such matters, insurance under this **endorsement** is null and void and shall not apply.

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Coverage under this **endorsement** is provided under your express representation and warranty that **you** know of no **claims**, civil lawsuits, arbitrations, legal or administrative proceedings, events, incidents, or accidents which may be subject to the coverage provided under this **endorsement**, other than those matters disclosed and described in writing to MIEC in the application for coverage. You agree that this **endorsement** and any coverage which would arise under it shall be automatically rescinded and null and void in the event of any fraud, material misrepresentation, or omission of relevant information which is known or which should have been known to **you**, through the reasonable exercise of diligence.

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**PARTNERSHIP, CORPORATION, UNINCORPORATED ASSOCIATION  
POLICY ENDORSEMENT**

**DATAGUARD INSURANCE  
(Claims-Made Basis)**

**NOTICE**

This **endorsement** applies to and forms a part of the **policy** issued by Medical Insurance Exchange of California ("MIEC") to which this **endorsement** is attached.

Except as otherwise noted herein, this is Claims-Made and Reported Coverage. Various provisions in this **endorsement** restrict coverage. Read the entire **endorsement** carefully to determine your rights and duties and what is and is not covered. All other terms, conditions and exclusions of the **policy** to which this **endorsement** attaches remain unchanged and apply in full force and effect to this **endorsement**, unless this **endorsement** states otherwise.

The limits of liability for the coverage provided under this **endorsement** are specified in Section III of this **endorsement**. **Defense costs** are paid within such limits of liability.

**SECTION I - COVERAGE AGREEMENTS**

In consideration of the premium charged and subject to all terms, conditions, definitions, exclusions and other provisions of this **endorsement** and the **policy** to which it attaches, MIEC agrees as follows:

- A. **DATAGUARD Network Security and Privacy Coverage:** Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay **damages** which you become legally obligated to pay, and related **defense costs**, as a result of a **claim** for any actual or alleged **network security wrongful act** or **privacy wrongful act**, provided that:
- a. Such **claim** is first made against you during the **policy period**;
  - b. You report such **claim** in writing to MIEC during the **policy period**; and
  - c. The **network security wrongful act** or **privacy wrongful act** occurs on or after the **retroactive date**.
- B. **Regulatory Fines and Penalties Coverage:** Notwithstanding Exclusion "18" in the **policy** to which this **endorsement** attaches and subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay **regulatory fines and penalties** which you become legally obligated to pay as a result of a **claim** for any actual or alleged **privacy wrongful act**, provided that:
- a. Such **claim** is first made against you during the **policy period**;
  - b. You report such **claim** in writing to MIEC during the **policy period**; and
  - c. The **privacy wrongful act** occurs on or after the **retroactive date**.
- C. **Patient Notification and Credit Monitoring Costs Coverage:** Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay reasonable **patient notification and credit monitoring costs** which you incur as a result of a **claim** for an actual or potential **privacy wrongful act**, provided that:

- a. Such **claim** is first made and reported in writing to MIEC during the **policy period**; and
- b. The **privacy wrongful act** occurs on or after the **retroactive date**.

D Data Recovery Costs Coverage: Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay reasonable **data recovery costs** which **you** incur as a result of a **claim** for a **data interference act**, provided that:

- a. Such **claim** is first made and reported in writing to MIEC during the **policy period**; and
- b. The **data interference act** occurs on or after the **retroactive date**.

## SECTION II - ADDITIONAL EXCLUSIONS

No coverage is provided under this **endorsement** for any **claim** based upon, arising out of, related to, directly or indirectly resulting from, in consequence of, or in any way involving:

- A. Any **network security wrongful act**, **privacy wrongful act** or **data interference act** or any fact, circumstance, or situation:
  - 1. Which was the subject of written notice to any insurer given under any other policy of insurance prior to the effective date of this **endorsement**;
  - 2. Which was the subject of any written demand for monetary damages, any administrative or arbitration proceeding, or any litigation commenced or made against **you** prior to the effective date of this **endorsement**, or the same or substantially the same fact, circumstance, or situation underlying or alleged in such prior matter;
  - 3. Which was identified in any summary or statement of claims or potential claims submitted in connection with your application for insurance for the **policy** to which this **endorsement** attaches;
  - 4. Which **you** had knowledge of prior to the effective date of this **endorsement** and which could reasonably be expected to give rise to a **claim**.
- B. The actual, alleged or threatened discharge, dispersal, release or escape of pollutants, or any direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, nuclear material or nuclear waste. For purposes of this exclusion, "pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including mold, smoke, vapor, soot, fumes, acids, alkalis, chemicals, odors, noise, lead, oil or oil products, radiation, asbestos or asbestos-containing products and waste, and any electric, magnetic or electromagnetic field of any frequency. "Waste" includes, but is not limited to, material to be recycled, reconditioned or reclaimed.
- C. The liability of others **you** assume under any contract or agreement, except to the extent **you** would have been liable in the absence of such contract or agreement;
- D. Any actual or alleged breach of contract, warranty or guarantee, except that with respect to allegations of breach of contract, this exclusion shall not apply to the extent **you** would have been liable in the absence of such contract;

- E. The gaining in fact of any profit, remuneration or financial advantage to which **you** were not legally entitled;
- F. Actual or alleged violations of the False Claims Act or any similar federal or state law, rule or regulation concerning billing errors or fraudulent billing practices or abuse;
- G. Any actual or alleged infringement of any patent or trade secret;
- H. Any actual or alleged price fixing, restraint of trade or a violation of any securities or anti-trust laws;
- I. Any employment or employment-related matters;
- J. Any actual or alleged **Bodily Injury** or **Property Damage**;
- K. Any actual or alleged harassment or discrimination, including, but not limited to, harassment or discrimination because of, or relating to, race, creed, color, age, sex, sexual orientation or preference, national origin, religion, handicap, disability, political affiliation, marital status or any other basis prohibited by federal, state or local law;
- L. Any actual or alleged electrical failure, including electrical power interruption, surge, brownout or blackout;
- M. Any actual or alleged malfunction or defect of any hardware, equipment or component;
- N. Any actual or alleged violation of any of United States of America's economic or trade sanctions, including but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC");
- O. Any actual or alleged medical malpractice or rendering of or failure to render professional services;
- P. Any loss of business income arising from the interruption, suspension or degradation of your computer network.
- Q. Any criminal proceeding; for purposes of this exclusion, 'criminal proceeding' shall mean any governmental action for enforcement of criminal laws, including those offenses for which conviction could result in imprisonment and/or criminal fine.

### **SECTION III - LIMITS OF INSURANCE AND DEDUCTIBLE**

- A. With respect to the coverage provided under this **endorsement**, the limits of insurance and deductible are as follows:
  - 1. Network Security and Privacy Coverage: **\$ 50,000 per Claim**
  - 2. Regulatory Fines and Penalties Coverage: **\$ 50,000 per Claim**
  - 3. Patient Notification and Credit Monitoring Costs Coverage: **\$ 50,000 per Claim**

4. Data Recovery Costs Coverage: \$ 5,000 per **Claim**
5. Aggregate Limit:
- |       |            |           |
|-------|------------|-----------|
| 1     | Physician  | \$50,000  |
| 2-10  | Physicians | \$100,000 |
| 11-20 | Physicians | \$150,000 |
| 21+   | Physicians | \$250,000 |
6. Deductible: \$ 1,000 per **Claim**

- B. The "Per **Claim**" limits specified in items 1-4 of Section III, paragraph A, above is the maximum amount MIEC will pay for each **claim** under each Coverage Agreement of this **endorsement**, including **defense costs** where applicable.
- C. The "Aggregate Limit" specified in item 5 of Section III, paragraph A, above is the maximum amount MIEC will pay in a **policy period** for all **claims** under all Coverage Agreements of this **endorsement** combined. The "Aggregate Limit" includes **defense costs** where applicable. The "Aggregate Limit" is based on the number of physicians in your group as of the effective date of this **endorsement** and shall be determined in accordance with the table set forth in item 5 of Section III, paragraph A above.
- D. If the "Aggregate Limit" specified in item 5 of Section III, paragraph A, above is exhausted by payment of **damages, defense costs, regulatory fines and penalties, patient notification and credit monitoring costs or data recovery costs**, or any combination thereof, then MIEC's obligations under this **endorsement** shall be deemed completely fulfilled and extinguished.
- E. All related **claims** shall be considered a single **claim** and only one Limit of Liability shall apply to such **claim**. Such **claim** shall be deemed to have been first made on the date the earliest of the related **claims** was first made and shall be deemed to have been first reported to MIEC on the date the earliest of the related **claims** was first reported to MIEC in writing. Appeals and any post-trial proceedings shall be considered to be part of the original **claim**. **Claims** will be deemed related if they are logically or causally connected by any common fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

#### SECTION IV - ADDITIONAL DEFINITIONS

With respect to the coverage provided by this **endorsement**, certain words are shown in boldface type and are defined as follows. Refer to the **policy** to which this **endorsement** attaches for terms which appear in boldface type in this **endorsement**, but are not defined below. If a term is defined below and in the policy to which this **endorsement** attaches, the definition below applies to this **endorsement**.

A. **Claim** means:

1. with respect to Coverage Agreement A (DATAGUARD Network Security & Privacy Coverage):

- a. any written demand for monetary damages or other non-monetary relief made against **you**;
- b. any civil proceeding or arbitration proceeding initiated against **you**, commenced by the service of a complaint or similar pleading or notification;
- c. any written request to toll or waive a statute of limitations relating to a potential **claim** against **you**, including any appeal therefrom;
- d. any **government investigation** commenced against **you** by letter notification, complaint or order of investigation.

A **claim** under Coverage Agreement A will be deemed to be first made or instituted when **you** receive notice of any of 1 (a) through 1 (d) above.

2. with respect to Coverage Agreement B (Regulatory Fines and Penalties Coverage), a **government investigation** commenced against **you** by letter notification, complaint or order of investigation. A **claim** under Coverage Agreement B will be deemed to be first made when it is first received by **you**.

3. with respect to Coverage Agreement C (Patient Notification & Credit Monitoring Costs Coverage):

a written report by **you** to MIEC of an actual or potential **privacy wrongful act**. A **claim** under Coverage Agreement C will be deemed to be first made when such written report is received by MIEC.

4. with respect to Coverage Agreement D (Data Recovery Costs Coverage):

a written report by **you** to MIEC of a **data interference act**, in accordance with the provisions of Condition A of this **endorsement**. A **claim** under Coverage Agreement D will be deemed to be first made when such written report is received by MIEC.

- B. **Damages** means the amount which **you** are legally obligated to pay as a result of a covered **claim** under Coverage Agreement A, including judgments and any prejudgment or post-judgment interest awarded against **you** on that part of any judgment paid or to be paid by MIEC; legal fees and costs awarded pursuant to such judgments; and settlements negotiated with MIEC's consent.

**Damages** does not include: (1) taxes; (2) any amount for which **you** are absolved from legal responsibility to make payment to a third party; (3) amounts owed under, or assumed by, any contract; (4) any return, withdrawal, restitution or reduction of professional fees, profits or other charges; (5) punitive or exemplary damages or the multiplied portion of multiplied damages; (6) criminal fines, sanctions or penalties; or (7) any matters that are deemed uninsurable under applicable law.

- C. **Data** means any and all information stored, recorded, appearing or present in or on your computer systems, including, but not limited to, information stored, recorded, appearing or present in or on the your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

- D. **Data interference act** means any act by a party other than **you** or your employees which occurs during the **policy period** and is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the



**data** you maintain. **Data interference act** includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

- E. **Data recovery costs** means all reasonable and necessary sums **you** incur, with MIEC's prior written consent, to recover and/or replace **data** that is compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a **data interference act**, including, but not limited to, the costs associated with the repair or replacement of any software that is compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a **data interference act**. **Data recovery costs** shall not include: 1) the costs of repairing or replacing any hardware, equipment or wiring; 2) wages, salaries or other compensation or income paid to **you** or your employees; or 3) costs of recovering or replacing **data** for any third party or any **data** that was not within your care, custody or control.
- F. **Defense costs** means reasonable and necessary legal fees, costs and expenses incurred in the investigation, defense and appeal of any covered **claim** under Coverage Agreement A. **Defense costs** shall not include any wages, salaries, or other compensation or income paid to **you** or your employees.
- G. **Government investigation** means an investigation conducted by any federal, state or local government agency or authority, the subject matter of which is a **privacy wrongful act** committed by **you** or your employee.
- H. **Network security wrongful act** means an actual or alleged act, error or omission committed by **you** or your employee, including an unauthorized act by your employee, which results in the unauthorized access or unauthorized use of your computer system, the consequences of which include, but are not limited to:
1. the failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
  2. the inability of an authorized third party to gain access to your services;
  3. the failure to prevent denial or disruption of Internet service to an authorized third party;
  4. the failure to prevent identity theft or credit/debit card fraud; or
  5. the inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.
- I. **Patient notification and credit monitoring costs** means all reasonable and necessary expenses **you** incur, with MIEC's prior written consent, in notifying third persons of any actual or potential **privacy wrongful act**, including, but not limited to: 1) legal expenses; 2) computer forensic and investigation fees; 3) public relations expenses; 4) postage expenses; 5) advertising expenses; and 6) the costs of credit monitoring services provided to affected individuals for up to a period of 12 months from the date of enrollment in such credit monitoring services.
- J. **Privacy wrongful act** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by your employee during the course and scope of his or her duties as such:

- 1 breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or
2. any breach or violation of U.S. federal, state or local statutes and regulations associated with the control and use of personally identifiable financial or medical information, including but not limited to:
  - a. the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA"), including Title II which requires protection of confidentiality and security of electronic protected health information, and the rules and regulations promulgated thereunder as they currently exist and as amended, including related state medical privacy laws as they currently exist and as amended;
  - b. Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder as they currently exist and as amended;
  - c. State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
  - d. Governmental privacy protection regulations or laws, as they currently exist now or in the future, which require commercial Internet sites or on-line services that collect personal information or medical information (as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse;
  - e. Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA); or
  - f. The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009.

K. **Regulatory fines and penalties** mean any administrative fines and penalties imposed against you as a result of a covered **government investigation**.

## **SECTION V - ADDITIONAL CONDITIONS**

In addition to the conditions set forth in the "General Conditions" section of your **policy**, the following conditions apply to this **endorsement**:

### **A. DATA RECOVERY COSTS ADJUSTMENT**

- 1 In the event that **data** belonging to **you** has been compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a **data interference act**, **you** shall, as soon as practicable following notification to MIEC, provide MIEC with a written statement detailing:
  - a. The harm or damage known to have resulted from the **data interference act**;
  - b. The circumstances under which **you** first discovered the **data interference act**;
  - c. The proposed plan for remediation and/or recovery of said **data**, including the name and identity of the professional or consultant proposed for carrying out the remediation and/or recovery;
  - d. The proposed or estimated costs of the remediation and/or recovery; and
  - e. The proposed date and time for both commencing and completing such remediation and/or recovery.
2. No **data recovery costs** shall be incurred without MIEC's prior written consent, and MIEC shall not be responsible to pay on your behalf or reimburse **you** for any **data recovery costs** that were not so approved. Notwithstanding the foregoing, **you** may incur **data recovery costs** without MIEC's prior written approval, if the circumstances are such that there is no practical or reasonable opportunity to obtain MIEC's prior written consent and the exigencies then and there existing require immediate action to mitigate the potential for damage or harm to **you** or to third parties.

## **B. APPLICABILITY OF REPORTING ENDORSEMENT**

- 1 If a reporting **endorsement** providing an additional reporting period is issued to **you** in accordance with Condition "16" of the **policy** to which this **endorsement** attaches, then the period for reporting **claims** under this **endorsement** shall be automatically extended for a period of up to one (1) year immediately following the termination of the **policy** to which this **endorsement** attaches, but only for **claims** first made during the additional reporting period which arise out of actual or alleged **network security wrongful act(s)**, **privacy wrongful act(s)** or **data interference act(s)** that occur after the **retroactive date** and prior to the non-renewal or cancellation of the **policy**.
2. Cancellation or termination, for any reason, of the reporting **endorsement** automatically terminates the period for reporting **claims** under this **endorsement**.
3. All terms and conditions of this **endorsement** will continue to apply during any additional reporting period.
4. The existence of an additional reporting period will not increase or reinstate the Limits of Liability specified in Section III, paragraph A, of this **endorsement**.

## **C. NOTICE PROVISIONS**

### **1. NOTICE OF A CLAIM**

- a. Notwithstanding Condition "4" of the **policy** to which this **endorsement** attaches, **you** must give MIEC written notice of any **claim** covered under this **endorsement** during the **policy period** or during the additional reporting period, if applicable.

- b. You shall provide us with copies of all documentation comprising the **claim** as well as all authorization, cooperation, or assistance as MIEC may require. With respect to Coverage Agreement D, you shall also comply with the provisions of Condition A of this **endorsement** as a further condition of coverage.
- c. MIEC will not be obligated to pay any **damages, defense costs, regulatory fines and penalties, patient notification and credit monitoring costs** and/or **data recovery costs** (except as provided in Condition A of this **endorsement**) incurred prior to notification of a **claim** to MIEC.

## 2. NOTICE OF A POTENTIAL CLAIM

If, during the **policy period**, you first become aware of any facts or circumstances which could give rise to a **claim** covered under this **endorsement**, and if you provide MIEC with written notice during the **policy period** of.

- a. Details regarding such facts or circumstances;
- b. The nature of the alleged or potential damages;
- c. The identity of the potential claimants involved;
- d. The manner in which you first became aware of the facts or circumstances; and
- e. The consequences which have resulted or may result,

then any **claim** subsequently arising out of such facts or circumstances will be deemed first made on the date such notice was given to MIEC.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.**

**Form 8.Partcorp 2012**

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA (MIEC)

Home Office

6250 Claremont Avenue  
Oakland, California 94618-1324

## PARTNERSHIP, CORPORATION, UNINCORPORATED ASSOCIATION POLICY

### NOTICE

#### THIS IS A "CLAIMS-MADE" POLICY

Except to such extent as otherwise provided herein, coverage under this **policy** is provided on a "claims-made" basis, that is, insurance is limited to matters described in this **policy** which:

1. arise out of events described in the **policy** occurring on or after the **retroactive date** in the applicable **policy declaration** issued to **you**, and
2. are first reported by **you** to MIEC either prior to termination of this **policy** or within any **policy period** or additional reporting period applicable to **you**.

Please review this **policy** carefully and discuss the coverage with your attorney, insurance advisor, or risk management consultant.

### NOTICE

IN THE EVENT YOU ARE INVOLVED IN AN ACCIDENT OR INCIDENT WHICH MAY GIVE RISE TO A CLAIM, LAWSUIT, OR LEGAL OR ADMINISTRATIVE PROCEEDING, CONTACT THE MIEC CLAIMS DEPARTMENT IMMEDIATELY AT (510) 428-9411 OR CALL TOLL-FREE, 1-800-227-4527.

# PARTNERSHIP, CORPORATION, UNINCORPORATED ASSOCIATION POLICY

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## NOTICE

Except to such extent as may otherwise be provided herein, the coverage of this **policy** is limited generally to liability for only those **claims** that are first made against **you** while the **policy** is in force. Please review the **policy** carefully and discuss the coverage thereunder with your attorney, insurance advisor, or risk management consultant.

### CLAIMS MADE AND REPORTED INSURANCE POLICY

Medical Insurance Exchange of California ("MIEC") provides the insurance described in this insurance **policy**. The term "**you**" is used to describe the insured entity or a person who is either named in a **policy declaration** or **endorsement** or is an individual described specifically in this **policy**. Terms which appear in boldface are defined in the "Definitions" section, page 17.

Insurance provided by this **policy** is on a "claims-made" basis. Coverage is available only for **claims** or suits arising out of events which occur after the "**retroactive date**" specified in a **policy declaration** or an **endorsement** which applies to this **policy**, and only if **you** report the **claim** or suit to MIEC while your **policy** is in effect. Your **policy** will be in effect from 12:01 a.m. on the effective date until 12:01 a.m. of the day on which your **policy** expires or is terminated by **you** or MIEC.

This **policy** may describe coverage which is not included in your insurance. The **policy declaration** or **endorsements** applicable to this **policy** will specify the effective date and identify the specific coverage which your **policy** includes. The limits of liability for each coverage are specified either in the **policy declaration** or an **endorsement**, or in the **policy** itself.



## **PART I**

### **COVERAGE FOR HEALTH CARE SERVICES TO PATIENTS AND AS A CONSULTANT**

1. MIEC will pay reasonable legal expenses and costs to defend each **claim** seeking damages, brought against **you** and alleging damage or injury resulting either from the delivery, or alleged failure to deliver, health care services to patients, or because **you** have acted as an independent medical examiner or provided professional advice or consultation regarding the health or condition of a person who is not a patient. Subject to the limits of liability specified in the **policy declarations** in effect when the **claim** is first reported to MIEC, MIEC will pay damages which **you** become legally obligated to pay in such a matter. In such matters, MIEC will also pay the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day for your employee, representative, or agent to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.
2. MIEC's obligation to defend **you** or to pay reasonable legal expenses and costs of defense shall terminate upon the exhaustion of the specified limits of liability by the payment of damages on your behalf. MIEC's obligation to make any other payment on your behalf is subject to the specified limits of liability.

## **PART II.A**

### **COVERAGE FOR PEER REVIEW LIABILITIES**

Subject to the exclusions, limitations and other terms and conditions of this policy and only if no other person or entity is obligated to defend **you** or to make any payment on your behalf, MIEC will pay reasonable expenses and costs to defend **you** against each **claim** and to pay on your behalf such sums as **you** may become legally obligated to pay as damages, for the conduct of your employee, agent, or representative as a member, officer, witness, or consultant engaged in the conduct of peer review for a professional review body, as defined by the Federal Health Care Quality Improvement Act. MIEC will also pay you \$800 per half-day to attend any trial, arbitration or hearing at MIEC's request, in the matters described above.

## **PART II.B**

### **DEFENSE COVERAGE FOR SPECIFIED PRACTICE RISKS**

1. MIEC will pay reasonable expenses and costs to a maximum of \$25,000 for combined expenses and costs to defend **you** against investigations, civil lawsuits, or administrative proceedings in a matter arising from your professional practice first initiated after the effective date:
  - a. By a state agency licensing **you** to engage in your professional practice.
  - b. By the Office of the Inspector General of the Department of Health and Human Services, by the United States Department of Justice, or by a state agency when taking action which may result in the termination of your right to provide services under any governmentally funded program for the provision of health care services.
  - c. By the Department of Health and Human Services when investigating or asserting a claim that **you** have violated the Privacy Rule adopted by DHHS to implement requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").
  - d. By any specialty medical society of which you are a member.

The \$25,000 coverage limit applies to an investigation and any resulting administrative proceedings or civil lawsuits and all related or consequential proceedings, regardless of when concluded.

2. Subject to the exclusions, limitations and other terms and conditions of this policy, MIEC will pay reasonable expenses and costs, to a maximum of \$25,000 for such combined expenses and costs, to defend **you** against one or more **claims** alleging unlawful discrimination or harassment, assault, battery, or malicious prosecution, in a matter arising from your professional practice, if no coverage is afforded under Part I, and so long as such **claim** is not brought by or on behalf of any employee of yours.

#### **Additional Exclusion Applicable to Part II.B**

No coverage is provided to defend any investigation, lawsuit, or proceeding conducted solely to determine your entitlement to any fee or charge, whether paid or unpaid, if no effort is made to impose any sanction or penalty upon **you**. No coverage is provided under this Part for the defense of criminal prosecutions, or for the payment of fines, recoupments, civil penalties, damages, or other obligations imposed by law.

### PART III

**COVERAGE DESCRIBED IN THIS PART IS OPTIONAL COVERAGE. WHEN PROVIDED, IT DOES NOT CONSTITUTE COMPREHENSIVE GENERAL, BUSINESS OR AUTOMOBILE LIABILITY COVERAGE.**

#### **LIMITED COVERAGE FOR PROFESSIONAL PREMISES AND NON-OWNED AUTOMOBILE LIABILITY**

If this coverage is added by **declaration** or **endorsement** and subject to the exclusions, limitations and other terms and conditions of this policy, MIEC will pay reasonable legal expenses and costs to defend each **claim** brought against **you**, and will pay on your behalf such sums as **you** may become legally obligated to pay as damages:

1. As a result of **bodily injury** or **property damage** to a person other than **you**, your employees, agents, or representatives, caused by an accident or injurious exposure to physical conditions at or on your **professional premises**, arising from your negligence, if no coverage is provided under Part I.
2. As a result of **property damage** to interior structures occupied by **you** as **professional premises**, so long as the **property damage** is incurred by persons other than **you** or your employees, agents, or representatives, and is caused by accidental fire or water damage, or as a result of negligence by **you**, or your employees, agents, or representatives.
3. As a result of **bodily injury** or **property damage** incurred by any person other than **you**, your agents, employees, or representatives, from an accident arising out of the use (including loading or unloading) of a vehicle not owned, leased, or rented by any "Named Insured," or any partner, member, shareholder, officer, or director of a "Named Insured," when such use is by an employee, agent, or representative in the usual and ordinary course in furtherance of your professional practice, if no coverage is afforded under Part I.
4. Notwithstanding Exclusion "9" in this **policy**, coverage under this Part extends to your obligation to hold harmless or indemnify, arising under your lease of **professional premises** or equipment used in your professional practice.

Coverage under this Part III is subject to limits for **bodily injury** and for **property damage** as specified in your declaration. Such limits include the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

## PART IV

### OPTIONAL DEFENSE COVERAGE FOR MISCELLANEOUS BUSINESS LIABILITY

If this coverage is added by **declaration** or **endorsement** and subject to the exclusions, limitations and other terms and conditions of this policy, MIEC agrees to pay 90% of the reasonable legal expenses and costs incurred to defend **you** against each civil lawsuit, arbitration, or administrative proceeding which:

1. Alleges wrongful acts or omissions not covered under Part II.A, by your employee, agent, or representative as an officer, member, or consultant of a national, state, or local medical or specialty medical society, or as an officer or committee or department member of a state licensed health care facility or clinic, or of the medical staff of such facility or clinic, arising from customary and authorized activities when acting in that capacity.
2. Alleges employment discrimination against your employee who provided services to your professional practice.
3. Alleges wrongful termination by **you** of an employee who provided services in your professional practice.
4. Alleges violation of a federal, state, or local statute or ordinance providing employment protection or benefits to any employee in your professional practice.
5. Alleges breach of contract or agreement or other misconduct in the nature of a commercial or fee dispute arising from and involving your professional practice, which is not brought by or on behalf of a present or former partner, officer, shareholder, or other person sharing ownership or control of your professional practice.
6. Alleges fraud, assault, battery, false arrest or personal restraint, malicious prosecution, or defamation arising from your professional practice, for which no coverage is afforded under Part I.

The defense coverage provided under this Part shall apply only if **you** agree to be represented in the civil lawsuit, arbitration, or administrative proceeding by legal counsel appointed or approved by MIEC within its sole discretion. Such defense fees and costs are limited to the sum of \$100,000 per **claim**, to an aggregate limit specified in a **policy declaration** or **endorsement** applicable to all matters first reported to MIEC within the same **policy** year.

## EXCLUSIONS

There is no coverage under any part of this **policy** for sums **you** may become legally obligated to pay as damages or as interest or for any other expenses, or for defense expenses or costs, or for any other reason, for a **claim**, civil lawsuit, arbitration, legal or administrative proceeding, incident, accident, or event:

1. If not reported by **you** to MIEC during the **policy period**.
2. Where the "Named Insured" is identified by MIEC as a partnership, for liability imposed, or sought to be imposed, upon any individual partner, agent, or representative of such partnership, except where such liability results, or may result, solely from such individual's status as a partner and not as a result of his or her direct or indirect acts or omissions.
3. Where the "Named Insured" is identified by MIEC as a corporation or unincorporated association, for liability imposed, or sought to be imposed, upon any individual member, shareholder, officer, or director, except where such liability results, or may result, solely from such individual's status as a member, shareholder, officer, or director of such corporation or unincorporated association, and not as a result of his or her direct or indirect acts or omissions.
4. If liability is sought or imposed upon **you** because of your status as a partner, representative, associate, or joint venturer with any person or entity other than a person or entity identified in a **policy declaration** or **endorsement** as a "Named Insured," or as a result of your status as a member, shareholder, officer, director, trustee, agent, or representative of a corporation or unincorporated association other than a corporation or unincorporated association identified in a **policy declaration** or **endorsement** as a "Named Insured."
5. If liability is sought or imposed upon **you** as a result of participation by **you**, your employees, agents, or representatives, in the manufacture, assembly, sale, trade, or distribution of any goods, materials, products, or devices.
6. If liability is sought or imposed upon **you** for acts or omissions of physicians, professional corporations, or persons associated with or employed by **you** other than nurses, medical assistants, and persons not required to be licensed or certified to perform any duties for which they are employed, unless **you** have given written notice of such employment or association to MIEC within 30 days after such employment or association commences, and MIEC has issued a **declaration** or **endorsement** identifying those persons under the heading of "Employed/Contracted Doctors" or "Non-Physician Practitioners."
7. If liability is sought or imposed upon **you** (1) as a result of acts or omissions of a person who is either named in a **policy declaration** or **endorsement** or is an individual described specifically in this **policy** while his or her authority to practice his or her profession is revoked or under suspension, (2) as a result of his or her performance of procedures he or she is not authorized to perform due to restrictions on his or her license to practice, or (3) as a result of his or her

performance of a procedure at a hospital that is not within the scope of his or her privileges at that hospital.

8. If liability is sought or imposed upon **you** as a result of your activity as an owner, shareholder, partner, investor, joint venturer, officer, director, administrator, or medical director of a hospital, clinic, ambulatory care center, sanitarium, skilled nursing facility, surgery center, convalescent hospital or home, hospice, laboratory, free-standing treatment facility, health maintenance organization, health care service plan, preferred provider organization, or any similar health care entity or delivery system, health care supply or support organization, or any other business organization or operation, whether or not medically related, which is not identified as a "Named Insured" or an "Additional Insured" in a **declaration** or **endorsement**. This exclusion expressly includes any activity described in any written service agreement between **you** and any of the organizations described in the preceding sentence, whether **you** are performing the activity pursuant to such written agreement or in any other capacity. This exclusion shall not apply to the extent your liability arises out of the personal delivery of health care services to patients by **you**, your employee, agent, or representative, or as a consultant covered under Part I, or to other activities for which coverage is provided under this **policy**, in the event of your personal and direct participation in the events for which damages or liability is sought or imposed.
9. If liability is sought or imposed because of your written or oral agreement to hold harmless, indemnify, or otherwise assume another's obligation or liability, if liability or the amount of damages sought or imposed upon **you** is greater than that which would exist in the absence of such an agreement.
10. If liability is imposed, or sought to be imposed, as a result of intentional, willful, criminal, or fraudulent acts.
11. If liability is sought or imposed as a result of advertising, broadcasting, or telecasting activities.
12. If liability is sought or imposed for your acts or omissions while your principal place of practice is other than that identified by **you** by your prior notification to MIEC.
13. If liability is sought or imposed for injury, damage, sickness, disease, or death of any of your employees, agents, or representatives, arising out of and in the course of such person's employment by **you**, or under any workers' compensation, unemployment compensation, disability benefits, or similar law relating to employee benefits, welfare, or entitlements.
14. If liability is sought or imposed for **property damage** to property owned, leased, or rented, in whole or in part, by **you**, or entrusted to the care, custody, and control of **you**, or your employees, agents, or representatives.
15. If liability is sought or imposed for damage or injury resulting from:

- a. Surgical proceedings involving the spinal column unless (1) required by a bona fide emergency requiring immediate intervention, or (2) **you** or your employee, agent, or representative participate as an assistant surgeon only.
  - b. Total joint replacements, except where **you** or your employee, agent, or representative participate as an assistant surgeon only.
  - c. The use of chymopapain.
  - d. The use of chelation therapy.
  - e. Refractive keratoplasty procedures.
  - f. Liposuction.
  - g. The delivery of infants in locations other than duly licensed facilities accredited by the Joint Commission on the Accreditation of Healthcare Organizations, except in the case of bona fide emergencies.
  - h. The use of intra gastric balloons or similar medical devices in connection with a program directly or indirectly related to weight control or reduction.
  - i. Surgical weight reduction procedures.
16. Except for the payment of reasonable expenses and costs *for defense only*, there is no coverage of any kind if damages or liability is sought or imposed in whole or in part for damage or injury arising from or incidental to sexual relations, sexual abuse, sexual contact, sexual intimacy, sexual battery, or sexual exploitation of or with any person, regardless of whether such conduct arises from the delivery of or failure to deliver health care services, or abandonment or the failure to properly refer such person for treatment.
17. Regardless of when any **claim**, loss, arbitration, or proceeding is reported to MIEC, no insurance coverage is afforded to **you** for acts, omissions, events, accidents, or incidents which occur prior to the **retroactive date**.
18. There is no coverage under this **policy** for payment of exemplary or punitive damages, civil fines, or assessments.
19. Except for coverage provided under Parts II.A and II.B of this **policy**, there is no coverage of any kind for conduct which is alleged to be anticompetitive in nature or effect, part of a boycott or other form of combination or conspiracy in restraint of trade, or otherwise in violation of anti-trust or unfair business practice laws or regulations.
20. There is no coverage of any kind for any **bodily injury** or **property damage**:
- With respect to which insurance is or can be available to **you** under a nuclear energy liability policy.



- Which results from the hazardous properties of nuclear material for which financial protection would be required under the Atomic Energy Act of 1954 (as amended) or for which **you** would be entitled to indemnity from the United States of America pursuant to the Atomic Energy Act of 1954 (as amended).
21. If any individual or professional corporation identified under this **policy** as an "Additional Insured" or "Employed/Contracted Doctor" is also covered under a separate MIEC **policy**, any exclusions of coverage under such separate MIEC **policy** shall automatically apply to this **policy**, and no coverage shall be available when liability is imposed, or sought to be imposed, upon such individual or professional corporation based upon acts or omissions excluded under this **policy** or such separate MIEC **policy**.
  22. If liability is sought or imposed upon **you** as a result of acts or omissions in connection with a drug or device study or a clinical trial, unless the study or clinical trial is performed under the independent oversight of an Independent Review Board, the Food and Drug Administration, or other similar body.
  23. Except as may be provided in an **endorsement** to this **policy**, there is no coverage under this **policy** for:
    - a. Regulatory fines or penalties **you** become legally obligated to pay as a result of a **claim** for an actual or alleged **privacy wrongful act, network security wrongful act, or data interference act**;
    - b. Patient notification and credit monitoring costs **you** incur as a result of a **claim** for an actual, alleged, or potential **privacy wrongful act, network security wrongful act, or data interference act**;
    - c. Data recovery costs **you** incur as a result of a **claim** for a **privacy wrongful act** or a **data interference act**.
    - d. For purposes of this exclusion, the following definitions apply:
      - (1) **Data interference act** means any act by a party other than **you** or your agents or employees which is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the **data** you maintain. **Data interference act** includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.
      - (2) **Network security wrongful act** means an actual or alleged act, error or omission committed by **you** or your agent or employee, including an unauthorized act by your agent or employee, which results in the unauthorized access to or unauthorized use of your

computer system, the consequences of which include, but are not limited to:

- (a) The failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
  - (b) The inability of an authorized third party to gain access to your services;
  - (c) The failure to prevent denial or disruption of Internet service to an authorized third party;
  - (d) The failure to prevent identity theft or credit/debit card fraud; or
  - (e) The inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.
- (3) **Privacy wrongful act** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by your employee during the course and scope of his or her duties as such:
- (a) Breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or
  - (b) Any breach or violation of U.S. federal, state or local statutes or regulations associated with the control and use of personally identifiable financial or medical information, as they may be amended from time to time, including but not limited to:
    - (i) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA");
    - (ii) Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
    - (iii) State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;

- (iv) Governmental privacy protection laws or regulations that require commercial Internet sites or on-line services that collect personal information or medical information (as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse;
- (v) Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA); or
- (vi) The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009.

## GENERAL CONDITIONS

These general conditions describe and limit the amount and availability of insurance provided under this **policy**, except in those instances where the **policy** itself makes different provisions applicable to specified coverage. In order for insurance described in this **policy** to apply to **you**, **you** must comply with each of the conditions described below. MIEC will not be obligated to provide coverage if **you** fail to comply with any condition.

### 1. LIMITS OF LIABILITY

- A. The amount of insurance coverage available for indemnity payments for covered **claims** shall be as described in a **declaration** or **endorsement**, or in Part III(3) or IV of this **policy**.
- B. Limits of liability specified in a **declaration** or **endorsement** of this **policy** apply for all covered **claims** under this **policy**, and shall not be multiplied or expanded regardless of the number of insureds or persons entitled to insurance coverage under this **policy**.
- C. The amount of insurance available from MIEC for covered **claims** arising from a single act, omission, or event, or from related acts, omissions, or events, shall be limited to the sum described in a **declaration** or **endorsement** under the heading of "Per **Claim**" limit, and this amount shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.
- D. For covered **claims** which arise from different or unrelated acts, omissions, or events which are first reported to MIEC within the same **policy** year, the insurance available from MIEC shall be limited to the total sum described in the **declaration** or **endorsement** under the heading of "Aggregate" limit, and shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.
- E. The "Per **Claim**" and "Aggregate" limits of liability under this **policy** are not cumulative, even if related acts, omissions, accidents, incidents, or events span more than one **policy** year.
- F. The limits of liability which apply when **you** make a **claim** for coverage under this **policy** are those applicable during the **policy** year in which the **claim** is first reported to MIEC and those limits shall not be available in any greater sums regardless of subsequent reports.
- G. The limits of liability may vary among the various coverages ("Parts") afforded **you** under the **policy** as described in a **declaration** or **endorsement**. In no event shall the limits of liability be cumulative if liability for covered **claims** may arise under several Parts of this **policy**.

## 2. APPLICABILITY OF PARTS OF POLICY

Insurance coverage under each Part of the coverage provisions of this **policy** shall apply to **you** only if and to the extent that each such Part is expressly agreed to be applicable to **you** in a **declaration** or **endorsement** issued to **you** by MIEC. No **claim** will be covered under more than one Part of the **policy**.

## 3. EFFECT OF SUBSEQUENT DECLARATIONS OR ENDORSEMENTS

Successive **policy declarations** or **endorsements** may be issued to **you** by MIEC, upon renewal or at certain other times. The **policy declaration** or **endorsement** applicable to your coverage when a **claim** is reported to MIEC shall be the **declaration** or **endorsement** most recently issued to **you** prior to your report of the **claim**.

## 4. NOTICE OF CLAIMS

When **you** first become aware of any act, omission, event, incident, or accident which may give rise to a **claim** against **you**, or if **you** obtain knowledge or information from any source that such a matter is contemplated, likely, or has been initiated, **you** must promptly give MIEC written notice of the **claim**, providing such information as is known to **you**, as well as any information subsequently becoming known to **you** or requested by MIEC. **You** must promptly provide MIEC with written notice of the particulars concerning the matter, including information regarding the identity of persons and entities involved, the time, place, and circumstances of the events or occurrences, and names and addresses of injured parties and witnesses. **You** must also promptly forward every demand, notice of intention to file suit, summons, subpoena, or other legal process which **you** or your representatives receive. A **claim** under this **policy** shall not be considered made or reported unless and until **you** provide MIEC with written notice.

## 5. CONTROL OF DEFENSE AND SETTLEMENT

With respect to any **claim** which falls, or is claimed to fall, in whole or in part within the insurance coverage of this **policy**, MIEC shall have the sole and exclusive right to investigate, negotiate, evaluate, control, and direct the defense of such matter, including the right to appoint legal counsel on your behalf, as may be permitted or limited by law. With respect to any covered **claim**, legal counsel selected by **you** shall not be permitted to intervene or substitute into the defense of the matter without the prior consent and written approval of MIEC. MIEC shall have the sole and exclusive right to settle the matter on your behalf, except for covered **claims** under Part I of the coverage provisions, where your consent to settle shall be obtained, in which case **you** may not unreasonably withhold your consent.

If a **claim** involves both covered and non-covered **claims** and/or causes of action, **you** agree to allow bifurcation of the hearing, arbitration or trial as to covered **claims** and **damages**, as well as to non-covered **claims** and **damages**. **You** additionally agree to secure a special award or verdict form that segregates

covered **claims** from non-covered **claims**, as well as covered and non-covered **damages**, if requested by MIEC.

## **6. ASSISTANCE AND COOPERATION**

**You** are required to cooperate with MIEC in all respects in matters pertaining to this insurance and, upon request of MIEC, shall provide information, attend hearings and trials, and assist in making settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise facilitating the conduct of any proceeding in connection with the subject matter of this insurance, including a review of the **claim** or lawsuit by a medical review and advisory committee or similar committee of a professional society or organization as may be selected by MIEC. **You** must not voluntarily make any payment, assume any obligation, or incur any expense with respect to a covered **claim** except with prior written consent of MIEC.

## **7. PREMIUMS GENERALLY**

The insurance available under the **policy** is provided in return for, and expressly conditioned upon, timely payment by **you** of a premium established by MIEC. All premiums for this **policy** shall be computed solely by MIEC in accordance with MIEC's procedures and rating plans applicable to your insurance. In the event of a change in your professional practice or activities which, in the opinion of MIEC, materially alters the risk or affects the hazard insured against, as a condition of continued coverage MIEC shall have the right to impose and obtain additional premiums consistent with MIEC rating plans applicable to such practices or activities. **You** are required to make and retain records of such information as is necessary for premium computation according to procedures and rating plans of MIEC, and must make copies of such records available to MIEC at such time as MIEC may reasonably request.

## **8. PREMIUM PAYMENTS**

All premiums for this **policy** are payable by **you** annually or quarterly as established by MIEC. If paid quarterly, premiums are due February 1, May 1, August 1, November 1; provided, however, that the first premium installment (or pro-rated portion) is due when the **policy** is first issued to **you** and each subsequent installment is due on the first day of the next quarterly period described above. Unless the time for payment is extended by MIEC in writing, **you** will be deemed in default if the premium is not paid on or before its due date, and the **policy** will terminate automatically, without notice, as of 12:01 a.m. Standard Time at the expiration of the period through which the premium has been paid. It is your duty to ensure that premiums are promptly paid to MIEC, regardless of whether **you** receive statements for the premium from MIEC.

## **9. OTHER INSURANCE**

If **you** have other valid and collectible insurance for acts, omissions, events, incidents, or accidents covered under this **policy**, or any other source for indemnification or reimbursement for damages, settlement, legal fees, costs, or

expenses as a result of such matters, insurance under this **policy** shall not apply until the limits of such other insurance or other sources have been exhausted.

#### **10. SUBROGATION AND REIMBURSEMENT FOR THIRD-PARTY LIABILITY**

- A.** Subrogation--Except for matters described in section B, in the event of any payment by MIEC under this **policy**, MIEC shall be subrogated to your rights of recovery against any person or organization and **you** must promptly execute and deliver whatever documents, instruments, or papers are necessary and appropriate to effectuate said subrogation, and to do whatever else is necessary to secure such rights for MIEC. **You** must do nothing to adversely influence or prejudice the subrogation right of MIEC.
- B.** Reimbursement for Third-Party Liability--In the event **you** assert any **claim** against a third party for damages, indemnification, contribution, or reimbursement for events for which sums were paid under this **policy** on your behalf, MIEC shall have a lien against such sums recovered by **you** to the extent that sums were paid by MIEC, and **you** are required to promptly execute and deliver any documents, instruments, or papers necessary to effectuate such lien, and to do whatever else is necessary to secure such lien rights of MIEC, doing nothing to prejudice MIEC's lien rights.

#### **11. REPRESENTATIONS**

- A.** By acceptance of this **policy**, **you** acknowledge that the statements made in your application for insurance and any materials submitted therewith are true and correct, that **you** and your employees, agents, or representatives have not withheld or failed to disclose pertinent information, and that **you** have given careful consideration to the statements and information provided. **You** further acknowledge that such statements are material representations by **you**, and that any **policy** issued by MIEC is issued in reliance upon the truth and accuracy of such statements. **You** further agree that this **policy** embodies all agreements, representations, and commitments by MIEC, or any of its employees, agents, representatives, or counsel regarding the subject of insurance coverage. **You** further acknowledge that in the event your application or materials submitted therewith contain misrepresentations or omissions made with actual intent to deceive or which materially affect the acceptance of the risk or the hazard assumed by MIEC, no coverage shall be afforded under this policy and the policy in its entirety shall be void and of no effect whatsoever.
- B.** **You** agree to promptly report to MIEC any material change in the information previously provided to MIEC in connection with this insurance, including information provided in your original application, any application updates, and other written communications. Such material changes include, but are not limited to, any changes in the nature and scope of your practice or medical procedures performed, any changes in your medical license, any changes in your partners and associates, any changes in your professional office premises, any changes in interns,

externs, residents, dentists, osteopathic or other medical doctors, health care extenders with whom you practice, any changes in practice locations, any changes in administrative responsibilities, and any changes in the status of your hospital privileges. Coverage for any claim that results from an act or omission that occurs after any of these changes is contingent upon your having notified MIEC of the change and MIEC's approval thereof. **You** further agree that any material changes in your professional practice or activities may be a basis for imposition of an additional premium at the election of MIEC which is consistent with its rating plans, as well as imposition of other terms, conditions, or limitations of insurance coverage, including cancellation if MIEC determines the changed circumstances affect the hazard insured against. Copies of previously submitted applications and related materials are available from MIEC on request.

## **12. WAIVER**

Notice to any representative of MIEC, or knowledge possessed by any representative or person employed by or related to MIEC, shall not constitute a waiver or a change of any Part of this **policy**, or preclude MIEC from asserting any right under the terms of this **policy**, nor shall the terms of this **policy** be deemed to be waived or changed by virtue of any representation or written or oral statement by MIEC, its employees, or representatives, except as such waiver or change may be described by MIEC in an **endorsement** or **policy declaration** issued to **you**.

## **13. ASSIGNMENT**

Your interests or rights under this **policy**, including any express or implied covenants, are neither assignable nor transferable.

## **14. TERMINATION**

- A.** Insurance coverage under the **policy** ends upon cancellation, upon the end of the **policy period** specified in the **policy declaration** or **endorsement** issued to **you**, at the end of the reporting period specified in the **reporting endorsement** issued to **you**, or upon automatic termination of the **policy** relating to nonpayment of premium or relocation of your principal place of practice, as described in the General Conditions, whichever occurs first.
- B.** If any individual or **solo professional corporation** identified under this **policy** as an "Additional Insured," "Non-Physician Practitioners," or "Employed/Contracted Doctor" is no longer employed or associated with **you**, and fails to obtain insurance coverage equivalent to the insurance afforded herein for the period the individual or **solo professional corporation** was employed or associated with **you**, or if **you** fail to obtain such coverage on behalf of such individual or **solo professional corporation**, insurance from MIEC otherwise available to such person or **solo professional corporation**, or to **you** under this **policy** for acts or



omissions of such person or **solo professional corporation**, shall automatically terminate except for those **claims** first reported to MIEC during the period of employment or association.

## 15. CANCELLATION

- A. Your insurance coverage is automatically canceled as to any individual, upon death, permanent disability, judicial determination of incompetency, or revocation of your license to practice in any jurisdiction where insurance is afforded under this policy, or, as to a corporation, partnership, or unincorporated association, upon winding-up and dissolution.
- B. MIEC shall have the right to cancel your insurance coverage as to any individual in the event of a judgment by a court or by an administrative tribunal that the individual has committed a violation of law having as one of its essential elements an act or omission that materially increases any of the risks insured against.
- C. In addition to the grounds for cancellation described in this **policy**, and except as otherwise limited by applicable law, insurance coverage may be canceled by **you** or MIEC, without cause and without any cause of action accruing against the canceling party, upon written notice to the other specifying the date following which the cancellation shall be effective, in which case the date specified shall constitute end of the **policy period** or additional reporting period; provided, however, that if MIEC cancels, at least 30 days' advance written notice of cancellation shall be mailed to **you** at your address as stated in the **policy declaration**.

## 16. AVAILABILITY AND TERMS OF REPORTING ENDORSEMENT

If **you** are identified by MIEC under the heading of "Named Insured" in a **policy declaration** or **endorsement**, **you** shall have the right, upon written request and following payment of a premium to be determined by MIEC at that time, if applicable, to have issued reporting **endorsement(s)** providing an additional reporting period, unless the termination of your coverage was for nonpayment of premium, in which case the advance payment of the pro-rata premium through the date of cancellation must also be made to MIEC before reporting **endorsement(s)** shall be issued. Insurance coverage provided under a reporting **endorsement** may be modified by terms and conditions established by MIEC as set forth in such reporting **endorsement(s)**. However, the amount of insurance under reporting **endorsement(s)** shall be the same as the limits of liability in the **policy declaration** or **endorsement(s)** last issued to **you** by MIEC prior to termination of the **policy** except that the aggregate limit shall apply to the entire period covered by the endorsement(s) rather than a single **policy** year.

## 17. OPERATIONS

- A. MIEC is a reciprocal inter-insurance exchange. Medical Underwriters of California (MUC) functions as the "Attorney-in-Fact" for MIEC. By requesting insurance from MIEC, **you** vest MUC with authority to issue

this **policy** on your behalf, and to otherwise exercise the duties and responsibilities of an "Attorney-in-Fact" for MIEC.

- B. The Board of Governors of MIEC shall have full power and authority to establish rules and regulations for the management and conduct of MIEC, and for the election of members of the Board. The Board of Governors of MIEC, in its sole discretion, may authorize the distribution of policyholders' savings, and adopt rules, regulations, or schedules for that purpose.
- C. To enforce any **claims** or rights arising under this **policy**, MIEC shall be sued or sue in its own name as in the case of an individual. Service of process in any such suit against MIEC shall be upon MUC.

## 18. INSPECTION AND AUDIT

MIEC shall be permitted to inspect your **professional premises**, property, and operations at any time. Neither MIEC's right to make such inspections nor the making thereof, nor any report thereon shall constitute an undertaking by MIEC on behalf of **you** or others to determine or warrant that such property or operations are safe. MIEC may request and undertake a reasonable examination and audit your books and records insofar as they relate to the subject matter of this insurance.

## 19. ACTION AGAINST COMPANY

No action shall lie against MIEC by **you** or your agent or representative, or any other person acting by or through **you**, unless as a condition precedent thereto, there shall have been full compliance with all the terms of this **policy**, nor until the amount of your obligation to pay sums to a claimant or litigant shall have been fully and finally determined either by judgment or award against **you** or by written agreement by **you**, claimant, and MIEC. No person or organization shall have any right under this **policy** to join MIEC as a party to any action against **you** to determine your liability, nor shall MIEC be impleaded by **you** or your legal representative; provided, however, that whenever judgment is secured against **you** in an action based upon **bodily injury**, death, or **property damage**, an action may be brought against MIEC on the **policy** and subject to its terms and limitations, by such judgment creditor to recover on the judgment.

## 20. BANKRUPTCY OF INSURED

Your insolvency or bankruptcy will not release MIEC from the payment of damages or injury sustained or loss occasioned during the term of said **policy**.

## 21. PLACE OF PRACTICE AND TELEMEDICINE

- A. **You** agree that insurance coverage under this **policy** is available only if **you** maintain your principal place of practice in the location identified by **you** in written notification to MIEC within 30 days after establishing your principal place of practice, and that relocation by **you** to another principal place of practice without notification to and agreement by MIEC as

evidenced by MIEC's issuance of a **policy declaration** or **endorsement** shall constitute an automatic termination of insurance coverage under this **policy**.

- B. **You** agree that insurance coverage under this **policy** is available only for acts, or the alleged failure to act, occurring or undertaken within the state wherein your place of practice identified in a **policy declaration** or **endorsement** is located, except for (1) services rendered in an emergency, without compensation or other consideration, and on an irregular or infrequent basis, or (2) services rendered incidental to your participation in a formal program of continuing medical education.
- C. **You** agree that insurance coverage under this **policy** is available for acts, or the alleged failure to act, which constitute the practice of **telemedicine** according to the laws of any jurisdiction wherein such act or failure to act (or any part thereof) is alleged to have occurred, only if **you** are duly licensed or permitted under such laws to engage in the practice of **telemedicine** in such jurisdiction, **you** have previously notified MIEC in writing of your intention to engage in **telemedicine** in such jurisdiction, and MIEC has agreed in writing to provide coverage for such activities.

## 22. **NON-ASSESSABILITY**

This **policy** is not assessable.

## DEFINITIONS

**"You"** identifies the insured entity, which is a corporation (except **solo professional corporations**), an unincorporated association, or a partnership, identified by MIEC under the heading of "Named Insured" in a **policy declaration** or **endorsement** accompanying this **policy**; provided, however:

1. Where the "Named Insured" is identified by MIEC as a partnership, only the partnership as an entity is the insured, not the individual partners, employees, agents, or representatives of the partnership. In no event shall the individual partners [employees, agents, or representatives of the partnership be deemed insured for purposes of entitlement to issuance of a reporting **endorsement**.
2. Where the "Named Insured" is identified by MIEC as a corporation or unincorporated association, only the corporation or unincorporated association as an entity is the insured, except that the individual members, shareholders, officers, or directors shall be deemed insureds where liabilities covered by this **policy** are imposed, or sought to be individually imposed, upon them solely as a result of their status as members, shareholders, officers, or directors, and not as a result of their direct or indirect acts or omissions. In no event shall any individual members, shareholders, officers, or directors be deemed insureds for the purposes of entitlements to issuance of a reporting **endorsement**.

**"You"** also identifies individuals or professional corporations identified by MIEC as an "Additional Insured" in a **policy declaration** or **endorsement** accompanying this **policy**, except that an "Additional Insured" shall not be deemed an insured for the purpose of entitlement to issuance of a reporting **endorsement**.

**"You"** also identifies non-physician employees of an entity which is a "Named Insured" who are identified by name or function under the heading of "Non-Physician Practitioners" in a **policy declaration** or **endorsement** accompanying this **policy**, but only with respect to health care services performed within the authorized scope of their employment. No persons or entities practicing or licensed in any of the following categories or performing the following activities shall be an insured person unless specifically identified by MIEC by name in the **policy declaration** or **endorsement**: dentists (including oral surgeons), podiatrists, psychologists, counselors, social workers, nurse midwives, nurse practitioners, nurse anesthetists, scrub nurses, surgical assistants, perfusionists, physician's assistants, technicians or therapists who are required to be licensed or certified, optometrists, opticians, chiropractors, or acupuncturists. In no event shall any non-physician employees described in this subsection be deemed an insured for the purpose of entitlement to issuance of a reporting **endorsement**.

The following terms, whenever they are used in this **policy**, will be defined as follows:

- **Bodily Injury** - Physical injury, including death, physical sickness, or physical disease.

- **Claim** - A demand, accident, or incident which is covered by this **policy**, including any resulting lawsuit, arbitration proceeding, or other legal or administrative proceeding.
- **Declaration or Endorsement** - A written document labeled as a **declaration** or as an **endorsement** issued by MIEC to **you**, applicable to this **policy**. A **policy declaration** or **endorsement** is a part of this **policy**.
- **Policy** - The written insurance agreement herein issued to **you** upon application and approval by MIEC, and all **policy declarations** and **endorsements** which apply to **you**.
- **Policy Period** - This **policy** does not apply to **you** until a **policy declaration** is issued by MIEC, describing the specific period of time this **policy** shall be in effect. That period of time is a **policy period**, and commences at 12:01 a.m. on the effective date in the **policy declaration**. The **policy period** continues until 12:01 of the day on which your **policy** expires, is terminated, or is canceled, whichever occurs first. A new **policy period** may be specified in a "renewal **declaration**." A **policy period** may be shorter or longer than a "**policy year**," which is the twelve-month period from February 1 until February 1 of the following year.
- **Professional Premises** - Your **professional premises** are the premises designated in a **policy declaration** issued to **you** by MIEC. If **you** acquire ownership or control of other premises for the practice of your profession, through purchase, lease, or other agreement, and notify MIEC in writing of your acquisition of such premises within 30 days thereafter, coverage for such premises will be provided until MIEC has issued a **declaration** or **endorsement** providing for continued coverage, or providing written notification that coverage will not be afforded.
- **Property Damage** - Injury to or destruction of tangible personal or real property.
- **Retroactive Date** - The **retroactive date** is specified by MIEC in a **declaration** or **endorsement** issued to **you**.
- **Solo Professional Corporation** - A professional corporation with only a single shareholder who is engaged in the delivery of health care services.
- **Telemedicine** - Providing a health care service, including examination, diagnosis, treatment, consultation, transfer of medical data, and education, using interactive audio, video, or data communications. ("Interactive" means audio, video, or data communication by way of real time (synchronous) or near real time (asynchronous) two-way transfer of medical data and information.)

IN WITNESS WHEREOF, MIEC has caused this document to be executed and attested, but this **policy** shall not be valid unless countersigned on a **policy declaration** or reporting **endorsement** by a duly authorized representative of MIEC.

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

By: Medical Underwriters of  
California, Attorney-in-Fact

\_\_\_\_\_  
President

## ENDORSEMENTS

### P01 (12) PRIOR ACTS DISCOVERY ENDORSEMENT

The insurance coverage described in this **policy** will apply to a **claim** arising before the original effective date which would otherwise constitute the **retroactive date**, so long as such **claim** arises out of events which occur after the **retroactive date** specified in this **endorsement** or in a **declaration** applicable to this **policy**. This specification of an earlier **retroactive date** does not relieve **you** of your obligation to comply with all other terms and conditions of this **policy**, and does not amend the limits of liability. However, paragraph 9, "**OTHER INSURANCE**" of the **GENERAL CONDITIONS** of this **policy** shall not apply when coverage is afforded under this **endorsement**, and the following condition shall instead apply:

If **you** have other insurance for acts, omissions, incidents, or accidents which might otherwise fall within the coverage of this **endorsement**, or any other source for indemnification or reimbursement for damages, settlement, defense or legal fees, costs, or expenses as a result of such matters, insurance under this **endorsement** is null and void and shall not apply.

Coverage under this **endorsement** is provided under your express representation and warranty that **you** know of no **claims**, civil lawsuits, arbitrations, legal or administrative proceedings, events, incidents, or accidents which may be subject to the coverage provided under this **endorsement**, other than those matters disclosed and described in writing to MIEC in the application for coverage. You agree that this **endorsement** and any coverage which would arise under it shall be automatically rescinded and null and void in the event of any fraud, material misrepresentation, or omission of relevant information which is known or which should have been known to **you**, through the reasonable exercise of diligence.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA (MIEC)**

Home Office

6250 Claremont Avenue  
Oakland, California 94618-1324

**INDIVIDUAL HEALTH PRACTITIONER  
(AND SOLO PROFESSIONAL CORPORATION) POLICY**

**NOTICE**

**THIS IS A "CLAIMS-MADE" POLICY**

Except to such extent as otherwise provided herein, coverage under this policy is provided on a "claims-made" basis, that is, insurance is limited to matters described in this policy which

- 1 arise out of events described in the policy occurring on or after the retroactive date in the applicable policy declaration issued to you, and
- 2 are first reported by you to MIEC either prior to termination of this policy or within any policy period or additional reporting period applicable to you.

Please review this policy carefully and discuss the coverage with your attorney, insurance advisor, or risk management consultant.

**NOTICE**

**IN THE EVENT YOU ARE INVOLVED IN AN ACCIDENT OR INCIDENT WHICH MAY GIVE RISE TO A CLAIM, LAWSUIT, OR LEGAL OR ADMINISTRATIVE PROCEEDING, CONTACT THE MIEC CLAIMS DEPARTMENT IMMEDIATELY AT (510) 428-9411 OR CALL TOLL-FREE, (800) 227-4527.**

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**INDIVIDUAL HEALTH PRACTITIONER  
(AND SOLO PROFESSIONAL CORPORATION) POLICY**

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## NOTICE

Except to such extent as may otherwise be provided herein, the coverage of this **policy** is limited generally to liability for only those **claims** that are first made against **you** while the **policy** is in force. Please review the **policy** carefully and discuss the coverage thereunder with your attorney, insurance advisor, or risk management consultant.

### CLAIMS-MADE AND REPORTED INSURANCE POLICY

Medical Insurance Exchange of California ("MIEC") provides the insurance described in this insurance **policy**. The term "**you**" is used to describe the insured person or entity, who is either named in a **policy declaration** or **endorsement** or is an individual described specifically in this **policy**. Terms which appear in boldface are defined in the "Definitions" section, page 18.

Insurance provided by this **policy** is on a "claims-made" basis. Coverage is available only for **claims** or suits arising out of events which occur after the "**retroactive date**" specified in a **policy declaration** or an **endorsement** which applies to this **policy**, and only if **you** report the **claim** or suit to MIEC while your **policy** is in effect. Your **policy** will be in effect from 12:01 a.m. on the effective date until 12:01 a.m. of the day on which your **policy** expires or is terminated by **you** or MIEC.

This **policy** may describe coverage which is not included in your insurance. The **policy declaration** or **endorsements** applicable to this **policy** will specify the effective date and identify the specific coverage which your **policy** includes. The limits of liability for each coverage are specified either in the **policy declarations** or an **endorsement**, or in the **policy** itself.

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## PART I

### COVERAGE FOR HEALTH CARE SERVICES TO PATIENTS AND AS A CONSULTANT

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1. Subject to the exclusions, limitations, and other terms and conditions of this policy, MIEC will pay reasonable legal expenses and costs to defend each **claim** seeking damages, brought against **you** and alleging damage or injury resulting either from the delivery, or alleged failure to deliver, health care services to patients, or because **you** have acted as an independent examiner or provided professional advice or consultation regarding the health or condition of a person who is not a patient. Subject to the limits of liability specified in the **policy declarations** in effect when the **claim** is first reported to MIEC, MIEC will pay damages which **you** become legally obligated to pay in such a matter. In such matters, MIEC will also pay the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

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2. MIEC's obligation to defend **you** or to pay reasonable legal expenses and costs of defense shall terminate upon the exhaustion of the specified limits of liability by the payment of damages on your behalf. MIEC's obligation to make any other payment on your behalf is subject to the specified limits of liability on either a per claim or annual aggregate basis.

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**PART II.A**

**COVERAGE FOR PEER REVIEW LIABILITIES**

Subject to the exclusions, limitations and other terms and conditions of this policy, and only if no other person or entity is obligated to defend **you** or to make any payment on your behalf, MIEC will pay reasonable expenses and costs to defend **you** against each **claim** and to pay on your behalf such sums as **you** may become legally obligated to pay as damages, for your conduct as a member, officer, witness, or consultant engaged in the conduct of peer review for a professional review body, as defined by the Federal Health Care Quality Improvement Act. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration or hearing at MIEC's request, in the matters described above.

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## PART II.B

### DEFENSE COVERAGE FOR SPECIFIED PRACTICE RISKS

1. Subject to the exclusions, limitations, and other terms and conditions of this policy, MIEC will pay reasonable expenses and costs to a maximum of \$25,000 for combined expenses and costs to defend you against investigations, civil lawsuits, or administrative proceedings in a matter arising from your professional practice first initiated after the effective date:

- a. By a state agency licensing you to engage in your professional practice,
- b. By the Office of the Inspector General of the Department of Health and Human Services, by the United States Department of Justice, or by a state agency when taking action which may result in the termination of your right to provide services under any governmentally-funded program for the provision of health care services.
- c. By the Department of Health and Human Services when investigating or asserting a claim that you have violated the Privacy Rule adopted by DHHS to implement requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

d. By any specialty medical society of which you are a member.

The \$25,000 coverage limit applies to an investigation and any resulting administrative proceedings or civil lawsuits and all related or consequential proceedings, regardless of when concluded.

2. Subject to the exclusions, limitations, and other terms and conditions of this policy, MIEC will pay reasonable expenses and costs, to a maximum of \$25,000 for such combined expenses and costs, to defend you against one or more claims alleging unlawful discrimination or harassment, assault, battery, or malicious prosecution, in a matter arising from your professional practice, if no coverage is afforded under Part I, and so long as such claim is not brought by or on behalf of any employee of yours.

3. MIEC's obligation to pay reasonable expenses and costs is subject to MIEC's prior approval of the selection of counsel providing services for which reimbursement is sought.

#### Additional Exclusion Applicable to Part II.B

No coverage is provided to defend any investigation, lawsuit, or proceeding conducted solely to determine your entitlement to any fee or charge, whether paid or unpaid, if no effort is made to impose any sanction or penalty upon you. No coverage is provided under this Part for the defense of criminal prosecutions, or for the payment of fines, recoupments, civil penalties, damages, or other obligations imposed by law.

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### PART III

**COVERAGE DESCRIBED IN THIS PART IS OPTIONAL COVERAGE. WHEN PROVIDED, IT DOES NOT CONSTITUTE COMPREHENSIVE GENERAL, BUSINESS OR AUTOMOBILE LIABILITY COVERAGE.**

#### **LIMITED COVERAGE FOR PROFESSIONAL PREMISES AND NON-OWNED AUTOMOBILE LIABILITY**

If this coverage is added by **declaration** or **endorsement**, and subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC will pay reasonable legal expenses and costs to defend each **claim** brought against **you**, and will pay on your behalf such sums as **you** may become legally obligated to pay as damages:

1. As a result of **bodily injury** or **property damage** to a person other than **you**, your employees, agents, or representatives, caused by an accident or injurious exposure to physical conditions at or on your **professional premises**, arising from your negligence, if no coverage is provided under Part I.

2. As a result of **property damage** to interior structures occupied by **you** as **professional premises**, so long as the **property damage** is incurred by persons other than **you** or your employees, agents, or representatives, and is caused by accidental fire or water damage, or as a result of negligence by **you**, or your employees, agents, or representatives.

3. As a result of **bodily injury** or **property damage** incurred by any person other than **you**, your agents, employees, or representatives, from an accident arising out of the use (including loading or unloading) of a vehicle neither **you** nor your spouse own, lease or rent, when such use is by an employee, agent, or representative in the usual and ordinary course in furtherance of your professional practice, if no coverage is afforded under Part I.

4. Notwithstanding Exclusion "9" in this **policy**, coverage under this Part extends to your obligation to hold harmless or indemnify, arising under your lease of **professional premises** or equipment used in your professional practice.

Coverage under this PART III is subject to limits for **bodily injury** and for **property damage** as specified in your declaration. Such limits include the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

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#### PART IV

##### OPTIONAL DEFENSE COVERAGE FOR MISCELLANEOUS BUSINESS LIABILITY

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If this coverage is added by **declaration** or **endorsement**, MIEC agrees to pay 90% of the reasonable legal expenses and costs incurred to defend **you** against each civil lawsuit, arbitration, or administrative proceeding which:

1. Alleges wrongful acts or omissions not covered under Part II.A, by you as an officer, member, or consultant of a national, state, or local medical or specialty medical society, or as an officer or committee or department member of a state licensed health care facility or clinic, or of the medical staff of such facility or clinic, arising from customary and authorized activities when acting in that capacity.

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2. Alleges employment discrimination against your employee who provided services to your professional practice.

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3. Alleges wrongful termination by **you** of an employee who provided services in your professional practice.

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4. Alleges violation of a federal, state, or local statute or ordinance providing employment protection or benefits to any employee in your professional practice.

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5. Alleges breach of contract or agreement or other misconduct in the nature of a commercial or fee dispute arising from and involving your professional practice, which is not brought by or on behalf of a present or former partner, officer, shareholder, or other person sharing ownership or control of your professional practice.

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6. Alleges fraud, assault, battery, false arrest or personal restraint, malicious prosecution, or defamation arising from your professional practice, for which no coverage is afforded under Part I.

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The defense coverage provided under this Part shall apply only if **you** agree to be represented in the civil lawsuit, arbitration, or administrative proceeding by legal counsel appointed or approved by MIEC within its sole discretion. Such defense fees and costs are limited to the sum of \$100,000 per **claim**, to an aggregate limit specified in a **policy declaration** or **endorsement** applicable to all matters first reported to MIEC within the same **policy** year.

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## EXCLUSIONS

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There is no coverage under any Part of this policy for sums you may become legally obligated to pay as damages or as interest or for any other expenses, or for defense expenses or costs, or for any other reason, for a claim, civil lawsuit, arbitration, legal or administrative proceeding, incident, accident, or event:

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1 If not reported by you to MIEC during the policy period.

2 If liability is sought or imposed in whole or in part for damage or injury resulting from or incidental to the delivery of, or your agreement to deliver, health care services which are outside the scope of your licensure.

3 If liability is sought or imposed on you resulting from the practice of obstetrics by you. "Obstetrics" means the care and treatment of pregnancy or participation in delivery by any means.

4 If liability is sought or imposed upon you because of your status as a partner, representative, associate, or joint venturer with any person or entity, or as a result of your status as a member, shareholder, officer, director, trustee, agent, or representative of a corporation (other than an insured solo professional corporation) or unincorporated association.

5 If liability is sought or imposed upon you as a result of participation by you, your employees, agents, or representatives, in the manufacture, assembly, sale, trade, or distribution of any goods, materials, products, or devices.

6 If liability is sought or imposed upon you for acts or omissions of health practitioners, professional corporations, or persons associated with or employed by you other than persons not required to be licensed or certified to perform any duties for which they are employed, unless you have given written notice of such employment or association to MIEC within 30 days after such employment or association commences, and MIEC has issued a declaration or endorsement identifying those persons under the heading of "Employed/Contracted Health Practitioners" or "Employees Other Than Health Practitioners."

7 If liability is sought or imposed upon you (1) as a result of acts or omissions while your authority to practice your profession is revoked or under suspension, or (2) as a result of your performance of procedures you are not authorized to perform due to restrictions on your license to practice.

8 If liability is sought or imposed upon you as a result of your activity as an owner, shareholder, partner, investor, joint venturer, officer, director, administrator, or manager of a hospital, clinic, ambulatory care center, sanitarium, skilled nursing facility, surgery center, convalescent hospital or home, hospice, laboratory, free-standing treatment facility, health maintenance organization, health care service plan, preferred provider organization, or any similar health care entity or delivery system, health care supply or support organization, or any other business organization or operation, whether or not medically related, which is not identified as a "Named Insured" or an "Additional Insured" in a declaration or endorsement.

This exclusion expressly includes any activity described in any written service agreement between **you** and any of the organizations described in the preceding sentence, whether **you** are performing the activity pursuant to such written agreement or in any other capacity. This exclusion shall not apply to the extent your liability arises out of your personal delivery of health care services to patients or as a consultant covered under Part I, or to other activities for which coverage is provided under this **policy**, in the event of your personal and direct participation in the events for which damages or liability is sought or imposed.

9. If liability is sought or imposed because of your written or oral agreement to hold harmless, indemnify, or otherwise assume another's obligation or liability, if liability or the amount of damages sought or imposed upon **you** is greater than that which would exist in the absence of such an agreement.

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10. If liability is imposed, or sought to be imposed, as a result of intentional, willful, criminal, or fraudulent acts.

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11. If liability is sought or imposed as a result of advertising, broadcasting, or telecasting activities.

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12. If liability is sought or imposed for your acts or omissions while your principal place of practice is other than that identified by **you** by your prior notification to MIEC.

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13. If liability is sought or imposed for injury, damage, sickness, disease, or death of any of your employees, agents, or representatives, arising out of and in the course of such person's employment by **you**, or under any workers' compensation, unemployment compensation, disability benefits, or similar law relating to employee benefits, welfare, or entitlements.

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14. If liability is sought or imposed for **property damage** to property owned, leased, or rented, in whole or in part, by **you**, or entrusted to the care, custody, and control of **you**, or your employees, agents, or representatives.

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15. Except for the payment of reasonable expenses and costs for defense only, there is no coverage of any kind if damages or liability is sought or imposed in whole or in part for damage or injury arising from or incidental to sexual relations, sexual abuse, sexual contact, sexual intimacy, sexual battery, or sexual exploitation of or with any person, regardless of whether such conduct arises from the delivery of or failure to deliver health care services, or abandonment of or failure to properly refer such person for treatment.

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16. Regardless of when any **claim**, loss, arbitration, or proceeding is reported to MIEC, no insurance coverage is afforded to **you** for acts, omissions, events, accidents, or incidents which occur prior to the **retroactive date**.

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17. There is no coverage under this **policy** for payment of exemplary or punitive damages, civil fines, or assessments.

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18. Except for coverage provided under Parts II.A and II.B of this **policy**, there is no coverage of any kind for conduct which is alleged to be anticompetitive in nature or

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effect, part of a boycott or other form of combination or conspiracy in restraint of trade, or otherwise in violation of anti-trust or unfair business practice laws or regulations.

19 There is no coverage of any kind for any **bodily injury** or **property damage**:

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- With respect to which insurance is or can be available to you under a nuclear energy liability policy.
- Which results from the hazardous properties of nuclear material for which financial protection would be required under the Atomic Energy Act of 1954 (as amended) or for which you would be entitled to indemnity from the United States of America pursuant to the Atomic Energy Act of 1954 (as amended).

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20 If any individual or professional corporation identified under this **policy** as an "Additional Insured" or "Employed/Contracted **Health Practitioner**" is also covered under a separate MIEC **policy**, any exclusions of coverage under such separate MIEC **policy** shall automatically apply to this **policy**, and no coverage shall be available when liability is imposed, or sought to be imposed, upon such individual or professional corporation based upon acts or omissions excluded under this **policy** or such separate MIEC **policy**.

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21 If liability is sought or imposed upon you as a result of acts or omissions in connection with a drug or device study or a clinical trial, unless the study or clinical trial is performed under the independent oversight of an Independent Review Board, the Food and Drug Administration, or other similar body.

22 Except as may be provided in an **endorsement** to this **policy**, there is no coverage under this **policy** for:

- a. Regulatory fines or penalties you become legally obligated to pay as a result of a claim for an actual or alleged **privacy wrongful act, network security wrongful act, or data interference act**;
- b. Patient notification and credit monitoring costs you incur as a result of a claim for an actual, alleged, or potential **privacy wrongful act, network security wrongful act, or data interference act**;
- c. Data recovery costs you incur as a result of a claim for a **privacy wrongful act** or a **data interference act**.
- d. For purposes of this exclusion, the following definitions apply:
  - (1) **Data interference act** means any act by a party other than you or your agents or employees which is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the data you maintain. **Data interference act** includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not

limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

- (2) **Network security wrongful act** means an actual or alleged act, error or omission committed by **you** or your agent or employee, including an unauthorized act by your agent or employee, which results in the unauthorized access to or unauthorized use of your computer system, the consequences of which include, but are not limited to:
- (a) The failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
  - (b) The inability of an authorized third party to gain access to your services;
  - (c) The failure to prevent denial or disruption of Internet service to an authorized third party;
  - (d) The failure to prevent identity theft or credit/debit card fraud; or
  - (e) The inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.
- (3) **Privacy wrongful act** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by your employee during the course and scope of his or her duties as such:
- (a) Breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or
  - (b) Any breach or violation of U.S. federal, state or local statutes or regulations associated with the control and use of personally identifiable financial or medical information, as they may be amended from time to time, including but not limited to:
    - (i) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA");
    - (ii) Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;

- (iii) State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
- (iv) Governmental privacy protection laws or regulations that require commercial Internet sites or on-line services that collect personal information or medical information (as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse;
- (v) Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA); or
- (vi) The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009.

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## GENERAL CONDITIONS

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These general conditions describe and limit the amount and availability of insurance provided under this **policy**, except in those instances where the **policy** itself makes different provisions applicable to specified coverage. In order for insurance described in this **policy** to apply to **you**, **you** must comply with each of the conditions described below. MIEC will not be obligated to provide coverage if **you** fail to comply with any condition.

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### 1. LIMITS OF LIABILITY

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a. The amount of insurance coverage available for indemnity payments for covered **claims** shall be as described in a **declaration** or **endorsement**, or in Part III(3) of this **policy**.

b. Limits of liability specified in a **declaration** or **endorsement** of this **policy** apply for all covered **claims** under this **policy**, and shall not be multiplied or expanded regardless of the number of insureds or persons entitled to insurance coverage under this **policy**.

c. The amount of insurance available from MIEC for covered **claims** arising from a single act, omission, or event, or from related acts, omissions, or events, shall be limited to the sum described in a **declaration** or **endorsement** under the heading of "Per Claim" limit, and this amount shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.

d. For covered **claims** which arise from different or unrelated acts, omissions, or events which are first reported to MIEC within the same **policy** year, the insurance available from MIEC shall be limited to the total sum described in the **declaration** or **endorsement** under the heading of "Aggregate" limit, and shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.

e. The "Per Claim" and "Aggregate" limits of liability under this **policy** are not cumulative, even if related acts, omissions, accidents, incidents, or events span more than one **policy** year.

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f. The limits of liability which apply when **you** make a **claim** for coverage under this **policy** are those applicable during the **policy** year in which the **claim** is first reported to MIEC and those limits shall not be available in any greater sums regardless of subsequent reports.

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g. The limits of liability may vary among the various coverages ("Parts") afforded **you** under the **policy** as described in a **declaration** or **endorsement**. In no event shall the limits of liability be cumulative if liability for covered **claims** may arise under several Parts of this **policy**.

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## 2. APPLICABILITY OF PARTS OF POLICY

Insurance coverage under each Part of the coverage provisions of this **policy** shall apply to **you** only if and to the extent that each such Part is expressly agreed to be applicable to **you** in a **declaration** or **endorsement** issued to **you** by MIEC. No **claim** will be covered under more than one Part of the **policy**.

## 3. EFFECT OF SUBSEQUENT DECLARATIONS OR ENDORSEMENTS

Successive **policy declarations** or **endorsements** may be issued to **you** by MIEC, upon renewal or at certain other times. The **policy declaration** or **endorsement** applicable to your coverage when a **claim** is reported to MIEC shall be the **declaration** or **endorsement** most recently issued to **you** prior to your report of the **claim**.

## 4. NOTICE OF CLAIMS

When **you** first become aware of any act, omission, event, incident, or accident which may give rise to a **claim** against **you**, or if **you** obtain knowledge or information from any source that such a matter is contemplated, likely, or has been initiated, **you** must promptly give MIEC written notice of the **claim**, providing such information as is known to **you**, as well as any information subsequently becoming known to **you** or requested by MIEC. **You** must promptly provide MIEC with written notice of the particulars concerning the matter, including information regarding the identity of persons and entities involved, the time, place, and circumstances of the events or occurrences, and names and addresses of injured parties and witnesses. **You** must also promptly forward every demand, notice of intention to file suit, summons, subpoena, or other legal process which **you** or your representatives receive. A **claim** under this **policy** shall not be considered made or reported unless and until **you** provide MIEC with written notice.

## 5. CONTROL OF DEFENSE AND SETTLEMENT

With respect to any **claim** which falls, or is claimed to fall, in whole or in part within the insurance coverage of this **policy**, MIEC shall have the sole and exclusive right to investigate, negotiate, evaluate, control, and direct the defense of such matter, including the right to appoint legal counsel on your behalf, as may be permitted or limited by law. With respect to any covered **claim**, legal counsel selected by **you** shall not be permitted to intervene or substitute into the defense of the matter without the prior consent and written approval of MIEC. MIEC shall have the sole and exclusive right to settle the matter on your behalf, except for covered **claims** under Part I of the coverage provisions, where your consent to settle shall be obtained, in which case **you** may not unreasonably withhold your consent.

If a **claim** involves both covered and non-covered **claims** and/or causes of action, **you** agree to allow bifurcation of the hearing, arbitration or trial as to covered **claims** and damages, as well as to non-covered **claims** and damages. **You** additionally agree to secure a special award or verdict form that segregates covered **claims**

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from non-covered claims, as well as covered and non-covered damages, if requested by MIEC.

## 6. ASSISTANCE AND COOPERATION

You are required to cooperate with MIEC in all respects in matters pertaining to this insurance and, upon request of MIEC, shall provide information, attend hearings and trials, and assist in making settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise facilitating the conduct of any proceeding in connection with the subject matter of this insurance, including a review of the claim or lawsuit by a medical review and advisory committee or similar committee of a professional society or organization as may be selected by MIEC. You must not voluntarily make any payment, assume any obligation, or incur any expense with respect to a covered claim except with prior written consent of MIEC.

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## 7. PREMIUMS GENERALLY

The insurance available under the policy is provided in return for, and expressly conditioned upon, timely payment by you of a premium established by MIEC. All premiums for this policy shall be computed solely by MIEC in accordance with MIEC's procedures and rating plans applicable to your insurance. In the event of a change in your professional practice or activities which, in the opinion of MIEC, materially alters the risk or affects the hazard insured against, as a condition of continued coverage MIEC shall have the right to impose and obtain additional premiums consistent with MIEC's rating plans applicable to such practices or activities. You are required to make and retain records of such information as is necessary for premium computation according to procedures and rating plans of MIEC, and must make copies of such records available to MIEC at such time as MIEC may reasonably request.

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## 8. PREMIUM PAYMENTS - AUTOMATIC TERMINATION

All premiums for this policy are payable by you annually or quarterly as established by MIEC. If paid quarterly, premiums are due February 1, May 1, August 1, November 1; provided, however, that the first premium installment (or pro-rated portion) is due when the policy is first issued to you and each subsequent installment is due on the first day of the next quarterly period described above. Unless the time for payment is extended by MIEC in writing, you will be deemed in default if the premium is not paid on or before its due date, and the policy will terminate automatically, without notice, as of 12:01 a.m. Standard Time at the expiration of the period through which the premium has been paid. It is your duty to ensure that premiums are promptly paid to MIEC, regardless of whether you receive statements for the premium from MIEC.

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## 9. OTHER INSURANCE

If you have other valid and collectible insurance for acts, omissions, events, incidents, or accidents covered under this policy, or any other source for indemnification or reimbursement for damages, settlement, legal fees, costs, or



expenses as a result of such matters, insurance under this **policy** shall not apply until the limits of such other insurance or other sources have been exhausted.

## 10. SUBROGATION AND REIMBURSEMENT FOR THIRD-PARTY LIABILITY

- a. Subrogation--Except for matters described in section 10.b, in the event of any payment by MIEC under this **policy**, MIEC shall be subrogated to your rights of recovery against any person or organization and you must promptly execute and deliver whatever documents, instruments, or papers are necessary and appropriate to effectuate said subrogation, and to do whatever else is necessary to secure such rights for MIEC. You must do nothing to adversely influence or prejudice the subrogation right of MIEC.
- b. Reimbursement for Third-Party Liability--In the event you assert any claim against a third party for damages, indemnification, contribution, or reimbursement for events for which sums were paid under this **policy** on your behalf, MIEC shall have a lien against such sums recovered by you to the extent that sums were paid by MIEC, and you are required to promptly execute and deliver any documents, instruments, or papers necessary to effectuate such lien, and to do whatever else is necessary to secure such lien rights of MIEC, doing nothing to prejudice MIEC's lien rights.

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## 11. REPRESENTATIONS

- a. By acceptance of this **policy**, you acknowledge that the statements made in your application for insurance and any materials submitted therewith are true and correct, that you and your employees, agents, or representatives have not withheld or failed to disclose pertinent information, and that you have given careful consideration to the statements and information provided. You further acknowledge that such statements are material representations by you, and that any **policy** issued by MIEC is issued in reliance upon the truth and accuracy of such statements. You further agree that this **policy** embodies all agreements, representations, and commitments by MIEC, or any of its employees, agents, representatives, or counsel regarding the subject of insurance coverage. You further acknowledge that in the event your application or materials submitted therewith contain misrepresentations or omissions made with actual intent to deceive or which materially affect the acceptance of the risk or the hazard assumed by MIEC, no coverage shall be afforded under this **policy** and the **policy** in its entirety shall be void and of no effect whatsoever.
- b. You agree to promptly report to MIEC any material changes in the information previously provided to MIEC in connection with this insurance, including information provided in your original application, any application updates, and other written communications. Such material changes include, but are not limited to, any changes in the nature and scope of your practice or medical procedures performed, any changes in your medical license, any changes in your partners and associates, any changes in your professional office premises, any changes in interns, externs, residents, dentists,

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osteopathic or other medical doctors, health care extenders with whom you practice, any changes in practice locations, any changes in administrative responsibilities, and any changes in the status of your hospital privileges. Coverage for any claim that results from an act or omission that occurs after any of these changes is contingent upon your having notified MIEC of the change and MIEC's approval thereof. You further agree that any material changes in professional practice or activities may be a basis for imposition of an additional premium at the election of MIEC which is consistent with its rating plans, as well as imposition of other terms, conditions, or limitations of insurance coverage, including cancellation if MIEC determines the changed circumstances affect the hazard insured against. Copies of previously submitted applications and related materials are available from MIEC on request.

## 12. WAIVER

Notice to any representative of MIEC, or knowledge possessed by any representative or person employed by or related to MIEC, shall not constitute a waiver or a change of any Part of this policy, or preclude MIEC from asserting any right under the terms of this policy, nor shall the terms of this policy be deemed to be waived or changed by virtue of any representation or written or oral statement by MIEC, its employees, or representatives, except as such waiver or change may be described by MIEC in an endorsement or policy declaration issued to you.

## 13. ASSIGNMENT

Your interests or rights under this policy, including any express or implied covenants, are neither assignable nor transferable.

## 14. TERMINATION

- a. Insurance coverage under the policy ends upon cancellation, upon the end of the policy period specified in the policy declaration or endorsement issued to you, at the end of the reporting period specified in the reporting endorsement issued to you, or upon automatic termination of the policy relating to nonpayment of premium or relocation of your principal place of practice, as described in the General Conditions, whichever occurs first.
- b. If any individual or solo professional corporation identified under this policy as an "Additional Insured," "Employed/Contracted Health Practitioner," or "Employee Other Than Health Practitioner" is no longer employed or associated with you, and fails to obtain insurance coverage equivalent to the insurance afforded herein for the period the individual or solo professional corporation was employed or associated with you, or if you fail to obtain such coverage on behalf of such individual or solo professional corporation, insurance from MIEC otherwise available to such person or solo professional corporation, or to you under this policy for acts or omissions of such person or solo professional corporation, shall

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automatically terminate except for those **claims** first reported to MIEC during the period of employment or association.

## 15. CANCELLATION

- a. Your insurance coverage is automatically canceled, upon your death, permanent disability, judicial determination of incompetency, or revocation of your license to practice in any jurisdiction where insurance is afforded under this policy, or, revocation of your license to practice in any jurisdiction where insurance is afforded under this policy, or, with respect to a solo professional corporation, upon winding-up and dissolution of such professional corporation.
- b. MIEC shall have the right to cancel your insurance coverage in the event of a judgment by a court or by an administrative tribunal that you have committed a violation of law having as one of its essential elements an act or omission that materially increases any of the risks insured against.
- c. In addition to the grounds for cancellation described in this policy, and except as otherwise limited by applicable law, insurance coverage may be canceled by you or MIEC, without cause and without any cause of action accruing against the canceling party, upon written notice to the other specifying the date following which the cancellation shall be effective, in which case the date specified shall constitute the end of the **policy period** or additional reporting period; provided, however, that if MIEC cancels, at least 30 days' advance written notice of cancellation shall be mailed to **you** at your address as stated in the **policy declarations**.

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## 16. AVAILABILITY AND TERMS OF REPORTING ENDORSEMENT

If **you** are identified by MIEC under the heading of "Named Insured" in a **policy declaration** or **endorsement**, **you**, or your estate or legal representative, shall have the right, upon written request and following payment of a premium to be determined by MIEC at that time, if applicable, to have issued reporting **endorsement(s)** providing an additional reporting period, unless the termination of your coverage was for non-payment of **premium**, in which case the advance payment of the pro-rata premium through the date of **cancellation** must also be made to MIEC before reporting **endorsement(s)** shall be issued. Insurance coverage provided under a reporting **endorsement** may be modified by terms and conditions established by MIEC as set forth in such reporting **endorsement(s)**. However, the amount of insurance under reporting **endorsement(s)** shall be the same as the limits of liability in the **policy declaration** or **endorsement(s)** last issued to **you** by MIEC prior to termination of the **policy** except that the aggregate limit shall apply to the entire period covered by the endorsement(s) rather than a single **policy** year. In this event it is further provided that:

- A. If **you** are an individual:

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1. Where the termination is due to death, permanent disability and/or judicial determination of incompetency or permanent retirement from professional practice at age 55 or older, the additional reporting period shall be through the date that all assets, fees, and payments of your estate have been finally distributed, following your death.

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2. Where the termination is due to death, permanent disability or judicial determination of incompetency, no premium shall be charged to **you** or your estate or legal representative for issuance of the reporting **endorsement**.

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3. Where termination is due to your permanent retirement from professional practice at age 55 or older, the premium for such reporting **endorsement** shall be determined as follows: A premium shall be charged as determined by MIEC at the time the reporting **endorsement** is issued, but MIEC shall deduct from such premium a sum computed by multiplying a) the total number of full months **you** were covered under a **policy** issued by MIEC from the original effective date to the date of termination or cancellation of the **policy**, times b) 1/60, times c) the amount of premium that would otherwise be charged by MIEC for the reporting **endorsement**.

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4. In all other cases of termination, **you** shall be entitled to issuance of reporting **endorsement(s)** by MIEC, but only upon such terms and conditions and payment of additional premiums as may be determined by MIEC.

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B. If **you** are a solo professional corporation, **you** will be entitled to issuance of reporting **endorsement(s)**, but only if **you** have permanently discontinued the delivery of health care services. In that event it is further provided:

1. Where the termination is due to death, permanent disability and/or judicial determination of incompetency or permanent retirement from professional practice at age 55 or older of your single shareholder, the additional reporting period shall be through the date that all assets, fees, and payments of the shareholder's estate have been finally distributed, following his or her death.

2. Where the termination is due to death, permanent disability or judicial determination of incompetency of your shareholder, no premium shall be charged to **you** or your shareholder's estate or legal representative for issuance of the reporting **endorsement(s)**.

3. Where termination is due to your shareholder's permanent retirement from professional practice at age 55 or older, the premium for such reporting **endorsement(s)** shall be determined as follows: A premium shall be charged as determined by MIEC at the time the reporting **endorsement(s)** is/are issued, but MIEC shall deduct from such premium a sum computed by multiplying a) the total number of full

months **you** were covered under a **policy** issued by MIEC from the original effective date to the date of termination or cancellation of the **policy**, times b) 1/60, times c) the amount of premium that would otherwise be charged by MIEC for the reporting **endorsement(s)**.

4. In all other cases of termination, **you** shall be entitled to issuance of reporting **endorsement(s)** by MIEC, but only upon such terms and conditions and payment of additional premiums as may be determined by MIEC.

## 17. OPERATIONS

- a. MIEC is a reciprocal inter-insurance exchange. Medical Underwriters of California (MUC) functions as the "Attorney-in-Fact" for MIEC. By requesting insurance from MIEC, **you** vest MUC with authority to issue this **policy** on your behalf, and to otherwise exercise the duties and responsibilities of an "Attorney-in-Fact" for MIEC.
- b. The Board of Governors of MIEC shall have full power and authority to establish rules and regulations for the management and conduct of MIEC, and for the election of members of the Board. The Board of Governors of MIEC, in its sole discretion, may authorize the distribution of policyholders' savings, and adopt rules, regulations, or schedules for that purpose.
- c. To enforce any **claims** or rights arising under this **policy**, MIEC shall be sued or sue in its own name as in the case of an individual. Service of process in any such suit against MIEC shall be upon MUC.

## 18. INSPECTION AND AUDIT

MIEC shall be permitted to inspect your **professional premises**, property, and operations at any time. Neither MIEC's right to make such inspections nor the making thereof, nor any report thereon shall constitute an undertaking by MIEC on behalf of **you** or others to determine or warrant that such property or operations are safe. MIEC may request and undertake a reasonable examination and audit your books and records insofar as they relate to the subject matter of this insurance.

## 19. ACTION AGAINST COMPANY

No action shall lie against MIEC by **you** or your agent or representative, or any other person acting by or through **you**, unless as a condition precedent thereto, there shall have been full compliance with all the terms of this **policy**, nor until the amount of your obligation to pay sums to a claimant or litigant shall have been fully and finally determined either by judgment or award against **you** or by written agreement by **you**, claimant, and MIEC. No person or organization shall have any right under this **policy** to join MIEC as a party to any action against **you** to determine your liability, nor shall MIEC be impleaded by **you** or your legal representative; provided, however, that whenever judgment is secured against **you** in an action based upon **bodily injury**, death, or **property damage**, an action may be brought against MIEC

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on the **policy** and subject to its terms and limitations, by such judgment creditor to recover on the judgment.

## 20. **BANKRUPTCY OF INSURED**

Your insolvency or bankruptcy will not release MIEC from the payment of damages or injury sustained or loss occasioned during the term of said **policy**.

## 21. **PLACE OF PRACTICE AND TELEMEDICINE**

a. You agree that insurance coverage under this **policy** is available only if you maintain your principal place of practice in the location identified by you in written notification to MIEC within 30 days after establishing your principal place of practice, and that relocation by you to another principal place of practice without notification to and agreement by MIEC as evidenced by MIEC's issuance of a **policy declaration** or **endorsement** shall constitute an automatic termination of insurance coverage under this **policy**.

b. You agree that insurance coverage under this **policy** is available only for acts, or the alleged failure to act, occurring or undertaken within the state wherein your place of practice identified in a **policy declaration** or **endorsement** is located, except for (1) services rendered in an emergency, without compensation or other consideration, and an irregular or infrequent basis, or (2) services rendered incidental to your participation in a formal program of continuing medical education.

c. You agree that insurance coverage under this **policy** is available for acts, or the alleged failure to act, which constitute the practice of **telemedicine** according to the laws of any jurisdiction wherein such act or failure to act (or failure to act) is alleged to have occurred, only if you are duly licensed or permitted under such laws to engage in the practice of **telemedicine** in such jurisdiction, you and have previously notified MIEC in writing of your intention to engage in **telemedicine** in such jurisdiction, and MIEC has agreed to provide coverage for such activities.

## 22. **NON-ASSESSABILITY**

This **policy** is not assessable.

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## DEFINITIONS

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"You" identifies an individual insured under this **policy** who is identified as a "Named Insured" or an "Additional Insured" in a **policy declaration** or an **endorsement**. The term "you" also describes a **solo professional corporation** if identified as a "Named Insured" or an "Additional Insured" in a **policy declaration** or **endorsement**. The term "you" also describes your non-physician employees who are not required to be licensed or certified to provide any services for which they are employed, as well as nurses or medical assistants, but only with respect to health care services they perform within the authorized scope of their employment by you. However, the term "you" shall not apply to persons or entities who have not been specifically identified by name in a **policy declaration** or **endorsement** if practicing or licensed in any of the following categories: dentists (including oral surgeons), podiatrists, psychologists, counselors, social workers, nurse practitioners, nurse anesthetists, nurse midwives, perfusionists, physicians assistants, scrub nurses, surgical assistants, technical or therapists who are required to be licensed or certified, optometrists, chiropractors, or acupuncturists, or in any other position requiring licensure or certification.

The following terms, whenever they are used in this **policy**, will be defined as follows:

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- **Bodily Injury** - Physical injury, including death, physical sickness, or physical disease.
- **Claim** - A demand, accident, or incident which is covered by this **policy**, including any resulting lawsuit, arbitration proceeding, or other legal or administrative proceeding.
- **Declaration or Endorsement** - A written document labeled as a **declaration** or as an **endorsement** issued by MIEC to you, applicable to this **policy**. A **policy declaration** or **endorsement** is a part of this **policy**.
- **Health Practitioner** - An individual required to be licensed by the State where the practitioner's **professional premises** are located, who is licensed and practicing within the scope of such licensure in the provision of health care services, or an individual required by such State to be certified in order to render the health care services being provided.
- **Policy** - The written insurance agreement herein issued to you upon application and approval by MIEC, and all **policy declarations** and **endorsements** which apply to you.
- **Policy Period** - This **policy** does not apply to you until a **policy declaration** is issued by MIEC, describing the specific period of time this **policy** shall be in effect. That period of time is a **policy period**, and commences at 12:01 a.m. on the effective date in the **policy declaration**. The **policy period** continues until 12:01 of the day on which your **policy** expires, is terminated, or is canceled, whichever occurs first. A new **policy period** may be specified in a "renewal **declaration**." A **policy period** may be shorter or longer than a "policy year," which is the twelve-month period from February 1 until February 1 of the following year.

- **Professional Premises** - Your **professional premises** are the premises designated in a **policy declaration** issued to you by MIEC. If you acquire ownership or control of other premises for the practice of your profession, through purchase, lease, or other agreement, and notify MIEC in writing of your acquisition of such premises within 30 days thereafter, coverage for such premises will be provided until MIEC has issued a **declaration** or **endorsement** providing for continued coverage, or providing written notification that coverage will not be afforded.
- **Property Damage** - Injury to or destruction of tangible personal or real property.
- **Retroactive Date** - The **retroactive date** is that date before which any act, omission, event, accident, or incident resulting in a **claim** will not be covered under this **policy** as specified by MIEC in a **declaration** or **endorsement** issued to you.
- **Solo Professional Corporation** - A professional corporation with only a single shareholder who is engaged in the delivery of health care services.
- **Telemedicine** - Providing a health care service, including examination, diagnosis, treatment, consultation, transfer of medical data, and education, using interactive audio, video, or data communications. ("Interactive" means audio, video, or data communication by way of real time (synchronous) or near real time (asynchronous) two-way transfer of medical data and information.)

IN WITNESS WHEREOF, MIEC has caused this document to be executed and attested, but this **policy** shall not be valid unless countersigned on a **policy declaration** or reporting **endorsement** by a duly authorized representative of MIEC.

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

President \_\_\_\_\_

**SPECIMEN**

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## ENDORSEMENTS

### P01 (12) PRIOR ACTS DISCOVERY ENDORSEMENT

The insurance coverage described in this policy will apply to a claim arising before the original effective date which would otherwise constitute the retroactive date, so long as such claim arises out of events which occur after the retroactive date specified in this endorsement or in a declaration applicable to this policy. This specification of an earlier retroactive date does not relieve you of your obligation to comply with all other terms and conditions of this policy, and does not amend the limits of liability. However, paragraph 9, "OTHER INSURANCE" of the GENERAL CONDITIONS of this policy shall not apply when coverage is afforded under this endorsement, and the following condition shall instead apply:

If you have other insurance for acts, omissions, incidents, or accidents which might otherwise fall within the coverage of this endorsement, or any other source for indemnification or reimbursement for damages, settlement, defense or legal fees, costs, or expenses as a result of such matters, insurance under this endorsement is null and void and shall not apply.

Coverage under this endorsement is provided under your express representation and warranty that you know of no claims, civil lawsuits, arbitrations, legal or administrative proceedings, events, incidents, or accidents which may be subject to the coverage provided under this endorsement, other than those matters disclosed and described in writing to MIEC in the application for coverage. You agree that this endorsement and any coverage which would arise under it shall be automatically rescinded and null and void in the event of any fraud, material misrepresentation, or omission of relevant information which is known or which should have been known to you, through the reasonable exercise of diligence.

### E11 (12) ACUPUNCTURE RESTRICTIVE ENDORSEMENT

You agree that neither defense nor indemnity coverage is available under this policy for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or occurrences resulting from:

1. Acts or omissions not authorized by your acupuncturist's license within the State of California.
2. Use of direct moxibustion.
3. Acupuncture used as anesthesia for the purpose of performing surgical procedures.
4. Use of non-disposable needles.
5. Acupuncture administered during labor and delivery.

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**R01 (12) RETIRED PRACTITIONER COVERAGE LIMITATION/WARRANTY**

You represent and warrant that you have retired from your professional practice and will not engage in such practice for compensation or consideration. Based upon such representation and warranty, neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings which arise from and relate to alleged damage or injury resulting from the delivery, or alleged failure to deliver, health care services to patients for which compensation is paid or for which there is consideration for such services.

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**R02 (12) PART-TIME PRACTICE LIMITATION (less than 10 hours per week)**

You represent and warrant to MIEC that you are engaged in the practice for which coverage is provided under this **policy** for an average of less than 10 hours per week.

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You understand and agree that the basis upon which the lower premium is granted by MIEC is your reduced weekly practice hours, and agree that you will notify MIEC in writing within fifteen days of any increase in the weekly hours of practice beyond the limitation stated in the above paragraph.

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**R03 (12) PART-TIME PRACTICE LIMITATION (less than 20 hours per week)**

You represent and warrant to MIEC that you are engaged in the practice for which coverage is provided under this **policy** for an average of less than 20 hours per week.

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You understand and agree that the basis upon which the lower premium is granted by MIEC is your reduced weekly practice hours, and agree that you will notify MIEC in writing within fifteen days of any increase in the weekly hours of practice beyond the limitation stated in the above paragraph.

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**D01 (12) \$500 INDEMNITY DEDUCTIBLE**

It is agreed that MIEC shall have no obligation to pay the deductible amounts specified below as damages on your behalf on account of any **claim**, civil lawsuit, or arbitration proceeding brought against you for which coverage is afforded under Part I of the **policy**.

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As to any **claim**, civil lawsuit, or arbitration award brought against you, the deductible amount shall be \$500 which shall constitute the entire deductible amount regardless of the number of claimants or persons or entities insured under this **policy**.

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This deductible provision shall not operate to increase the limits of liability applicable to the **policy**, and the deductible amount shall be included in the calculation of payments made in determining MIEC's limits of liability.

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**INDIVIDUAL HEALTH PRACTITIONER  
(AND SOLO PROFESSIONAL CORPORATION)  
POLICY ENDORSEMENT**

**DATAGUARD INSURANCE  
(Claims-Made Basis)**

**NOTICE**

This **endorsement** applies to and forms a part of the **policy** issued by Medical Insurance Exchange of California ("MIEC") to which this **endorsement** is attached.

Except as otherwise noted herein, this is Claims-Made and Reported Coverage. Various provisions in this **endorsement** restrict coverage. Read the entire **endorsement** carefully to determine your rights and duties and what is and is not covered. All other terms, conditions and exclusions of the **policy** to which this **endorsement** attaches remain unchanged and apply in full force and effect to this **endorsement**, unless this **endorsement** states otherwise.

The limits of liability for the coverage provided under this **endorsement** are specified in Section III of this **endorsement**. **Defense costs** are paid within such limits of liability.

**SECTION I - COVERAGE AGREEMENTS**

In consideration of the premium charged and subject to all terms, conditions, definitions, exclusions and other provisions of this **endorsement** and the **policy** to which it attaches, MIEC agrees as follows:

- A. **DATAGUARD Network Security and Privacy Coverage:** Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay **damages** which you become legally obligated to pay, and related **defense costs**, as a result of a **claim** for any actual or alleged **network security wrongful act** or **privacy wrongful act**, provided that:
- a. Such **claim** is first made against **you** during the **policy period**;
  - b. You report such **claim** in writing to MIEC during the **policy period**; and
  - c. The **network security wrongful act** or **privacy wrongful act** occurs on or after the **retroactive date**.
- B. **Regulatory Fines and Penalties Coverage:** Notwithstanding Exclusion "17" in the **policy** to which this **endorsement** attaches and subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay **regulatory fines and penalties** which you become legally obligated to pay as a result of a **claim** for any actual or alleged **privacy wrongful act**, provided that:
- a. Such **claim** is first made against **you** during the **policy period**;
  - b. You report such **claim** in writing to MIEC during the **policy period**; and
  - c. The **privacy wrongful act** occurs on or after the **retroactive date**.
- C. **Patient Notification and Credit Monitoring Costs Coverage:** Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay reasonable **patient**

**notification and credit monitoring costs** which **you** incur as a result of a **claim** for an actual or potential **privacy wrongful act**, provided that:

- a. Such **claim** is first made and reported in writing to MIEC during the **policy period**; and
- b. The **privacy wrongful act** occurs on or after the **retroactive date**.

D. **Data Recovery Costs Coverage**: Subject to the limits of liability and deductible specified in Section III of this **endorsement**, MIEC will pay reasonable **data recovery costs** which **you** incur as a result of a **claim** for a **data interference act**, provided that:

- a. Such **claim** is first made and reported in writing to MIEC during the **policy period**; and
- b. The **data interference act** occurs on or after the **retroactive date**.

## **SECTION II - ADDITIONAL EXCLUSIONS**

No coverage is provided under this **endorsement** for any **claim** based upon, arising out of, related to, directly or indirectly resulting from, in consequence of, or in any way involving:

- A. Any **network security wrongful act**, **privacy wrongful act** or **data interference act** or any fact, circumstance, or situation:
  - 1. Which was the subject of written notice to any insurer given under any other policy of insurance prior to the effective date of this **endorsement**;
  - 2. Which was the subject of any written demand for monetary damages, any administrative or arbitration proceeding, or any litigation commenced or made against **you** prior to the effective date of this **endorsement**, or the same or substantially the same fact, circumstance, or situation underlying or alleged in such prior matter;
  - 3. Which was identified in any summary or statement of claims or potential claims submitted in connection with your application for insurance for the **policy** to which this **endorsement** attaches;
  - 4. Which **you** had knowledge of prior to the effective date of this **endorsement** and which could reasonably be expected to give rise to a **claim**.
- B. The actual, alleged or threatened discharge, dispersal, release or escape of pollutants, or any direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, nuclear material or nuclear waste. For purposes of this exclusion, "pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including mold, smoke, vapor, soot, fumes, acids, alkalis, chemicals, odors, noise, lead, oil or oil products, radiation, asbestos or asbestos-containing products and waste, and any electric, magnetic or electromagnetic field of any frequency. "Waste" includes, but is not limited to, material to be recycled, reconditioned or reclaimed.
- C. The liability of others **you** assume under any contract or agreement, except to the extent **you** would have been liable in the absence of such contract or agreement;
- D. Any actual or alleged breach of contract, warranty or guarantee, except that with respect to allegations of breach of contract, this exclusion shall not apply to the extent **you** would have been liable in the absence of such contract;

- E. The gaining in fact of any profit, remuneration or financial advantage to which **you** were not legally entitled;
- F. Actual or alleged violations of the False Claims Act or any similar federal or state law, rule or regulation concerning billing errors or fraudulent billing practices or abuse;
- G. Any actual or alleged infringement of any patent or trade secret;
- H. Any actual or alleged price fixing, restraint of trade or a violation of any securities or anti-trust laws;
- I. Any employment or employment-related matters;
- J. Any actual or alleged **Bodily Injury or Property Damage**;
- K. Any actual or alleged harassment or discrimination, including, but not limited to, harassment or discrimination because of, or relating to, race, creed, color, age, sex, sexual orientation or preference, national origin, religion, handicap, disability, political affiliation, marital status or any other basis prohibited by federal, state or local law;
- L. Any actual or alleged electrical failure, including electrical power interruption, surge, brownout or blackout;
- M. Any actual or alleged malfunction or defect of any hardware, equipment or component;
- N. Any actual or alleged violation of any of United States of America's economic or trade sanctions, including but not limited to, sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC");
- O. Any actual or alleged medical malpractice or rendering of or failure to render professional services;
- P. Any loss of business income arising from the interruption, suspension or degradation of your computer network.
- Q. Any criminal proceeding; for purposes of this exclusion, "criminal proceeding" shall mean any governmental action for enforcement of criminal laws, including those offenses for which conviction could result in imprisonment and/or criminal fine.

### **SECTION III - LIMITS OF INSURANCE AND DEDUCTIBLE**

- A. With respect to the coverage provided under this **endorsement**, the limits of insurance and deductible are as follows:
  - 1. Network Security and Privacy Coverage: \$ 50,000 per **Claim**
  - 2. Regulatory Fines and Penalties Coverage: \$ 50,000 per **Claim**
  - 3. Patient Notification and Credit Monitoring Costs Coverage: \$ 50,000 per **Claim**

- 4. Data Recovery Costs Coverage: \$ 5,000 per **Claim**
- 5. Aggregate Limit: \$ 50,000
- 6. Deductible: \$ 1,000 per **Claim**

- B. The "Per **Claim**" limits specified in items 1-4 of Section III, paragraph A, above is the maximum amount MIEC will pay for each **claim** under each Coverage Agreement of this **endorsement**, including **defense costs** where applicable.
- C. The "Aggregate Limit" specified in item 5 of Section III, paragraph A, above is the maximum amount MIEC will pay in a **policy period** for all **claims** under all Coverage Agreements of this **endorsement** combined. The "Aggregate Limit" includes **defense costs** where applicable.
- D. If the "Aggregate Limit" specified in item 5 of Section III, paragraph A, above is exhausted by payment of **damages, defense costs, regulatory fines and penalties, patient notification and credit monitoring costs** or **data recovery costs**, or any combination thereof, then MIEC's obligations under this **endorsement** shall be deemed completely fulfilled and extinguished.
- E. All related **claims** shall be considered a single **claim** and only one Limit of Liability shall apply to such **claim**. Such **claim** shall be deemed to have been first made on the date the earliest of the related **claims** was first made and shall be deemed to have been first reported to MIEC on the date the earliest of the related **claims** was first reported to MIEC in writing. Appeals and any post-trial proceedings shall be considered to be part of the original **claim**. **Claims** will be deemed related if they are logically or causally connected by any common fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

#### SECTION IV - ADDITIONAL DEFINITIONS

With respect to the coverage provided by this **endorsement**, certain words are shown in boldface type and are defined as follows. Refer to the **policy** to which this **endorsement** attaches for terms which appear in boldface type in this **endorsement**, but are not defined below. If a term is defined below and in the policy to which this **endorsement** attaches, the definition below applies to this **endorsement**.

A. **Claim** means:

- 1. with respect to Coverage Agreement A (DATAGUARD Network Security & Privacy Coverage):
  - a. any written demand for monetary damages or other non-monetary relief made against **you**;
  - b. any civil proceeding or arbitration proceeding initiated against **you**, commenced by the service of a complaint or similar pleading or notification;
  - c. any written request to toll or waive a statute of limitations relating to a potential **claim** against **you**, including any appeal therefrom;
  - d. any **government investigation** commenced against **you** by letter notification, complaint or order of investigation.

A **claim** under Coverage Agreement A will be deemed to be first made or instituted when **you** receive notice of any of 1 (a) through 1 (d) above.

2. with respect to Coverage Agreement B (Regulatory Fines and Penalties Coverage), a **government investigation** commenced against **you** by letter notification, complaint or order of investigation. A **claim** under Coverage Agreement B will be deemed to be first made when it is first received by **you**.

3. with respect to Coverage Agreement C (Patient Notification & Credit Monitoring Costs Coverage):

a written report by **you** to MIEC of an actual or potential **privacy wrongful act**. A **claim** under Coverage Agreement C will be deemed to be first made when such written report is received by MIEC.

4. with respect to Coverage Agreement D (Data Recovery Costs Coverage):

a written report by **you** to MIEC of a **data interference act**, in accordance with the provisions of Condition A of this **endorsement**. A **claim** under Coverage Agreement D will be deemed to be first made when such written report is received by MIEC.

- B. **Damages** means the amount which **you** are legally obligated to pay as a result of a covered **claim** under Coverage Agreement A, including judgments and any prejudgment or post-judgment interest awarded against **you** on that part of any judgment paid or to be paid by MIEC; legal fees and costs awarded pursuant to such judgments; and settlements negotiated with MIEC's consent.

**Damages** does not include: (1) taxes; (2) any amount for which **you** are absolved from legal responsibility to make payment to a third party; (3) amounts owed under, or assumed by, any contract; (4) any return, withdrawal, restitution or reduction of professional fees, profits or other charges; (5) punitive or exemplary damages or the multiplied portion of multiplied damages; (6) criminal fines, sanctions or penalties; or (7) any matters that are deemed uninsurable under applicable law.

- C. **Data** means any and all information stored, recorded, appearing or present in or on your computer systems, including, but not limited to, information stored, recorded, appearing or present in or on the your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

- D. **Data interference act** means any act by a party other than **you** or your employees which occurs during the **policy period** and is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the **data** you maintain. **Data interference act** includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

- E. **Data recovery costs** means all reasonable and necessary sums **you** incur, with MIEC's prior written consent, to recover and/or replace **data** that is compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a **data interference act**,



including, but not limited to, the costs associated with the repair or replacement of any software that is compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a **data interference act**. **Data recovery costs** shall not include: 1) the costs of repairing or replacing any hardware, equipment or wiring; 2) wages, salaries or other compensation or income paid to **you** or your employees; or 3) costs of recovering or replacing **data** for any third party or any **data** that was not within your care, custody or control.

- F. **Defense costs** means reasonable and necessary legal fees, costs and expenses incurred in the investigation, defense and appeal of any covered **claim** under Coverage Agreement A. **Defense costs** shall not include any wages, salaries, or other compensation or income paid to **you** or your employees.
- G. **Government investigation** means an investigation conducted by any federal, state or local government agency or authority, the subject matter of which is a **privacy wrongful act** committed by **you** or your employee.
- H. **Network security wrongful act** means an actual or alleged act, error or omission committed by **you** or your employee, including an unauthorized act by your employee, which results in the unauthorized access or unauthorized use of your computer system, the consequences of which include, but are not limited to:
1. the failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
  2. the inability of an authorized third party to gain access to your services;
  3. the failure to prevent denial or disruption of Internet service to an authorized third party;
  4. the failure to prevent identity theft or credit/debit card fraud; or
  5. the inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.
- I. **Patient notification and credit monitoring costs** means all reasonable and necessary expenses **you** incur, with MIEC's prior written consent, in notifying third persons of any actual or potential **privacy wrongful act**, including, but not limited to: 1) legal expenses; 2) computer forensic and investigation fees; 3) public relations expenses; 4) postage expenses; 5) advertising expenses; and 6) the costs of credit monitoring services provided to affected individuals for up to a period of 12 months from the date of enrollment in such credit monitoring services.
- J. **Privacy wrongful act** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by your employee during the course and scope of his or her duties as such:
1. breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or

2. any breach or violation of U.S. federal, state or local statutes and regulations associated with the control and use of personally identifiable financial or medical information, including but not limited to:
  - a. the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA"), including Title II which requires protection of confidentiality and security of electronic protected health information, and the rules and regulations promulgated thereunder as they currently exist and as amended, including related state medical privacy laws as they currently exist and as amended;
  - b. Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder as they currently exist and as amended;
  - c. State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
  - d. Governmental privacy protection regulations or laws, as they currently exist now or in the future, which require commercial Internet sites or on-line services that collect personal information or medical information (as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse;
  - e. Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA); or
  - f. The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009.

K. **Regulatory fines and penalties** mean any administrative fines and penalties imposed against you as a result of a covered government investigation.

## SECTION V - ADDITIONAL CONDITIONS

In addition to the conditions set forth in the "General Conditions" section of your **policy**, the following conditions apply to this **endorsement**:

### A. DATA RECOVERY COSTS ADJUSTMENT

1. In the event that **data** belonging to **you** has been compromised, damaged, lost, erased, eradicated, altered, corrupted or tainted as a direct result of a **data interference act**, you shall, as soon as practicable following notification to MIEC, provide MIEC with a written statement detailing:
  - a. The harm or damage known to have resulted from the **data interference act**;
  - b. The circumstances under which **you** first discovered the **data interference act**;

- c. The proposed plan for remediation and/or recovery of said **data**, including the name and identity of the professional or consultant proposed for carrying out the remediation and/or recovery;
  - d. The proposed or estimated costs of the remediation and/or recovery; and
  - e. The proposed date and time for both commencing and completing such remediation and/or recovery.
2. No **data recovery costs** shall be incurred without MIEC's prior written consent, and MIEC shall not be responsible to pay on your behalf or reimburse **you** for any **data recovery costs** that were not so approved. Notwithstanding the foregoing, **you** may incur **data recovery costs** without MIEC's prior written approval, if the circumstances are such that there is no practical or reasonable opportunity to obtain MIEC's prior written consent and the exigencies then and there existing require immediate action to mitigate the potential for damage or harm to **you** or to third parties.

## **B. APPLICABILITY OF REPORTING ENDORSEMENT**

1. If a reporting **endorsement** providing an additional reporting period is issued to **you** in accordance with Condition "16" of the **policy** to which this **endorsement** attaches, then the period for reporting **claims** under this **endorsement** shall be automatically extended for a period of up to one (1) year immediately following the termination of the **policy** to which this **endorsement** attaches, but only for **claims** first made during the additional reporting period which arise out of actual or alleged **network security wrongful act(s)**, **privacy wrongful act(s)** or **data interference act(s)** that occur after the **retroactive date** and prior to the non-renewal or cancellation of the **policy**.
2. Cancellation or termination, for any reason, of the reporting **endorsement** automatically terminates the period for reporting **claims** under this **endorsement**.
3. All terms and conditions of this **endorsement** will continue to apply during any additional reporting period.
4. The existence of an additional reporting period will not increase or reinstate the Limits of Liability specified in Section III, paragraph A, of this **endorsement**.

## **C. NOTICE PROVISIONS**

### **1. NOTICE OF A CLAIM**

- a. Notwithstanding Condition "4" of the **policy** to which this **endorsement** attaches, **you** must give MIEC written notice of any **claim** covered under this **endorsement** during the **policy period** or during the additional reporting period, if applicable.
- b. **You** shall provide us with copies of all documentation comprising the **claim** as well as all authorization, cooperation, or assistance as MIEC may require. With respect to Coverage Agreement D, **you** shall also comply with the provisions of Condition A of this **endorsement** as a further condition of coverage.
- c. MIEC will not be obligated to pay any **damages, defense costs, regulatory fines and penalties, patient notification and credit monitoring costs** and/or **data recovery**

**costs** (except as provided in Condition A of this **endorsement**) incurred prior to notification of a **claim** to MIEC.

## 2. NOTICE OF A POTENTIAL CLAIM

If, during the **policy period**, **you** first become aware of any facts or circumstances which could give rise to a **claim** covered under this **endorsement**, and if **you** provide MIEC with written notice during the **policy period** of.

- a. Details regarding such facts or circumstances;
- b. The nature of the alleged or potential damages;
- c. The identity of the potential claimants involved;
- d. The manner in which **you** first became aware of the facts or circumstances; and
- e. The consequences which have resulted or may result,

then any **claim** subsequently arising out of such facts or circumstances will be deemed first made on the date such notice was given to MIEC.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.**

**Form 8.HP 2012**

## **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA (MIEC)**

Home Office

6250 Claremont Avenue  
Oakland, California 94618-1324

### **INDIVIDUAL HEALTH PRACTITIONER (AND SOLO PROFESSIONAL CORPORATION) POLICY**

#### **NOTICE**

#### **THIS IS A "CLAIMS-MADE" POLICY**

Except to such extent as otherwise provided herein, coverage under this **policy** is provided on a "claims-made" basis, that is, insurance is limited to matters described in this **policy** which:

1. arise out of events described in the **policy** occurring on or after the **retroactive date** in the applicable **policy declaration** issued to **you**, and
2. are first reported by **you** to MIEC either prior to termination of this **policy** or within any **policy period** or additional reporting **period** applicable to **you**.

Please review this **policy** carefully and discuss the coverage with your attorney, insurance advisor, or risk management consultant.

#### **NOTICE**

**IN THE EVENT YOU ARE INVOLVED IN AN ACCIDENT OR INCIDENT WHICH MAY GIVE RISE TO A CLAIM, LAWSUIT, OR LEGAL OR ADMINISTRATIVE PROCEEDING, CONTACT THE MIEC CLAIMS DEPARTMENT IMMEDIATELY AT (510) 428-9411 OR CALL TOLL-FREE, (800) 227-4527.**

**INDIVIDUAL HEALTH PRACTITIONER  
(AND SOLO PROFESSIONAL CORPORATION) POLICY**

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## NOTICE

Except to such extent as may otherwise be provided herein, the coverage of this **policy** is limited generally to liability for only those **claims** that are first made against **you** while the **policy** is in force. Please review the **policy** carefully and discuss the coverage thereunder with your attorney, insurance advisor, or risk management consultant.

### CLAIMS-MADE AND REPORTED INSURANCE POLICY

Medical Insurance Exchange of California ("MIEC") provides the insurance described in this insurance **policy**. The term "**you**" is used to describe the insured person or entity, who is either named in a **policy declaration** or **endorsement** or is an individual described specifically in this **policy**. Terms which appear in boldface are defined in the "Definitions" section, page 18.

Insurance provided by this **policy** is on a "claims-made" basis. Coverage is available only for **claims** or suits arising out of events which occur after the "**retroactive date**" specified in a **policy declaration** or an **endorsement** which applies to this **policy**, and only if **you** report the **claim** or suit to MIEC while your **policy** is in effect. Your **policy** will be in effect from 12:01 a.m. on the effective date until 12:01 a.m. of the day on which your **policy** expires or is terminated by **you** or MIEC.

This **policy** may describe coverage which is not included in your insurance. The **policy declaration** or **endorsements** applicable to this **policy** will specify the effective date and identify the specific coverage which your **policy** includes. The limits of liability for each coverage are specified either in the **policy declarations** or an **endorsement**, or in the **policy** itself.

## **PART I**

### **COVERAGE FOR HEALTH CARE SERVICES TO PATIENTS AND AS A CONSULTANT**

1. Subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC will pay reasonable legal expenses and costs to defend each **claim** seeking damages, brought against **you** and alleging damage or injury resulting either from the delivery, or alleged failure to deliver, health care services to patients, or because **you** have acted as an independent examiner or provided professional advice or consultation regarding the health or condition of a person who is not a patient. Subject to the limits of liability specified in the **policy declarations** in effect when the **claim** is first reported to MIEC, MIEC will pay damages which **you** become legally obligated to pay in such a matter. In such matters, MIEC will also pay the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.
2. MIEC's obligation to defend **you** or to pay reasonable legal expenses and costs of defense shall terminate upon the exhaustion of the specified limits of liability by the payment of damages on your behalf. MIEC's obligation to make any other payment on your behalf is subject to the specified limits of liability on either a per claim or annual aggregate basis.

## **PART II.A**

### **COVERAGE FOR PEER REVIEW LIABILITIES**

Subject to the exclusions, limitations and other terms and conditions of this policy, and only if no other person or entity is obligated to defend **you** or to make any payment on your behalf, MIEC will pay reasonable expenses and costs to defend **you** against each **claim** and to pay on your behalf such sums as **you** may become legally obligated to pay as damages, for your conduct as a member, officer, witness, or consultant engaged in the conduct of peer review for a professional review body, as defined by the Federal Health Care Quality Improvement Act. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration or hearing at MIEC's request, in the matters described above.

## PART II.B

### DEFENSE COVERAGE FOR SPECIFIED PRACTICE RISKS

1. Subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC will pay reasonable expenses and costs to a maximum of \$25,000 for combined expenses and costs to defend **you** against investigations, civil lawsuits, or administrative proceedings in a matter arising from your professional practice first initiated after the effective date:
  - a. By a state agency licensing **you** to engage in your professional practice.
  - b. By the Office of the Inspector General of the Department of Health and Human Services, by the United States Department of Justice, or by a state agency when taking action which may result in the termination of your right to provide services under any governmentally-funded program for the provision of health care services.
  - c. By the Department of Health and Human Services when investigating or asserting a claim that **you** have violated the Privacy Rule adopted by DHHS to implement requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").
  - d. By any specialty medical society of which **you** are a member.

The \$25,000 coverage limit applies to an investigation and any resulting administrative proceedings or civil lawsuits and all related or consequential proceedings, regardless of when concluded.

2. Subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC will pay reasonable expenses and costs, to a maximum of \$25,000 for such combined expenses and costs, to defend **you** against one or more **claims** alleging unlawful discrimination or harassment, assault, battery, or malicious prosecution, in a matter arising from your professional practice, if no coverage is afforded under Part I, and so long as such **claim** is not brought by or on behalf of any employee of yours.
3. MIEC's obligation to pay reasonable expenses and costs is subject to MIEC's prior approval of the selection of counsel providing services for which reimbursement is sought.

#### **Additional Exclusion Applicable to Part II.B**

No coverage is provided to defend any investigation, lawsuit, or proceeding conducted solely to determine your entitlement to any fee or charge, whether paid or unpaid, if no effort is made to impose any sanction or penalty upon you. No coverage is provided under this Part for the defense of criminal prosecutions, or for the payment of fines, recoupments, civil penalties, damages, or other obligations imposed by law.

### PART III

**COVERAGE DESCRIBED IN THIS PART IS OPTIONAL COVERAGE. WHEN PROVIDED, IT DOES NOT CONSTITUTE COMPREHENSIVE GENERAL, BUSINESS OR AUTOMOBILE LIABILITY COVERAGE.**

#### **LIMITED COVERAGE FOR PROFESSIONAL PREMISES AND NON-OWNED AUTOMOBILE LIABILITY**

If this coverage is added by **declaration** or **endorsement**, and subject to the exclusions, limitations, and other terms and conditions of this **policy**, MIEC will pay reasonable legal expenses and costs to defend each **claim** brought against **you**, and will pay on your behalf such sums as **you** may become legally obligated to pay as damages:

1. As a result of **bodily injury** or **property damage** to a person other than **you**, your employees, agents, or representatives, caused by an accident or injurious exposure to physical conditions at or on your **professional premises**, arising from your negligence, if no coverage is provided under Part I.
2. As a result of **property damage** to interior structures occupied by **you** as **professional premises**, so long as the **property damage** is incurred by persons other than **you** or your employees, agents, or representatives, and is caused by accidental fire or water damage, or as a result of negligence by **you**, or your employees, agents, or representatives.
3. As a result of **bodily injury** or **property damage** incurred by any person other than **you**, your agents, employees, or representatives, from an accident arising out of the use (including loading or unloading) of a vehicle neither **you** nor your spouse own, lease or rent, when such use is by an employee, agent, or representative in the usual and ordinary course in furtherance of your professional practice, if no coverage is afforded under Part I.
4. Notwithstanding Exclusion "9" in this **policy**, coverage under this Part extends to your obligation to hold harmless or indemnify, arising under your lease of **professional premises** or equipment used in your professional practice.

Coverage under this PART III is subject to limits for **bodily injury** and for **property damage** as specified in your declaration. Such limits include the costs and prejudgment interest imposed upon **you** by law, post-judgment interest on a judgment against **you** up to the time MIEC makes payment, subject to limits of liability, and premiums on appeal bonds, for bond values up to MIEC's limits of liability. MIEC will also pay **you** \$800 per half-day to attend any trial, arbitration, or hearing at MIEC's request, in the matters described above.

## PART IV

### OPTIONAL DEFENSE COVERAGE FOR MISCELLANEOUS BUSINESS LIABILITY

If this coverage is added by **declaration** or **endorsement**, MIEC agrees to pay 90% of the reasonable legal expenses and costs incurred to defend **you** against each civil lawsuit, arbitration, or administrative proceeding which:

1. Alleges wrongful acts or omissions not covered under Part II.A, by you as an officer, member, or consultant of a national, state, or local medical or specialty medical society, or as an officer or committee or department member of a state licensed health care facility or clinic, or of the medical staff of such facility or clinic, arising from customary and authorized activities when acting in that capacity.
2. Alleges employment discrimination against your employee who provided services to your professional practice.
3. Alleges wrongful termination by **you** of an employee who provided services in your professional practice.
4. Alleges violation of a federal, state, or local statute or ordinance providing employment protection or benefits to any employee in your professional practice.
5. Alleges breach of contract or agreement or other misconduct in the nature of a commercial or fee dispute arising from and involving your professional practice, which is not brought by or on behalf of a present or former partner, officer, shareholder, or other person sharing ownership or control of your professional practice.
6. Alleges fraud, assault, battery, false arrest or personal restraint, malicious prosecution, or defamation arising from your professional practice, for which no coverage is afforded under Part I.

The defense coverage provided under this Part shall apply only if **you** agree to be represented in the civil lawsuit, arbitration, or administrative proceeding by legal counsel appointed or approved by MIEC within its sole discretion. Such defense fees and costs are limited to the sum of \$100,000 per **claim**, to an aggregate limit specified in a **policy declaration** or **endorsement** applicable to all matters first reported to MIEC within the same **policy** year.

## EXCLUSIONS

There is no coverage under any Part of this **policy** for sums **you** may become legally obligated to pay as damages or as interest or for any other expenses, or for defense expenses or costs, or for any other reason, for a **claim**, civil lawsuit, arbitration, legal or administrative proceeding, incident, accident, or event:

1. If not reported by **you** to MIEC during the **policy period**.
2. If liability is sought or imposed in whole or in part for damage or injury resulting from or incidental to the delivery of, or your agreement to deliver, health care services which are outside the scope of your licensure.
3. If liability is sought or imposed on **you** resulting from the practice of obstetrics by **you**. "Obstetrics" means the care and treatment of pregnancy or participation in delivery by any means.
4. If liability is sought or imposed upon **you** because of your status as a partner, representative, associate, or joint venturer with any person or entity, or as a result of your status as a member, shareholder, officer, director, trustee, agent, or representative of a corporation (other than an insured **solo professional corporation**) or unincorporated association.
5. If liability is sought or imposed upon **you** as a result of participation by **you**, your employees, agents, or representatives, in the manufacture, assembly, sale, trade, or distribution of any goods, materials, products, or devices.
6. If liability is sought or imposed upon **you** for acts or omissions of health practitioners, professional corporations, or persons associated with or employed by **you** other than persons not required to be licensed or certified to perform any duties for which they are employed, unless **you** have given written notice of such employment or association to MIEC within 30 days after such employment or association commences, and MIEC has issued a **declaration** or **endorsement** identifying those persons under the heading of "Employed/Contracted **Health Practitioners**" or "Employees Other Than **Health Practitioners**."
7. If liability is sought or imposed upon **you** (1) as a result of acts or omissions while your authority to practice your profession is revoked or under suspension, or (2) as a result of your performance of procedures **you** are not authorized to perform due to restrictions on your license to practice.
8. If liability is sought or imposed upon **you** as a result of your activity as an owner, shareholder, partner, investor, joint venturer, officer, director, administrator, or manager of a hospital, clinic, ambulatory care center, sanitarium, skilled nursing facility, surgery center, convalescent hospital or home, hospice, laboratory, free-standing treatment facility, health maintenance organization, health care service plan, preferred provider organization, or any similar health care entity or delivery system, health care supply or support organization, or any other business organization or operation, whether or not medically related, which is not identified as a "Named Insured" or an "Additional Insured" in a **declaration** or

**endorsement.** This exclusion expressly includes any activity described in any written service agreement between **you** and any of the organizations described in the preceding sentence, whether **you** are performing the activity pursuant to such written agreement or in any other capacity. This exclusion shall not apply to the extent your liability arises out of your personal delivery of health care services to patients or as a consultant covered under Part I, or to other activities for which coverage is provided under this **policy**, in the event of your personal and direct participation in the events for which damages or liability is sought or imposed.

9. If liability is sought or imposed because of your written or oral agreement to hold harmless, indemnify, or otherwise assume another's obligation or liability, if liability or the amount of damages sought or imposed upon **you** is greater than that which would exist in the absence of such an agreement.
10. If liability is imposed, or sought to be imposed, as a result of intentional, willful, criminal, or fraudulent acts.
11. If liability is sought or imposed as a result of advertising, broadcasting, or telecasting activities.
12. If liability is sought or imposed for your acts or omissions while your principal place of practice is other than that identified by **you** by your prior notification to MIEC.
13. If liability is sought or imposed for injury, damage, sickness, disease, or death of any of your employees, agents, or representatives, arising out of and in the course of such person's employment by **you**, or under any workers' compensation, unemployment compensation, disability benefits, or similar law relating to employee benefits, welfare, or entitlements.
14. If liability is sought or imposed for **property damage** to property owned, leased, or rented, in whole or in part, by **you**, or entrusted to the care, custody, and control of **you**, or your employees, agents, or representatives.
15. Except for the payment of reasonable expenses and costs for defense only, there is no coverage of any kind if damages or liability is sought or imposed in whole or in part for damage or injury arising from or incidental to sexual relations, sexual abuse, sexual contact, sexual intimacy, sexual battery, or sexual exploitation of or with any person, regardless of whether such conduct arises from the delivery of or failure to deliver health care services, or abandonment of or failure to properly refer such person for treatment.
16. Regardless of when any **claim**, loss, arbitration, or proceeding is reported to MIEC, no insurance coverage is afforded to **you** for acts, omissions, events, accidents, or incidents which occur prior to the **retroactive date**.
17. There is no coverage under this **policy** for payment of exemplary or punitive damages, civil fines, or assessments.



18. Except for coverage provided under Parts II.A and II.B of this **policy**, there is no coverage of any kind for conduct which is alleged to be anticompetitive in nature or effect, part of a boycott or other form of combination or conspiracy in restraint of trade, or otherwise in violation of anti-trust or unfair business practice laws or regulations.
19. There is no coverage of any kind for any **bodily injury or property damage**:
- With respect to which insurance is or can be available to **you** under a nuclear energy liability **policy**.
  - Which results from the hazardous properties of nuclear material for which financial protection would be required under the Atomic Energy Act of 1954 (as amended) or for which **you** would be entitled to indemnity from the United States of America pursuant to the Atomic Energy Act of 1954 (as amended).
20. If any individual or professional corporation identified under this **policy** as an "Additional Insured" or "Employed/Contracted **Health Practitioner**" is also covered under a separate MIEC **policy**, any exclusions of coverage under such separate MIEC **policy** shall automatically apply to this **policy**, and no coverage shall be available when liability is imposed, or sought to be imposed, upon such individual or professional corporation based upon acts or omissions excluded under this **policy** or such separate MIEC **policy**.
21. If liability is sought or imposed upon **you** as a result of acts or omissions in connection with a drug or device study or a clinical trial, unless the study or clinical trial is performed under the independent oversight of an Independent Review Board, the Food and Drug Administration, or other similar body.
22. Except as may be provided in an **endorsement** to this **policy**, there is no coverage under this **policy** for:
- a. Regulatory fines or penalties **you** become legally obligated to pay as a result of a **claim** for an actual or alleged **privacy wrongful act, network security wrongful act, or data interference act**;
  - b. Patient notification and credit monitoring costs **you** incur as a result of a **claim** for an actual, alleged, or potential **privacy wrongful act, network security wrongful act, or data interference act**;
  - c. Data recovery costs **you** incur as a result of a **claim** for a **privacy wrongful act or a data interference act**.
  - d. For purposes of this exclusion, the following definitions apply:
    - (1) **Data interference act** means any act by a party other than **you** or your agents or employees which is carried out without your consent or knowledge, whether intentional, malicious, reckless or negligent, which act causes harm or damage to the **data** you maintain. **Data**

**interference act** includes, but is not limited to, the interference with, or intrusion or incursion into, any of your computer systems, electronic communication systems, devices and telephony, including, but not limited to, your electronic and computer databases, the Internet, intranet, extranet and related websites, facsimiles and electronic mail.

- (2) **Network security wrongful act** means an actual or alleged act, error or omission committed by **you** or your agent or employee, including an unauthorized act by your agent or employee, which results in the unauthorized access to or unauthorized use of your computer system, the consequences of which include, but are not limited to:
- (a) The failure to prevent unauthorized access to, use of, or tampering with a third party's computer systems;
  - (b) The inability of an authorized third party to gain access to your services;
  - (c) The failure to prevent denial or disruption of Internet service to an authorized third party;
  - (d) The failure to prevent identity theft or credit/debit card fraud; or
  - (e) The inadvertent transmission of harmful or corrupt software code, including, but not limited to, computer viruses, Trojan horses, worms, logic bombs, spyware or spiderware.
- (3) **Privacy wrongful act** means any of the below, whether actual or alleged, but only if committed or allegedly committed by **you** or by your employee during the course and scope of his or her duties as such:
- (a) Breach of confidence, invasion, infringement, interference or violation of any rights to privacy including, but not limited to, breach of your privacy policy or privacy statement, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, failure to properly handle, manage, store, destroy or otherwise control a person's private information in any format, intrusion or misappropriation of a person's name or likeness for commercial gain; or
  - (b) Any breach or violation of U.S. federal, state or local statutes or regulations associated with the control and use of personally identifiable financial or medical information, as they may be amended from time to time, including but not limited to:

- (i) The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA");
- (ii) Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
- (iii) State Attorneys General and Federal Trade Commission enforcement actions regarding the security and privacy of consumer information;
- (iv) Governmental privacy protection laws or regulations that require commercial Internet sites or on-line services that collect personal information or medical information (as defined by such laws or acts) to post privacy policies and adopt specific privacy controls or to notify those impacted by identity or data theft, abuse or misuse;
- (v) Federal and state consumer credit reporting laws, such as the federal Fair Credit Reporting Act (FCRA); or
- (vi) The Health Information Technology for Economic and Clinical Health Act ("HITECH"), Title XIII of the American Recovery and Reinvestment Act ("ARRA") of 2009.

## GENERAL CONDITIONS

These general conditions describe and limit the amount and availability of insurance provided under this **policy**, except in those instances where the **policy** itself makes different provisions applicable to specified coverage. In order for insurance described in this **policy** to apply to **you**, **you** must comply with each of the conditions described below. MIEC will not be obligated to provide coverage if **you** fail to comply with any condition.

### 1. LIMITS OF LIABILITY

- a. The amount of insurance coverage available for indemnity payments for covered **claims** shall be as described in a **declaration** or **endorsement**, or in Part III(3) of this **policy**.
- b. Limits of liability specified in a **declaration** or **endorsement** of this **policy** apply for all covered **claims** under this **policy**, and shall not be multiplied or expanded regardless of the number of insureds or persons entitled to insurance coverage under this **policy**.
- c. The amount of insurance available from MIEC for covered **claims** arising from a single act, omission, or event, or from related acts, omissions, or events, shall be limited to the sum described in a **declaration** or **endorsement** under the heading of "Per **Claim**" limit, and this amount shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.
- d. For covered **claims** which arise from different or unrelated acts, omissions, or events which are first reported to MIEC within the same **policy** year, the insurance available from MIEC shall be limited to the total sum described in the **declaration** or **endorsement** under the heading of "Aggregate" limit, and shall not be multiplied or expanded, regardless of the number of injuries, claimants, or litigants, or the number of **claims**, lawsuits, arbitrations, or legal or administrative proceedings which result.
- e. The "Per **Claim**" and "Aggregate" limits of liability under this **policy** are not cumulative, even if related acts, omissions, accidents, incidents, or events span more than one **policy** year.
- f. The limits of liability which apply when **you** make a **claim** for coverage under this **policy** are those applicable during the **policy** year in which the **claim** is first reported to MIEC and those limits shall not be available in any greater sums regardless of subsequent reports.
- g. The limits of liability may vary among the various coverages ("Parts") afforded **you** under the **policy** as described in a **declaration** or **endorsement**. In no event shall the limits of liability be cumulative if liability for covered **claims** may arise under several Parts of this **policy**.

## 2. APPLICABILITY OF PARTS OF POLICY

Insurance coverage under each Part of the coverage provisions of this **policy** shall apply to **you** only if and to the extent that each such Part is expressly agreed to be applicable to **you** in a **declaration** or **endorsement** issued to **you** by MIEC. No **claim** will be covered under more than one Part of the **policy**.

## 3. EFFECT OF SUBSEQUENT DECLARATIONS OR ENDORSEMENTS

Successive **policy declarations** or **endorsements** may be issued to **you** by MIEC, upon renewal or at certain other times. The **policy declaration** or **endorsement** applicable to your coverage when a **claim** is reported to MIEC shall be the **declaration** or **endorsement** most recently issued to **you** prior to your report of the **claim**.

## 4. NOTICE OF CLAIMS

When **you** first become aware of any act, omission, event, incident, or accident which may give rise to a **claim** against **you**, or if **you** obtain knowledge or information from any source that such a matter is contemplated, likely, or has been initiated, **you** must promptly give MIEC written notice of the **claim**, providing such information as is known to **you**, as well as any information subsequently becoming known to **you** or requested by MIEC. **You** must promptly provide MIEC with written notice of the particulars concerning the matter, including information regarding the identity of persons and entities involved, the time, place, and circumstances of the events or occurrences, and names and addresses of injured parties and witnesses. **You** must also promptly forward every demand, notice of intention to file suit, summons, subpoena, or other legal process which **you** or your representatives receive. A **claim** under this **policy** shall not be considered made or reported unless and until **you** provide MIEC with written notice.

## 5. CONTROL OF DEFENSE AND SETTLEMENT

With respect to any **claim** which falls, or is claimed to fall, in whole or in part within the insurance coverage of this **policy**, MIEC shall have the sole and exclusive right to investigate, negotiate, evaluate, control, and direct the defense of such matter, including the right to appoint legal counsel on your behalf, as may be permitted or limited by law. With respect to any covered **claim**, legal counsel selected by **you** shall not be permitted to intervene or substitute into the defense of the matter without the prior consent and written approval of MIEC. MIEC shall have the sole and exclusive right to settle the matter on your behalf, except for covered **claims** under Part I of the coverage provisions, where your consent to settle shall be obtained, in which case **you** may not unreasonably withhold your consent.

If a **claim** involves both covered and non-covered **claims** and/or causes of action, **you** agree to allow bifurcation of the hearing, arbitration or trial as to covered **claims** and **damages**, as well as to non-covered **claims** and **damages**.

**You** additionally agree to secure a special award or verdict form that segregates covered claims from non-covered claims, as well as covered and non-covered damages, if requested by MIEC.

## **6. ASSISTANCE AND COOPERATION**

**You** are required to cooperate with MIEC in all respects in matters pertaining to this insurance and, upon request of MIEC, shall provide information, attend hearings and trials, and assist in making settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise facilitating the conduct of any proceeding in connection with the subject matter of this insurance, including a review of the **claim** or lawsuit by a medical review and advisory committee or similar committee of a professional society or organization as may be selected by MIEC. **You** must not voluntarily make any payment, assume any obligation, or incur any expense with respect to a covered **claim** except with prior written consent of MIEC.

## **7. PREMIUMS GENERALLY**

The insurance available under the **policy** is provided in return for, and expressly conditioned upon, timely payment by **you** of a premium established by MIEC. All premiums for this **policy** shall be computed solely by MIEC in accordance with MIEC's procedures and rating plans applicable to your insurance. In the event of a change in your professional practice or activities which, in the opinion of MIEC, materially alters the risk or affects the hazard insured against, as a condition of continued coverage MIEC shall have the right to impose and obtain additional premiums consistent with MIEC's rating plans applicable to such practices or activities. **You** are required to make and retain records of such information as is necessary for premium computation according to procedures and rating plans of MIEC, and must make copies of such records available to MIEC at such time as MIEC may reasonably request.

## **8. PREMIUM PAYMENTS - AUTOMATIC TERMINATION**

All premiums for this **policy** are payable by **you** annually or quarterly as established by MIEC. If paid quarterly, premiums are due February 1, May 1, August 1, November 1; provided, however, that the first premium installment (or pro-rated portion) is due when the **policy** is first issued to **you** and each subsequent installment is due on the first day of the next quarterly period described above. Unless the time for payment is extended by MIEC in writing, **you** will be deemed in default if the premium is not paid on or before its due date, and the **policy** will terminate automatically, without notice, as of 12:01 a.m. Standard Time at the expiration of the period through which the premium has been paid. It is your duty to ensure that premiums are promptly paid to MIEC, regardless of whether **you** receive statements for the premium from MIEC.

## **9. OTHER INSURANCE**

If **you** have other valid and collectible insurance for acts, omissions, events, incidents, or accidents covered under this **policy**, or any other source for indemnification or reimbursement for damages, settlement, legal fees, costs, or expenses as a result of such matters, insurance under this **policy** shall not apply until the limits of such other insurance or other sources have been exhausted.

## **10. SUBROGATION AND REIMBURSEMENT FOR THIRD-PARTY LIABILITY**

- a.** Subrogation--Except for matters described in section 10.b, in the event of any payment by MIEC under this **policy**, MIEC shall be subrogated to your rights of recovery against any person or organization and **you** must promptly execute and deliver whatever documents, instruments, or papers are necessary and appropriate to effectuate said subrogation, and to do whatever else is necessary to secure such rights for MIEC. **You** must do nothing to adversely influence or prejudice the subrogation right of MIEC.
- b.** Reimbursement for Third-Party Liability--In the event **you** assert any **claim** against a third party for damages, indemnification, contribution, or reimbursement for events for which sums were paid under this **policy** on your behalf, MIEC shall have a lien against such sums recovered by **you** to the extent that sums were paid by MIEC, and **you** are required to promptly execute and deliver any documents, instruments, or papers necessary to effectuate such lien, and to do whatever else is necessary to secure such lien rights of MIEC, doing nothing to prejudice MIEC's lien rights.

## **11. REPRESENTATIONS**

- a.** By acceptance of this **policy**, **you** acknowledge that the statements made in your application for insurance and any materials submitted therewith are true and correct, that **you** and your employees, agents, or representatives have not withheld or failed to disclose pertinent information, and that **you** have given careful consideration to the statements and information provided. **You** further acknowledge that such statements are material representations by **you**, and that any **policy** issued by MIEC is issued in reliance upon the truth and accuracy of such statements. **You** further agree that this **policy** embodies all agreements, representations, and commitments by MIEC, or any of its employees, agents, representatives, or counsel regarding the subject of insurance coverage. **You** further acknowledge that in the event your application or materials submitted therewith contain misrepresentations or omissions made with actual intent to deceive or which materially affect the acceptance of the risk or the hazard assumed by MIEC, no coverage shall be afforded under this **policy** and the **policy** in its entirety shall be void and of no effect whatsoever.

- b. You agree to promptly report to MIEC any material changes in the information previously provided to MIEC in connection with this insurance, including information provided in your original application, any application updates, and other written communications. Such material changes include, but are not limited to, any changes in the nature and scope of your practice or medical procedures performed, any changes in your medical license, any changes in your partners and associates, any changes in your professional office premises, any changes in interns, externs, residents, dentists, osteopathic or other medical doctors, health care extenders with whom you practice, any changes in practice locations, any changes in administrative responsibilities, and any changes in the status of your hospital privileges. Coverage for any claim that results from an act or omission that occurs after any of these changes is contingent upon your having notified MIEC of the change and MIEC's approval thereof. You further agree that any material changes in professional practice or activities may be a basis for imposition of an additional premium at the election of MIEC which is consistent with its rating plans, as well as imposition of other terms, conditions, or limitations of insurance coverage, including cancellation if MIEC determines the changed circumstances affect the hazard insured against. Copies of previously submitted applications and related materials are available from MIEC on request.

## 12. WAIVER

Notice to any representative of MIEC, or knowledge possessed by any representative or person employed by or related to MIEC, shall not constitute a waiver or a change of any Part of this **policy**, or preclude MIEC from asserting any right under the terms of this **policy**, nor shall the terms of this **policy** be deemed to be waived or changed by virtue of any representation or written or oral statement by MIEC, its employees, or representatives, except as such waiver or change may be described by MIEC in an **endorsement** or **policy declaration** issued to you.

## 13. ASSIGNMENT

Your interests or rights under this **policy**, including any express or implied covenants, are neither assignable nor transferable.

## 14. TERMINATION

- a. Insurance coverage under the **policy** ends upon cancellation, upon the end of the **policy period** specified in the **policy declaration** or **endorsement** issued to you, at the end of the reporting period specified in the **reporting endorsement** issued to you, or upon automatic termination of the **policy** relating to nonpayment of premium or relocation of your principal place of practice, as described in the General Conditions, whichever occurs first.



- b. If any individual or **solo professional corporation** identified under this **policy** as an "Additional Insured," "Employed/Contracted Health Practitioner," or "Employee Other Than Health Practitioner" is no longer employed or associated with **you**, and fails to obtain insurance coverage equivalent to the insurance afforded herein for the period the individual or **solo professional corporation** was employed or associated with **you**, or if **you** fail to obtain such coverage on behalf of such individual or **solo professional corporation**, insurance from MIEC otherwise available to such person or **solo professional corporation**, or to **you** under this **policy** for acts or omissions of such person or **solo professional corporation**, shall automatically terminate except for those **claims** first reported to MIEC during the period of employment or association.

## 15. CANCELLATION

- a. Your insurance coverage is automatically canceled, upon your death, permanent disability, judicial determination of incompetency, or revocation of your license to practice in any jurisdiction where insurance is afforded under this policy, or, revocation of your license to practice in any jurisdiction where insurance is afforded under this policy, or, with respect to a solo professional corporation, upon winding-up and dissolution of such professional corporation.
- b. MIEC shall have the right to cancel your insurance coverage in the event of a judgment by a court or by an administrative tribunal that **you** have committed a violation of law having as one of its essential elements an act or omission that materially increases any of the risks insured against.
- c. In addition to the grounds for cancellation described in this **policy**, and except as otherwise limited by applicable law, insurance coverage may be canceled by **you** or MIEC, without cause and without any cause of action accruing against the canceling party, upon written notice to the other specifying the date following which the cancellation shall be effective, in which case the date specified shall constitute the end of the **policy period** or additional reporting period; provided, however, that if MIEC cancels, at least 30 days' advance written notice of cancellation shall be mailed to **you** at your address as stated in the **policy declarations**.

## 16. AVAILABILITY AND TERMS OF REPORTING ENDORSEMENT

If **you** are identified by MIEC under the heading of "Named Insured" in a **policy declaration** or **endorsement**, **you**, or your estate or legal representative, shall have the right, upon written request and following payment of a premium to be determined by MIEC at that time, if applicable, to have issued reporting **endorsement(s)** providing an additional reporting period, unless the termination of your coverage was for non-payment of **premium**, in which case the advance payment of the pro-rata premium through the date of **cancellation** must also be

made to MIEC before reporting **endorsement(s)** shall be issued. Insurance coverage provided under a reporting **endorsement** may be modified by terms and conditions established by MIEC as set forth in such reporting **endorsement(s)**. However, the amount of insurance under reporting **endorsement(s)** shall be the same as the limits of liability in the **policy declaration** or **endorsement(s)** last issued to **you** by MIEC prior to termination of the **policy** except that the aggregate limit shall apply to the entire period covered by the endorsement(s) rather than a single **policy** year. In this event it is further provided that:

**A. If you are an individual:**

1. Where the termination is due to death, permanent disability and/or judicial determination of incompetency or permanent retirement from professional practice at age 55 or older, the additional reporting period shall be through the date that all assets, fees, and payments of your estate have been finally distributed, following your death.
2. Where the termination is due to death, permanent disability or judicial determination of incompetency, no premium shall be charged to **you** or your estate or legal representative for issuance of the reporting **endorsement**.
3. Where termination is due to your permanent retirement from professional practice at age 55 or older, the premium for such reporting **endorsement** shall be determined as follows: A premium shall be charged as determined by MIEC at the time the reporting **endorsement** is issued, but MIEC shall deduct from such premium a sum computed by multiplying a) the total number of full months **you** were covered under a **policy** issued by MIEC from the original effective date to the date of termination or cancellation of the **policy**, times b) 1/60, times c) the amount of premium that would otherwise be charged by MIEC for the reporting **endorsement**.
4. In all other cases of termination, **you** shall be entitled to issuance of reporting **endorsement(s)** by MIEC, but only upon such terms and conditions and payment of additional premiums as may be determined by MIEC.

**B. If you are a solo professional corporation, you will be entitled to issuance of reporting **endorsement(s)**, but only if you have permanently discontinued the delivery of health care services. In that event it is further provided:**

1. Where the termination is due to death, permanent disability and/or judicial determination of incompetency or permanent retirement from professional practice at age 55 or older of your single shareholder, the additional reporting period shall be through the

date that all assets, fees, and payments of the shareholder's estate have been finally distributed, following his or her death.

2. Where the termination is due to death, permanent disability or judicial determination of incompetency of your shareholder, no premium shall be charged to **you** or your shareholder's estate or legal representative for issuance of the reporting **endorsement(s)**.
3. Where termination is due to your shareholder's permanent retirement from professional practice at age 55 or older, the premium for such reporting **endorsement(s)** shall be determined as follows: A premium shall be charged as determined by MIEC at the time the reporting **endorsement(s)** is/are issued, but MIEC shall deduct from such premium a sum computed by multiplying a) the total number of full months **you** were covered under a **policy** issued by MIEC from the original effective date to the date of termination or cancellation of the **policy**, times b) 1/60, times c) the amount of premium that would otherwise be charged by MIEC for the reporting **endorsement(s)**.
4. In all other cases of termination, **you** shall be entitled to issuance of reporting **endorsement(s)** by MIEC, but only upon such terms and conditions and payment of additional premiums as may be determined by MIEC.

## 17. OPERATIONS

- a. MIEC is a reciprocal inter-insurance exchange. Medical Underwriters of California (MUC) functions as the "Attorney-in-Fact" for MIEC. By requesting insurance from MIEC, **you** vest MUC with authority to issue this **policy** on your behalf, and to otherwise exercise the duties and responsibilities of an "Attorney-in-Fact" for MIEC.
- b. The Board of Governors of MIEC shall have full power and authority to establish rules and regulations for the management and conduct of MIEC, and for the election of members of the Board. The Board of Governors of MIEC, in its sole discretion, may authorize the distribution of policyholders' savings, and adopt rules, regulations, or schedules for that purpose.
- c. To enforce any **claims** or rights arising under this **policy**, MIEC shall be sued or sue in its own name as in the case of an individual. Service of process in any such suit against MIEC shall be upon MUC.

## 18. INSPECTION AND AUDIT

MIEC shall be permitted to inspect your **professional premises**, property, and operations at any time. Neither MIEC's right to make such inspections nor the making thereof, nor any report thereon shall constitute an undertaking by MIEC on behalf of **you** or others to determine or warrant that such property or operations are safe. MIEC may request and undertake a reasonable

examination and audit your books and records insofar as they relate to the subject matter of this insurance.

## 19. ACTION AGAINST COMPANY

No action shall lie against MIEC by **you** or your agent or representative, or any other person acting by or through **you**, unless as a condition precedent thereto, there shall have been full compliance with all the terms of this **policy**, nor until the amount of your obligation to pay sums to a claimant or litigant shall have been fully and finally determined either by judgment or award against **you** or by written agreement by **you**, claimant, and MIEC. No person or organization shall have any right under this **policy** to join MIEC as a party to any action against **you** to determine your liability, nor shall MIEC be impleaded by **you** or your legal representative; provided, however, that whenever judgment is secured against **you** in an action based upon **bodily injury**, death, or **property damage**, an action may be brought against MIEC on the **policy** and subject to its terms and limitations, by such judgment creditor to recover on the judgment.

## 20. BANKRUPTCY OF INSURED

Your insolvency or bankruptcy will not release MIEC from the payment of damages or injury sustained or loss occasioned during the term of said **policy**.

## 21. PLACE OF PRACTICE AND TELEMEDICINE

- a. **You** agree that insurance coverage under this **policy** is available only if **you** maintain your principal place of practice in the location identified by **you** in written notification to MIEC within 30 days after establishing your principal place of practice, and that relocation by **you** to another principal place of practice without notification to and agreement by MIEC as evidenced by MIEC's issuance of a **policy declaration** or **endorsement** shall constitute an automatic termination of insurance coverage under this **policy**.
- b. **You** agree that insurance coverage under this **policy** is available only for acts, or the alleged failure to act, occurring or undertaken within the state wherein your place of practice identified in a **policy declaration** or **endorsement** is located, except for (1) services rendered in an emergency, without compensation or other consideration, and an irregular or infrequent basis, or (2) services rendered incidental to your participation in a formal program of continuing medical education.
- c. **You** agree that insurance coverage under this **policy** is available for acts, or the alleged failure to act, which constitute the practice of **telemedicine** according to the laws of any jurisdiction wherein such act or failure to act (or failure to act) is alleged to have occurred, only if **you** are duly licensed or permitted under such laws to engage in the practice of **telemedicine** in such jurisdiction, **you** and have previously notified MIEC in writing of your

intention to engage in **telemedicine** in such jurisdiction, and MIEC has agreed to provide coverage for such activities.

**22. NON-ASSESSABILITY**

This **policy** is not assessable.

## DEFINITIONS

**"You"** identifies an individual insured under this **policy** who is identified as a "Named Insured" or an "Additional Insured" in a **policy declaration** or an **endorsement**. The term **"you"** also describes a **solo professional corporation** if identified as a "Named Insured" or an "Additional Insured" in a **policy declaration** or **endorsement**. The term **"you"** also describes your non-physician employees who are not required to be licensed or certified to provide any services for which they are employed, as well as nurses or medical assistants, but only with respect to health care services they perform within the authorized scope of their employment by **you**. However, the term **"you"** shall not apply to persons or entities who have not been specifically identified by name in a **policy declaration** or **endorsement** if practicing or licensed in any of the following categories: dentists (including oral surgeons), podiatrists, psychologists, counselors, social workers, nurse practitioners, nurse anesthetists, nurse midwives, perfusionists, physicians assistants, scrub nurses, surgical assistants, technical or therapists who are required to be licensed or certified, optometrists, chiropractors, or acupuncturists, or in any other position requiring licensure or certification.

The following terms, whenever they are used in this **policy**, will be defined as follows:

- **Bodily Injury** - Physical injury, including death, physical sickness, or physical disease.
- **Claim** - A demand, accident, or incident which is covered by this **policy**, including any resulting lawsuit, arbitration proceeding, or other legal or administrative proceeding.
- **Declaration or Endorsement** - A written document labeled as a **declaration** or as an **endorsement** issued by MIEC to **you**, applicable to this **policy**. A **policy declaration** or **endorsement** is a part of this **policy**.
- **Health Practitioner** - An individual required to be licensed by the State where the practitioner's **professional premises** are located, who is licensed and practicing within the scope of such licensure in the provision of health care services, or an individual required by such State to be certified in order to render the health care services being provided.
- **Policy** - The written insurance agreement herein issued to **you** upon application and approval by MIEC, and all **policy declarations** and **endorsements** which apply to **you**.
- **Policy Period** - This **policy** does not apply to **you** until a **policy declaration** is issued by MIEC, describing the specific period of time this **policy** shall be in effect. That period of time is a **policy period**, and commences at 12:01 a.m. on the effective date in the **policy declaration**. The **policy period** continues until 12:01 of the day on which your **policy** expires, is terminated, or is canceled, whichever occurs first. A new **policy period** may be specified in a "renewal **declaration**." A **policy**

**period** may be shorter or longer than a "**policy year**," which is the twelve-month period from February 1 until February 1 of the following year.

- **Professional Premises** - Your **professional premises** are the premises designated in a **policy declaration** issued to **you** by MIEC. If **you** acquire ownership or control of other premises for the practice of your profession, through purchase, lease, or other agreement, and notify MIEC in writing of your acquisition of such premises within 30 days thereafter, coverage for such premises will be provided until MIEC has issued a **declaration** or **endorsement** providing for continued coverage, or providing written notification that coverage will not be afforded.
- **Property Damage** - Injury to or destruction of tangible personal or real property.
- **Retroactive Date** - The **retroactive date** is that date before which any act, omission, event, accident, or incident resulting in a **claim** will not be covered under this **policy** as specified by MIEC in a **declaration** or **endorsement** issued to **you**.
- **Solo Professional Corporation** - A professional corporation with only a single shareholder who is engaged in the delivery of health care services.
- **Telemedicine** - Providing a health care service, including examination, diagnosis, treatment, consultation, transfer of medical data, and education, using interactive audio, video, or data communications. ("Interactive" means audio, video, or data communication by way of real time (synchronous) or near real time (asynchronous) two-way transfer of medical data and information.)

IN WITNESS WHEREOF, MIEC has caused this document to be executed and attested, but this **policy** shall not be valid unless countersigned on a **policy declaration** or reporting **endorsement** by a duly authorized representative of MIEC.

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

\_\_\_\_\_  
President

SPECIMEN

## ENDORSEMENTS

### P01 (12) PRIOR ACTS DISCOVERY ENDORSEMENT

The insurance coverage described in this **policy** will apply to a **claim** arising before the original effective date which would otherwise constitute the **retroactive date**, so long as such **claim** arises out of events which occur after the **retroactive date** specified in this **endorsement** or in a **declaration** applicable to this **policy**. This specification of an earlier **retroactive date** does not relieve **you** of your obligation to comply with all other terms and conditions of this **policy**, and does not amend the limits of liability. However, paragraph 9, "**OTHER INSURANCE**" of the **GENERAL CONDITIONS** of this **policy** shall not apply when coverage is afforded under this **endorsement**, and the following condition shall instead apply:

If **you** have other insurance for acts, omissions, incidents, or accidents which might otherwise fall within the coverage of this **endorsement**, or any other source for indemnification or reimbursement for damages, settlement, defense or legal fees, costs, or expenses as a result of such matters, insurance under this **endorsement** is null and void and shall not apply.

Coverage under this **endorsement** is provided under your express representation and warranty that **you** know of no **claims**, civil lawsuits, arbitrations, legal or administrative proceedings, events, incidents, or accidents which may be subject to the coverage provided under this **endorsement**, other than those matters disclosed and described in writing to MIEC in the application for coverage. **You** agree that this **endorsement** and any coverage which would arise under it shall be automatically rescinded and null and void in the event of any fraud, material misrepresentation, or omission of relevant information which is known or which should have been known to **you**, through the reasonable exercise of diligence.

### E11 (12) ACUPUNCTURE RESTRICTIVE ENDORSEMENT

**You** agree that neither defense nor indemnity coverage is available under this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings, incidents, accidents, or occurrences resulting from:

1. Acts or omissions not authorized by your acupuncturist's license within the State of California.
2. Use of direct moxibustion.
3. Acupuncture used as anesthesia for the purpose of performing surgical procedures.
4. Use of non-disposable needles.
5. Acupuncture administered during labor and delivery.



#### **R01 (12) RETIRED PRACTITIONER COVERAGE LIMITATION/WARRANTY**

**You** represent and warrant that **you** have retired from your professional practice and will not engage in such practice for compensation or consideration. Based upon such representation and warranty, neither defense nor indemnity insurance coverage is available under Part I of the coverage provisions of this **policy** for claims, civil lawsuits, arbitrations, legal or administrative proceedings which arise from and relate to alleged damage or injury resulting from the delivery, or alleged failure to deliver, health care services to patients for which compensation is paid or for which there is consideration for such services.

#### **R02 (12) PART-TIME PRACTICE LIMITATION (less than 10 hours per week)**

**You** represent and warrant to MIEC that **you** are engaged in the practice for which coverage is provided under this **policy** for an average of less than 10 hours per week.

**You** understand and agree that the basis upon which the lower premium is granted by MIEC is your reduced weekly practice hours, and agree that **you** will notify MIEC in writing within fifteen days of any increase in the weekly hours of practice beyond the limitation stated in the above paragraph.

#### **R03 (12) PART-TIME PRACTICE LIMITATION (less than 20 hours per week)**

**You** represent and warrant to MIEC that **you** are engaged in the practice for which coverage is provided under this **policy** for an average of less than 20 hours per week.

**You** understand and agree that the basis upon which the lower premium is granted by MIEC is your reduced weekly practice hours, and agree that **you** will notify MIEC in writing within fifteen days of any increase in the weekly hours of practice beyond the limitation stated in the above paragraph.

#### **D01 (12) \$500 INDEMNITY DEDUCTIBLE**

It is agreed that MIEC shall have no obligation to pay the deductible amounts specified below as damages on your behalf on account of any **claim**, civil lawsuit, or arbitration proceeding brought against **you** for which coverage is afforded under Part I of the **policy**.

As to any **claim**, civil lawsuit, or arbitration award brought against **you**, the deductible amount shall be \$500 which shall constitute the entire deductible amount regardless of the number of claimants or persons or entities insured under this **policy**.

This deductible provision shall not operate to increase the limits of liability applicable to the **policy**, and the deductible amount shall be included in the calculation of payments made in determining MIEC's limits of liability.