

Specified Medical Professions Professional Liability Insurance Policy

In consideration of the payment of the premium, the undertaking of the Named Insured to pay the deductible as described herein and in the amount stated in the Declarations, in reliance upon the statements in the application attached hereto and made a part hereof, and subject to the limits of liability shown in the Declarations, and subject to all terms of this insurance, the Company agrees with the Named Insured as follows:

THE INSURED

The unqualified word "Insured" whenever used in this policy means:

- (a) the Named Insured as designated in the Declarations, and
- (b) any principal, partner, officer, director, employee, volunteer worker or any former partner, director, employee, or volunteer worker of the Named Insured, while acting within the scope of his duties as such; however, this insurance shall not apply to any claim made against any Insured who is a physician, surgeon or dentist arising out of the rendering of or failure to render professional services in his capacity as a physician, surgeon or dentist.
- (c) the heirs, executors, administrators, assigns and legal representatives of each Insured above in the event of his death, incapacity or bankruptcy.

THE COVERAGE

1. Professional Liability and Claims Made Clause: To pay on behalf of the Insured all sums in excess of the deductible amount stated in the Declarations which the Insured shall become legally obligated to pay as damages as a result of CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD for personal injury by reason of any negligent act, error or omission in professional services rendered or that should have been rendered subsequent to the retroactive date specified in the Declarations by any person for whose acts, errors or omissions the Insured is legally responsible, and arising out of the conduct of the Insured's profession as described in Item 3 of the Declarations provided that:

- (a) the Insured had no knowledge of any claim or suit, or any act, error or omission, which might reasonably be expected to result in a claim or suit as of the date of signing the application for this insurance;
- (b) there are no other certificate or policies of insurance pursuant to which the Insured is afforded any coverage for such claim or suit.

It is a condition precedent to coverage under this policy that all claims be reported in compliance with the section CLAIMS 1: NOTICE OF CLAIM OR SUIT.

Claim means, whenever used in this policy, a demand received by the Insured for money or services, including the service of suit or institution of arbitration proceedings against the Insured.

Personal Injury means whenever used in this policy:

- (a) any physical or mental injury to or death of any patient;
- (b) false arrest, detention or imprisonment, and malicious prosecution except when inflicted by, at the direction of, or with the consent or acquiescence of the Insured who has predetermined to commit such act, or allowed such act to have been committed, without legal justification;
- (c) the publication or utterance of a libel or slander or a publication or an utterance in violation of a patient's right to professional confidence, except when published or uttered by, at the direction of, or with the consent or acquiescence of the Insured who has predetermined to commit such act, or allowed such act to have been committed, without legal justification.

Policy Period means, whenever used in this policy, the period from the inception date of this policy to the policy expiration date as set forth in the Declarations or its earlier termination date, if any.

2. Defense, Settlement: With respect to the insurance afforded by this policy, the Company shall defend any claim or suit against the Insured seeking damages to which this insurance applies even if any of the allegations of the suit are groundless, false or fraudulent. Subject to section LIMITS OF LIABILITY 4, the

Company may make such investigation and settlement of any claim or suit as it deems expedient, but the Company shall not be obligated to pay any claim or judgment or to defend or continue to defend any suit or claim after the applicable limit of the Company's liability has been exhausted by payment of judgments, settlements or expenses.

3. Discovery Clause: If during the policy period or any Optional Extension Period purchased hereunder, the Insured first becomes aware of malpractice or personal injury to which this policy applies, and if the Insured shall during the policy period or the Optional Extension Period purchased hereunder give written notice to the Company of:

- (a) the specific act, error or omission; and
- (b) the injury or damage which has or might result from such act, error or omission; and
- (c) the circumstances by which the Insured first became aware of such act, error or omission;

then any claim subsequently made against the Insured arising out of such malpractice or personal injury shall be deemed for the purposes of this insurance to have been made during the policy or the Optional Extension Period purchased hereunder.

The Insured shall cooperate fully with the Company, as provided in CLAIMS 1 and 2, and any investigation conducted by the Company or its representatives shall be subject to the terms set forth in this policy.

4. Option to Extend the Claims Reporting Period: In the event of the termination of this insurance by reasons of non-renewal or cancellation by the Named Insured, or if the Company shall cancel coverage or terminate it by refusing to renew, for reasons other than the Named Insured's non-payment of premium and/or deductible amount or non-compliance with the terms and conditions of this policy, then the Named Insured upon payment of an additional premium as set forth herein shall have the option to extend the claims reporting period, subject otherwise to its terms, limits of liability, exclusions and conditions, to apply to CLAIMS FIRST MADE AGAINST THE INSURED within the Optional Extension Period set forth in the Declarations immediately following the effective date of such cancellation or non-renewal, but only by reason of any act, error or omission in professional services which took place subsequent to the Retroactive Date and prior to the effective date of such cancellation or non-renewal, and which is otherwise covered by this insurance.

This shall be hereinafter referred to as the OPTIONAL EXTENSION PERIOD. If, however, this insurance is immediately succeeded by similar CLAIMS MADE insurance coverage on which the Retroactive Date is the same as or earlier than that shown in the Declarations of this policy, the succeeding insurance shall be deemed to be a renewal hereof and in consequence, the Named Insured shall have no right to secure an Optional Extension Period under this policy.

The quotation of a different premium and/or deductible and/or limit of liability for renewal does not constitute a cancellation or refusal to renew for the purpose of this provision.

This Optional Extension Period shall not be available when any Insured's license or right to practice his profession is revoked, suspended or surrendered.

As a condition precedent to the Named Insured's right to purchase the Optional Extension Period coverage, the full annual premium of this policy and any deductibles that are due must have been paid.

The Named Insured's right to purchase the Optional Extension Period coverage must be exercised by notice in writing and received by the Company not later than thirty (30) days after the cancellation or termination date of this policy AND MUST INCLUDE PAYMENT OF PREMIUM FOR THE OPTIONAL EXTENSION PERIOD as well as payment of all premiums and/or deductibles due the Company. If such notice and premium payment is not given to the Company the Named Insured shall not at a later date be able to exercise such right.

At the commencement of any Optional Extension Period, the entire premium therefor shall be deemed earned, and in the event the Named Insured terminates the Optional Extension Period before its term for any reason, the Company shall not be liable to return to the Named Insured any portion of the premium paid for the Optional Extension Period.

The fact that this policy is extended by virtue of the Optional Extension Period shall not in any way increase the limits of liability set forth in the Declarations.

THE EXCLUSIONS

This policy does not apply:

- (a) to any claim based upon or arising out of any dishonest, fraudulent, criminal, malicious or knowingly wrongful acts, errors or omissions intentionally committed by or at the direction of the Insured;
- (b) to liability arising out of the Insured's activities in his capacity as proprietor, superintendent, executive officer, director, partner, trustee or employee of any hospital, sanitarium, clinic with bed-and-board facilities, laboratory, business enterprise, or any governmental body, sub-division or agency not named as an Insured under this policy unless such activities are disclosed in the application and listed in Item 10 of the Declarations;
- (c) to any obligation for which the Insured or any carrier as his insurer may be held liable under any worker's compensation, unemployment compensation or disability benefits law, or under any similar law;
- (d) to personal injury to, or sickness, disease or death of any employee of the Insured arising out of, and in the course of his employment by the Insured;
- (e) to the performance of either general anesthesia or any procedure carried out under general anesthesia unless performed in a hospital accredited by the Joint Commission on Accreditation of Hospitals, for the United States, or by the Canadian Council on Hospital Accreditation, for Canada;
- (f) to punitive or exemplary damages, fines or penalties, except, that if a suit shall have been brought against the Insured for a claim falling within the coverage hereof, seeking both compensatory and punitive or exemplary damages, fines or penalties, then the Company will afford a defense to such action, without liability, however, for such punitive or exemplary damages, fines or penalties;
- (g) to the liability of others assumed by the Insured under any contract or agreement, unless such liability would have attached to the Insured even in the absence of such agreement;
- (h) to any claim based upon or arising out of discrimination by the Insured on the basis of race, creed, age, sex, sexual preference, physical handicap or national origin, invasion of privacy, or assault;
- (i) to injury arising out of the performance of a criminal act or caused by a person while under the influence of intoxicants or narcotics;
- (j) to liability arising out of the ownership, maintenance, operation, use, loading or unloading of any vehicle, watercraft or aircraft;
- (k) to any claim based upon or arising out of (1) the use of excessive influence or power on any patient or (2) any actions intended to lead to or culminate in any sexual acts;
- (l) to any claim arising out of general liability or products liability;
- (m) to any claim made by any corporation, firm or person having directly or indirectly any financial or proprietary interest in the Insured or interlocking officers or members of the Board of Directors;
- (n) to any claim based upon or arising out of any employment dispute.

TERRITORY

The insurance afforded by this Policy applies worldwide except for claims made in People's Republic of China, Cuba, Islamic Republic of Iran, Iraq, Korean People's Republic, Libya and Socialist Republic of Viet Nam.

LIMITS OF LIABILITY

1. Limit of Liability - Each Claim: The liability of the Company for damages and claim expenses for each claim FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD including the Optional Extension Period, if purchased, shall not exceed the amount stated in the Declarations for "each claim".

2. Limit of Liability - Policy Aggregate: Subject to 1. Limit of Liability - Each Claim, the liability of the Company for damages and claim expenses shall not exceed the amount stated in the Declarations as

"aggregate" as a result of all claims FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD including the Optional Extension Period, if purchased.

3. Deductible: The amount stated in the Declarations shall be paid by the Named Insured and shall be applicable to each claim and shall include damages and claim expenses, whether or not payment for damages is made.

Such amounts shall, upon written demand by the Company, be paid by the Named Insured within ten (10) days. The total payments requested from the Named Insured in respect of each claim shall not exceed the deductible amount stated in the Declarations.

The determination of the Company as to the reasonableness of the claim expenses shall be conclusive on the Named Insured.

4. Limit of Liability - Reduction for Refusal to Settle: The Company shall not settle any claim without the consent of the Insured. If, however, the Insured is a partnership, professional association or professional corporation, the written consent of an Insured who was formerly but is no longer a member of the partnership or professional association or director, officer, stockholder or employee of a professional corporation will not be required, provided the written consent of the corporate directors, officers, stockholders or employees of a professional corporation, or their duly appointed representatives, has been obtained. If, however, the Insured shall refuse to consent to any settlement recommended by the Company and shall elect to contest the claim or continue any legal proceedings in connection with such claim, then the Company's liability for the claim shall not exceed the amount for which the claim could have been so settled including claim expenses incurred up to the date of such refusal. Such amounts are subject to the provisions of the sections THE LIMITS OF LIABILITY 1 and THE LIMITS OF LIABILITY 2.

5. Multiple Insureds, Claims and Claimants: The inclusion herein of more than one Insured or the making of claims or the bringing of suits by more than one person or organization shall not operate to increase the Company's limit of liability. Two or more claims arising out of a single act, error or omission or a series of related acts, errors or omissions shall be treated as a single claim. All such claims, whenever made, shall be considered first made within the policy period or Optional Extension Period in which the earliest claim arising out of such acts, errors or omissions was first made, and all such claims shall be subject to the same limit of liability.

6. Payment of Claim Expenses: Subject to the Named Insured's obligation to pay the policy deductible as set forth in LIMITS OF LIABILITY 3, which includes an obligation to pay damages and claim expenses, the Company shall pay claim expenses subject to the applicable limits of liability.

Claim expenses means whenever used in this policy:

- (a) fees charged by any lawyer designated by the Company;
- (b) all other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a claim, if incurred by the Company;
- (c) fees charged by any lawyer designated by the Named Insured with the prior written consent of the Company.

However, "claim expenses" does not include salary charges of regular employees or of the officials of the Company or any supervisory counsel retained by the Company.

CLAIMS

1. Notice of Claim or Suit: As a condition precedent to his right to the protection afforded by this insurance, the Insured shall, as soon as practicable, give to the Company written notice directed to **Shand Morahan & Company, Inc., Ten Parkway North, Deerfield, Illinois 60015**, of any claim made against him.

In the event suit is brought against the Insured, the Insured shall IMMEDIATELY forward to the Company through SHAND MORAHAN & COMPANY, INC., every demand, notice, summons or other process received by him or by his representatives.

2. Assistance and Cooperation of the Insured: The Insured shall cooperate with the Company and upon the Company's request shall submit to examination and interrogation by a representative of the Company, under oath if required, and shall attend hearings, depositions and trials and shall assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits, as well as in

the giving of a written statement or statements to the Company's representatives and meeting with such representatives for the purpose of investigation and/or defense, all without charge to the Company. The Insured shall further cooperate with the Company and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment which the Insured may have. The Insured shall not, except at his own cost, make any payment, admit any liability, settle any claims, assume any obligation or incur any expense without the written consent of the Company.

3. Subrogation: In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after the claim to prejudice such rights.

The Company shall not exercise any such rights against any persons, firms or corporations included in the definition of "Insured." Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against an Insured in respect of any claim brought about or contributed to by the dishonest, fraudulent, criminal or malicious act or omission of such Insured.

4. Action Against the Company: No action shall lie against the Company unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this policy, nor until the amount of the Insured's obligation to pay shall have been fully and finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company.

Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against the Insured to determine the Insured's liability. Bankruptcy or insolvency of the Insured or the Insured's estate shall not relieve the Company of any of its obligations hereunder.

5. False or Fraudulent Claims: If any Insured shall commit fraud in proffering any claim as regards amount or otherwise, this insurance shall become void as to such Insured from the date such fraudulent claim is proffered.

OTHER CONDITIONS

1. Application: By acceptance of this policy, the Insured agrees that the statements in the application are his representations, that they shall be deemed material and that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Company, or any of its agents, relating to this insurance.

2. Other Insurance: This insurance shall be in excess of the amount of the applicable deductible of this policy and any other valid and collectible insurance available to the Insured whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as a specific excess insurance over the limits of liability provided in this policy.

3. Changes: Notice to any agent or knowledge possessed by any agent or other person acting on behalf of the Company shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of the policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

4. Assignment: Assignment of interest under this policy shall not bind the Company unless its consent is endorsed hereon.

5. Cancellation: This policy may be canceled by the Named Insured by surrender thereof to the Company or to Shand Morahan & Company, Inc., Ten Parkway North, Deerfield, Illinois 60015, or by mailing to the aforementioned written notice stating when thereafter such cancellation shall be effective. If canceled by the Named Insured, the Company shall retain the customary short rate proportion of the premium.

This policy may be canceled by the Company or by Shand Morahan & Company, Inc. by mailing to the Named Insured at the address stated in the Declarations written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. However, if the Company cancels the policy because the Named Insured has failed to pay a premium or deductible when due, this policy may be canceled by the Company by mailing a written notice of cancellation to the Named Insured stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice by the Named Insured, the Company, or Shand Morahan & Company,

Inc., shall be equivalent to mailing. If canceled by the Company or Shand Morahan & Company, Inc., earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected or as soon as practicable.

6. Inspection and Audit: The Company shall be permitted but not obligated to inspect the Insured's operations at any time. Neither the Company's right to make inspections, nor the making thereof, nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the Insured or others, to determine or warrant that such operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Company may examine and audit the Insured's books and records at any time during the policy period and within three years after the final termination of this policy, as far as they relate to the subject matter of this policy.

7. Authorization: By acceptance of this Policy, the Named Insured agrees to act on behalf of all Insureds with respect to the giving of all notice to the Insurer as provided herein, the cancellation of this policy, the receiving of any return premium that may become due and the giving of notice to any Insured of addition or deletion from coverage under this policy; and all Insureds agree that the Named Insured shall act on their behalf.

8. Service of Suit: For policies issued by a non-admitted insurer, it is agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Named Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Legal Department, Shand Morahan & Company, Inc., Ten Parkway North, Deerfield, Illinois 60015 and that in any suit instituted against the Company upon this contract, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, the Company hereby designates the Superintendent, Commissioner, or Director of Insurance or other official specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the above-named counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

DEFINITIONS-REFERENCE

Certain words are specifically defined for the policy and the definitions are to be found in the sections set forth below:

Claim, personal injury, policy period See The Coverage

Claim expenses See Limits of Liability

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its President and Secretary, but this policy shall not be valid unless countersigned on the Declarations page by a duly authorized representative of the Company.

SPECIMEN

Secretary

SPECIMEN

President

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)

This endorsement modifies the provisions of this policy.

It is agreed that:

1. This policy does not apply:

- A. Under any Liability Coverage, to bodily injury or property damage
 - (1) with respect to which an Insured under this Policy is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the Insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Under any Medical Payments Coverage, or any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- C. Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if
 - (1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an Insured or (b) has been discharged or dispersed therefrom;
 - (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an Insured; or
 - (3) the bodily injury or property damage arises out of the furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat.

2. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear material" means source material, special nuclear material or by-product material;

"source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

"waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

"nuclear facility" means

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235.
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste.

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"property damage" includes all forms of radioactive contamination of property.



EVANSTON INSURANCE COMPANY

Endorsement

Named Insured:

Policy No.:

Endorsement No.: 1

Effective Date:

MINIMUM EARNED PREMIUM ENDORSEMENT

In the event that this policy is cancelled by the insured, the policy premium is subject to a minimum earned premium of 25% of the total premium. The minimum 25% earned premium shall apply in all cases except cancellation at the direction of the Company.

All other terms and conditions remain unchanged.

SPECIMEN

(Authorized Representative)