



| New Policy Highlights Maryland

This may be one of the most important pieces of paper you receive from us this year. Why? It highlights all of the important changes you will find in your new and improved medical professional liability policy that you will receive when you renew your policy this year. Our commitment is to listen to you and respond to the changing healthcare environment. These are some of the reasons we have developed this new, easy-to-understand policy. There are also changes in coverage (you now have CyberAssurance coverage included!) and changes to definitions in the policy that may affect coverage. Please take the time to read this entire document, which highlights the changes.

The new **policy** has a new title, "Healthcare Professional Liability Policy," and consists of the **Cover Page**, the forms listed on it, and any endorsements issued from time to time. The **Cover Page** and the **Coverage Summary** provide all the detailed information pertaining to the insured and the coverages purchased, and take the place of the old "Declarations Page."

The new **policy** can be utilized for individual **insured professionals** or for groups of **insured professionals** and **insured organizations**. The new **policy** contains provisions for shared limits among all **insureds** listed; however, a Separate Limits Endorsement can be attached and **insured professionals**, **insured organizations** and **other covered employees** can be designated on the **Coverage Summary** with separate limits. As part of the new **policy**, the Separate Limits Endorsement is only available to organizations with two or more shareholders, and is no longer available to solo practitioners unless required by state law.

A Practice Endorsement that will now accompany each **policy** will designate what medical specialty the **insured professional** practices and for which the **policy** applies, and the **insured's profession** will be designated on the **Coverage Summary**.

There have been several changes to the DEFINITIONS section of the new **policy**.

- Our definition of **insured** is now specific to include the three new terms: **insured professional**, **insured organization** and **other covered employee**.
 - An **insured professional** is any healthcare professional who holds the required license for his or her profession and is designated as an **insured professional** in the **Coverage Summary**.
 - An **insured organization** is any partnership, professional corporation, professional association, limited liability company or other entity designated as an **insured organization** in the **Coverage Summary**.
 - An **other covered employee** is any employee of an **insured professional** or **insured organization** in a professional medical setting, other than:
 - a. A person practicing as a physician, acupuncturist, chiropractor, podiatrist, surgeon, anesthesiologist assistant, cytotechnologist, dentist, emergency medical technician, nurse midwife, nurse anesthetist, nurse practitioner, optometrist, podiatrist, perfusionist, physical therapist, physician assistant, psychologist, surgical assistant, or anyone who practices Oriental medicine, herbology, or bodywork therapy; or
 - b. Any person licensed, certified, or otherwise authorized to deliver advanced level healthcare in the absence of direct supervision by an **insured professional**.

- The new term **professional incident** takes the place of “malpractice” or “medical incident” in the old policy. A **professional incident** is a single act or omission, separate acts or omissions, or repeated exposure to substantially the same conditions in rendering **professional services** to a single patient for which the **insured** is legally responsible, which results in, or is likely to result in, a **claim** for **damages**.
- A **claim** is a written demand or notice for money or services, including the service of **suit** or institution of arbitration proceedings against the **insured**, received from a patient or patient’s representative, claiming that an **insured** is liable for a **professional incident**.
- New **policy** terms: **continuous coverage effective date, other insurance, peer review services, permanent and total retirement** and **suit**.

The company will no longer provide the Business Premises Liability or Office Premises Medical Payments or Personal Injury Liability coverage under this new **policy**. The coverage was very limited and not the full general liability coverage doctors needed, so we chose to remove it. We set out to find partners with a stronger product and now offer complete choices through our agency representative here at PICA. Check your Business Owner’s Policy (the policy that covers your business property) to see if these general liability coverages are included. If not, our policyholders can contact our dedicated, in-house agent, Jim Hatchel, for general liability insurance information and a quote at (800) 251-5727, ext. 2024.

Several new exclusions are now found in this new **policy**, and others have been revised.

- We will not pay **damages** and have no obligation to defend any injury to an employee of an insured, unless the injury arises out of the **insured** treating the employee as a patient.
- Coverage will not be provided under this new **policy** for (1) any **professional incident** that has been reported to another insurance carrier, or any **professional incident** that occurred prior to any effective coverage with **us** if, on that date, the insured knew or believed, or had reason to know or believe, that the professional incident might reasonably be expected to result in a **claim** for **damages**, or (2) any **professional incident** that occurred during a period in which the **insured** was not covered by a policy of professional liability insurance.
- Coverage will not be provided under the new **policy** for any alleged errors, omissions, or improprieties by the **insured** in billing statements for **professional services** rendered to a patient, including but not limited to any **claim** for cancellation or refund of fees billed or paid for **professional services**.
- This new **policy** will not cover any liability for acts or omissions for which the United States government is responsible under the provisions of the Public Health Services Act, Federal Tort Claims Act, or any amendments thereto.
- Unless specifically provided as an endorsement to this new **policy**, coverage is not provided for **professional services** rendered in any clinical or procedural trial that is not approved by an IRB (institutional review board), continuing education seminar and/or conference.
- This new **policy** will not pay **damages** or provide a defense for any liability for any actual, alleged, or threatened discharge, dispersal, disposal, release, seepage, migration, or escape of pollutants; or any governmental, judicial, or regulatory directive or request that an **insured**, or anyone acting under the direction or control of an **insured**, test for, clean up, remove, contain, treat, detoxify, or neutralize pollutants; or any governmental or regulatory notification that any **insured** is a potentially responsible party for liability arising out of pollutants.
- Coverage will not be provided for claims of false imprisonment, false arrest, libel, slander, or defamation.

- We have improved the description of coverage for vicarious liability. Vicarious liability is a person or entity's legal responsibility for the negligent acts or omissions of another. Your new policy will not cover vicarious liability arising out of:
 - Any act or omission of any person or entity who is either employed by, under contract with, or otherwise formally affiliated with any **insured** unless the person or entity who committed the alleged act or omission is an **insured** under the **policy**; or
 - Any act or omission of any person or entity who was formerly employed by, under contract with, or in any way formally associated with an **insured** unless the person or entity who committed the alleged act or omission:
 - Was an **insured** under the **policy** at the time of the alleged act or omission, and
 - Has applicable primary coverage in an amount at least equal to the average of the limits available to all **insureds** under this **policy**.

In any event, and notwithstanding any other provision in the new **policy**, if coverage for vicarious liability applies, it shall be excess over any valid and collectible insurance available to the person whose acts or omissions are the source of liability, and coverage under this new **policy** will not contribute prior to exhaustion of the limits of liability available under any such other valid and collectible insurance to the person who committed the act or omission. **HOWEVER, vicarious liability may be added onto your policy through a purchased endorsement, subject to underwriting approval.**

- This new **policy** will not provide coverage for liability arising out of the transmission of any communicable disease.
- Coverage will not be afforded for (1) an **insured's** breach of any fiduciary duty; (2) an **insured's** actual gain of personal profit or advantage to which the **insured** is not legally entitled; (3) payments made to an **insured** if such payment is held by the courts to be in violation of law; (4) an **insured's** failure to collect or return contributions for any employee benefit plan; or (5) benefits payable to a participant or beneficiary of an employee benefit plan.

Supplementary Payments - This new **policy** will pay up to \$500 per day, \$5,000 maximum, to compensate the **insured professional** for any loss of time for each day the **insured professional** is required to attend a trial which is covered by the **policy**.

Reporting Endorsement (Tail) - A new term in the new policy is **Reporting Endorsement**, which replaces the old term "Optional Extension Coverage," which you may also know as tail coverage. As before, you will be given the option to purchase a **Reporting Endorsement** (tail) if the **policy** cancels or is non-renewed, per state regulations. An **insured professional** will also be provided a Reporting Endorsement at no charge if the **policy** terminates due to the **insured professional's** (1) death, (2) permanent and total disability, or (3) **permanent and total retirement** if the insured professional has been continuously insured with us for the five preceding years. This **Reporting Endorsement** at no charge is a one-time benefit for an **insured professional** while they are insured by **us**.

Rights and Duties of the Policyholder and Insured's Duties - **We** advise all **insureds** to carefully read the sections regarding your duty as a **policyholder** or **insured**. **Professional incidents** and **claims** should be reported to us in writing within 30 days. Additionally, each **insured** shall notify **us** in writing within 30 days after one or more of the following: (1) reprimands, complaints, treatment, etc.; (2) illnesses and physical impairments, etc.; (3) convictions or guilty pleas for felonies or misdemeanors other than minor traffic offenses; (4) revocation, suspension, surrender or any limitation on the **insured's** licenses; (5) termination, revocation or limitation of an **insured's** privileges by a hospital or employer; and (6) any changes in the **insured's** practice, including employment, procedures, associations with other professionals or affiliations. Failure to comply with the terms of the **policy** could cause policy termination or denial of coverage in the case of claims.

Claims Against Us and Arbitration - A new section which may apply to **insureds**, per state-specific guidelines, is the section on arbitration. If this section applies per your state, claims against us must be brought through arbitration procedures as outlined in the Arbitration section.

The **CyberAssurance Coverage** endorsement has been added to the new **policy** at an annual aggregate limit of \$50,000 at no additional cost, per individual. With this cyber liability protection, you receive coverage for:

- Network and security privacy breaches—virtual attacks, patient identity theft, online and offline data breaches.
- Regulatory fines and penalties—defense costs for governmental investigations and payment of fines and penalties resulting from a data breach (including HIPAA and the Hi-Tech Act).
- Data recovery costs—payment for costs of recovering or replacing data that is lost, erased, stolen or corrupted.
- Business interruption and extra expense coverage for income loss as a result of computer or network downtime.
- Please see the endorsement's language for complete terms and conditions. Endorsements are underwritten by NAS Insurance Services. Additional coverage can be purchased.

Thank you for taking the time to read this overview of your new and improved PICA policy. You may have some questions, and we are here to answer them! Please do not hesitate to call your PICA account manager at (800) 251-5727, option 3, option 2. Your account manager is well-versed in the changes and is here to help you understand them. Please let us know if you would like to view a copy of the new policy before you make a payment on your renewal.

We hope you are as excited as we are about this new policy. We believe it is another feature that sets us apart from other companies. We exist to protect you, our podiatric physicians. Thank you for being a loyal policyholder!