



33 Calle Resolución • Suite 702 • San Juan, PR 00920-2707

**PHYSICIANS, SURGEONS & DENTISTS  
PROFESSIONAL LIABILITY INSURANCE POLICY  
CLAIMS MADE AND REPORTED COVERAGE**

**IMPORTANT NOTICE**

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, CONDITIONS, AND EXCLUSIONS, THIS POLICY ONLY PROVIDES COVERAGE FOR **CLAIMS** WHICH ARE FIRST MADE AGAINST AN **INSURED** AND REPORTED TO PUERTO RICO MEDICAL DEFENSE INSURANCE COMPANY AS SOON AS PRACTICABLE BUT IN NO EVENT LATER THAN SIXTY (60) DAYS AFTER EXPIRATION OF THE POLICY. EXTENDED REPORTING PERIOD COVERAGE IS AVAILABLE. THE **COMPANY'S** LIABILITY IS LIMITED TO THOSE **CLAIMS** ARISING OUT OF **PROFESSIONAL SERVICES** WHICH WERE RENDERED AFTER THE RETROACTIVE DATE STATED IN THE DECLARATIONS PAGE.

In consideration of the payment of the premium and in reliance upon the representations in the **Insured's** completed and signed application attached hereto and made a part hereof and any materials submitted therewith for this insurance, and subject to the policy wording including the Insuring Agreements, Conditions, Definitions and Exclusions made a part hereof, the **Company** agrees with the **Insured** as follows:

**1. INSURING AGREEMENT:**

Subject to the limit of liability, the terms, conditions and exclusions applicable to this policy, the **Company** agrees to pay on behalf of the **Insured** with respect only to his practice within the Commonwealth of Puerto Rico:

Coverage A – Individual Professional Liability

All sums which the **Insured** shall become legally obligated to pay as **Damages** because of **Injury** to which this policy applies caused by a **Medical Incident**, occurring on or after the retroactive date, for which a **Claim** is first made against the **Insured** and reported to the **Company** during the **Policy Period**, arising out of the rendering of or failure to render **Professional Services** by the **Insured** as a physician, surgeon or dentist.

Coverage B – Partnership, Association or Corporation Professional Liability

All sums which the **Insured** shall become legally obligated to pay as **Damages** because of **Injury** to which this policy applies caused by a **Medical Incident**, by any person whose acts or omissions the **Organization** insured is legally responsible, occurring on or after the retroactive date, for which a **Claim** is first made against the **Insured** and reported to the **Company** during the **Policy Period**.

**2. DEFENSE, SETTLEMENT, INVESTIGATION**

The **Company** shall have the right and duty to defend any **Claim** against the **Insured** seeking **Damages** because of **Injury** to which this insurance applies even if any of the allegations of the **Claim** are groundless, false or fraudulent. The **Company** may make such investigation of any **Claim**, as it deems expedient, but will not settle any **Claim** without the **Insured's** consent. The **Insured's** consent shall not be unreasonably withheld, nor withheld solely based on the amount of money to be tendered in an offer of settlement. The **Insured's** consent will be deemed to be given unless written

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notice to the contrary is received by the **Company** within thirty (30) days of the mailing of the notice of its intent to settle. The **Company** shall not be obligated to pay any **Claim** or judgment or to defend or continue to defend any **Claim** after the applicable limit of the **Company's** liability has been exhausted by payment of judgment or settlements or by making available to the **Insured** the limits of the policy. All **Defense Expenses** are in addition to the limit of liability.

### **3. WHEN A CLAIM IS MADE**

A **Claim** is first made at the earlier of the following times:

- a. When the **Insured** first gives written notice to the **Company** that a **Claim** has been made;
- b. When the claimant first gives written notice to the **Company** of a **Claim**; or
- c. When the **Insured First Discovers** and gives written notice to the **Company** of:
  - i. A specific act, error or omission which may subsequently give rise to an actual **Claim**, arising out of the rendering of or failure to render **Professional Services**;
  - ii. The **Injury** or damage which has resulted or may result from such act, error or omission; and
  - iii. The circumstances by which the **Insured** first became aware of such act, error or omission.

The giving of first written notice to the **Company** shall be considered to have occurred as of the postmarked date of said written notice or if delivered personally, as of the date on which it is received by the **Company**.

Incidents or circumstances reported as part of engineering on loss control shall not be considered notifications of **Claims** or potential **Claims**.

All **Claims** arising out of the same **Medical Incident** shall be considered as having been made at the time the first **Claim** is made.

### **4. GOOD SAMARITAN CLAUSE**

The territorial restriction of this policy does not apply with respect to a **Medical Incident** resulting from incidental and unexpected practice in:

- a. the United State of America, its territories or possessions or Canada, or
- b. international waters or air space, provided the incidental or unexpected practice does not occur in the course of travel or transportation to or from any other country, state or nation.

### **5. LIMITS OF LIABILITY**

Coverage A – Individual Professional Liability

The total liability of the **Company** for all **Damages** because of all **Injury** to which this insurance applies shall not exceed the limit of liability stated in the schedule as “aggregate”.

Subject to the above provision with respect to “aggregate” the total liability of the **Company** for all **Damages** because of all **Injury** arising out of any one **Medical Incident** shall not exceed the limit of liability stated in the schedule as applicable to each **Medical Incident**.

Such limits of liability shall apply separately to each **Insured**.

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Coverage B – Partnership, Association or Corporation Professional Liability

Regardless of the number of **Insureds** or locations under this insurance or the number of **Claims** made or brought, the **Company's** liability is limited as follows:

The total liability of the **Company** for all **Damages** because of all **Injury** to which the insurance applies shall not exceed the limit of liability stated in the schedule as “aggregate”.

Subject to the above provision with respect to “aggregate”, the total liability of the **Company** for all **Damages** because of all **Injury** caused by any one **Medical Incident** shall not exceed the limit of liability stated in the schedule as applicable to each **Medical Incident**.

**6. SUPPLEMENTARY PAYMENT**

The **Company** will pay, in addition to the applicable limit of liability:

- a. all expenses incurred by the **Company**, all costs taxed against the **Insured** in any **Claim** defended by the **Company**, excluding prejudgment interest, and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the **Company** has paid or tendered or deposited in court the part of the judgment which does not exceed the limit of the **Company's** liability thereon;
- b. all premiums on appeal bonds required in any such **Claim**, premiums on bonds to release attachments in any such **Claim** for an amount not in excess of the applicable limit of liability of this policy, but the **Company** shall have no obligation to apply for or furnish any such bonds;
- c. reasonable expenses incurred by the **Insured** at the **Company's** request in assisting the **Company** in the investigation or defense of any **Claim**.
- d. Up to \$10,000 for attorney fees charged by an attorney selected by the Company, and other reasonable costs and expenses resulting from **Disciplinary Proceedings** incurred as the result of a notice of such **Disciplinary Proceeding** first received by the **Insured** during the **Policy Period** and reported in writing to the **Company** within 30 days after receipt of such notice by the **Insured** and arising out of the rendering of failure to render **Professional Services** by the **Insured**.

However, in no event shall the amount payable hereunder exceed \$25,000 per **Policy Period** regardless of the number of **Insureds** insured hereunder and regardless of the number of such proceedings.

**7. RETROACTIVE DATE AND RELATED CLAIMS**

This policy only applies to **Medical Incidents** which occur subsequent to the retroactive date specified in the Declarations Page and for which a **Claim** is first made against the **Insured** and reported to the **Company** in writing in accordance with Condition 1 of the policy. All **Claims** arising out of the same **Medical Incident** or interrelated **Medical Incidents** shall be treated as a single **Claim** and considered as having been made at the time the first **Claim** was made. **Claims** arising out of the same **Medical Incident** or interrelated **Medical Incidents** shall be treated as a single **Claim** no matter how many **Insureds** are involved. The inclusion of more than one **Insured** or the making of **Claims** by more than one person or organization shall not operate to increase the **Company's** limit of liability. All related **Claims** shall be subject to the limit of liability applicable to the **Policy Period** in which the first of such related **Claims** was reported.

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**8. CURRENCY & PAYMENT OF PREMIUMS & LOSSES**

The premium and losses under this policy are payable in United States dollars.

**9. EXTENDED REPORTING PERIOD ENDORSEMENTS**

a. Automatic Extended Reporting Period Endorsement

In the event a **Claim** is reported to the **Company** within sixty (60) days after the expiration of this policy the **Claim** shall be deemed to have been reported on the last day of the **Policy Period**. The policy language that applied immediately prior to the termination date will apply to all **Claims** submitted during the Automatic Extended Reporting Period.

The Automatic Extended Reporting Period ends on the date the **Named Insured** obtains another professional liability coverage providing the same retroactive coverage applicable to the terminated policy or after sixty (60) days, whichever is sooner.

b. Optional Extended Reporting Period Endorsement

In consideration of the General Conditions of the Extended Reporting Period Endorsements stated below and in the event of termination of this policy by reason of non-renewal or cancelation, cause by any of the following events, the **Insured**, his heir or guardian, upon payment of an additional premium to be quoted by the **Company**, which shall not exceed 200 percent of the annual premium for the expiring policy, shall have the option to extend for an unlimited duration the period during which **Claims** may be reported to the **Company**, subject otherwise to all the terms, exclusions and conditions of this policy:

- a. the sudden death of the **Insured**;
- b. the total retirement or voluntary or involuntary total separation of the **Insured** from the practice of medicine;
- c. the disability of the **Insured** to carry on the practice of medicine, but only if such total disability shall have continued without significant interruption for a term of not less than six (6) months; or
- d. non-renewal by the **Company**.

The **Insured**, his heirs or guardian, must inform the **Company** in writing of his intent to purchase the Optional Extend Reporting Period coverage within thirty (30) days from the date of the initial quote was provided and must pay the premium therefore in full within that thirty (30) day period. Failure to so inform and pay the **Company** within this thirty (30) day period shall void the option to purchase the Optional Reporting Period for coverage provided in this section.

The **Insured** must also remit any earned but unpaid premium that may be due under the terminated policy. The policy language that applied immediately prior to the termination date will apply to all **Claims** submitted during the extended reporting period.

Once the Optional Extended Reporting Period is exercised as stated above, the endorsement may not be cancelled and will be valid for an unlimited duration of time. The premium for this option is non-refundable and considered fully earned.

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c. Extended Reporting Period Endorsement for Preferred Risk **Insureds**

In consideration of the General Conditions of the Extended Reporting Period Endorsements stated below, if this policy is terminated because of:

- i. the sudden death of the **Insured**; or
- ii. the disability of the **Insured** to carry on the practice of medicine; or
- iii. if the **Insured** retires permanently from the practice of medicine after attaining the age of sixty-five (65) years; and
- iv. the **Insured** has been insured by the **Company** for at least ten (10) consecutive years immediately prior to such termination; and
- v. the **Insured** has not been involved in any **Claim** during said period insured by the **Company** resulting in a payment by the **Company** of any judicial obligation or transaction, **Disciplinary Proceedings** or **Defense Expenses**

then an Extended Reporting Period Endorsement for Preferred Risk **Insureds** of unlimited duration will be provided for no additional premium.

**General Conditions of the Extended Reporting Period Endorsements**

The Extended Reporting Period Endorsements shall only apply to **Claims** first made against the **Insured** subsequent to the effective date of termination, but only by reason of **Claims** because of **Injury** to which this policy applies arising out of the rendering of or failure to render **Professional Services** by the **Insured** on or after the retroactive date of this policy and prior to the effective date of termination and subject otherwise to all the terms, exclusions and conditions of this policy.

The **Insured** must remit any earned but unpaid premium that may be due under the terminated policy. The policy language that applied immediately prior to the termination date will apply to all **Claims** submitted during the extended reporting period.

Except for the Automatic Extended Reporting Period Endorsement, the Extended Reporting Period coverage will be subject to separate per **Medical Incident** and aggregate liability limits equal to 100 percent of the expiring policies per **Medical Incident** and aggregate limits. The aggregate limits of liability applicable to the Extended Reporting Period will be reinstated once, to the same limits as those applicable to the terminating policy at the time of termination.

The Extended Reporting Period coverage does not extend the **Policy Period**, change the scope of coverage provided, or increase the limits of liability.

Except for the Automatic Extended Reporting Period Endorsement, the **Company** has no obligation to offer or grant any Extended Reporting Period coverage if we cancel or refuse to renew this policy because of the non-payment of premiums.

**CONDITIONS**

**1. INSURED'S DUTIES IN THE EVENT OF CLAIM/POTENTIAL CLAIM**

- a. As a condition precedent to the protection afforded by this insurance, the **Insured** shall as soon as practicable, but in no event later than sixty (60) days after expiration of the **Policy Period**, give written notice to the **Company** of every **Claim** first made against the **Insured**

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during the **Policy Period**. The **Insured** must immediately forward to the **Company** every demand, notice, summons or other legal papers received in connection with the **Claim**. In the event a **Claim** is reported to the **Company** within sixty (60) days after the expiration of this policy, the **Claim** shall be deemed to have been reported on the last day of the **Policy Period**.

- b. If an **Insured First Discovers** a **Medical Incident** that may subsequently give rise to a **Claim** otherwise covered by the policy and gives the **Company** written notice of such **Medical Incident** with full particulars during the **Policy Period**, then any subsequent **Claim** made against the **Insured** arising out of the **Medical Incident** shall be treated as if it had been first made during the **Policy Period**. Potential **Claims** reported after termination or expiration date of this policy, will not trigger coverage under the policy.

All written notices should include the date the **Medical Incident** occurred, the date the **Claim** was received (if applicable); how, when and where the **Medical Incident** took place; the names and addresses of any injured persons and witnesses; and the nature and location of any **Injury** or damage arising out of the **Medical Incident**.

## **2. ASSISTANCE AND COOPERATION**

The **Insured** must do nothing after a **Claim** to prejudice the **Company's** rights.

The **Insured** shall cooperate with the **Company** and, upon the **Company's** request, shall assist in the conduct of the **Claim** and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Insured** regardless of any **Claim** with respect to which insurance is or may be afforded under this Policy. The **Insured** shall attend all hearings and trials and assist in securing and giving evidence and obtaining witnesses.

In the event any payment is made under this insurance, the **Company** will be subrogated to all of the **Insureds** rights of recovery against any person or organization and the **Insured** will execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The **Insured** shall not voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of the **Medical Incident**.

## **3. OTHER INSURANCE**

If the **Insured** has other valid and collectible insurance against a loss covered by this policy, the insurance hereunder shall apply only as excess insurance over any other valid and collectible insurance and shall apply only in the amount by which the applicable limits of this insurance exceed the sum of the applicable limits of liability of all other such insurance.

## **4. LEGAL ACTION AGAINST THE COMPANY**

No action shall lie against the **Company** unless, as a condition precedent there to, the **Insured** shall have fully complied with all the terms of this policy.

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**5. FALSE OR FRAUDULENT CLAIMS**

If the **Insured** shall give notice of any **Claim** or potential **Claim** knowing the same to be false or fraudulent, this insurance shall become void and all rights hereunder shall be forfeited by the **Insured**.

**6. INSPECTION AND AUDIT**

The **Company** shall be permitted, but not obligated, to inspect the **Insured's** property, operations and/or records at any time. Neither the **Company's** right to make inspections nor the making thereof or any report thereon shall constitute an undertaking on behalf of or for the benefit of the **Insured** to determine or warrant that such property or 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 extensions thereof, and within three years after the final termination of this insurance.

**7. CHANGES**

The terms of this policy shall not be waived or changed except by endorsement duly executed by an authorized representative of the **Company**, issued to form a part of this policy, and agreed upon by the **Named Insured**.

**8. ASSIGNMENT**

The interest hereunder of any **Insured** is not assignable.

Under Coverage A – Individual Professional Liability – if the **Insured** shall die or become adjudged incompetent, this policy shall thereupon terminate for such person, but such insurance as is afforded by this policy shall apply to the **Insured's** legal representative, but only while acting within the scope of his duties as such, with respect to acts or omissions previously incurred and covered by the policy.

Under Coverage B – Partnership, Association or Corporation Professional Liability – if any member, partner, officer, director or shareholder of the **Insured** shall die or be adjudged incompetent, this policy shall thereupon terminate for such person, but such insurance as is afforded by this policy shall apply to the **Insured's** legal representative, but only while acting within the scope of his duties as such, with respect to acts or omissions previously incurred and covered by this policy.

**9. STATEMENTS AND REPRESENTATIONS IN THE APPLICATION**

By acceptance of this insurance, the **Insured** agrees that the statements in the application are his/her representations, that such representations are accurate and complete, that such representations are material to the risk undertaken by the **Company** and that this policy is issued and continued in force in reliance upon the truth of such representations.

**10. NOTICE OF CANCELLATION**

This policy may be cancelled by the **Named Insured** by surrender thereof to the **Company** or any of its authorized agents or by providing to the **Company** written notice stating when thereafter the cancellation shall be effective.

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This policy may be cancelled by the **Company** by mailing to the **Named Insured** at the address shown in this policy, written notice stating when not less than thirty (30) days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender of the effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice either by the **Named Insured** or by the **Company** shall be equivalent to mailing.

If the **Named Insured** cancels, earned premiums shall be computed in accordance with the customary short rate table and procedure. If the **Company** cancels, earned premium shall be computed pro-rata. Premium adjustment may be made either at the time cancellation is affected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

**11. SOLE AGENT**

The **Named Insured** listed in Item 1 of the Declarations Page shall act on behalf of all **Insureds** with respect to the giving and receiving notice of cancellation of nonrenewal, accepting any endorsement issued to form a part of this policy and receiving any return premium, if any; and is charged with the responsibility for notifying the **Company** of any changes of members, partners, officers, directors, stockholders or **Employees** or any other change which might affect the insurance hereunder.

**12. CONFORMITY WITH STATUTE OR REGULATION**

If any term of this policy, or any duty arising therefrom, would cause the **Company** to violate any federal, state or local law or regulation, the policy is amended to bring the **Company** into compliance with such statute or regulation.

**EXCLUSIONS**

This policy does not apply to any **Claim**, including **Damages** and **Defense Expenses**, arising directly or indirectly from:

1. Any obligation for which an **Insured** or any carrier acting as insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law or under any similar law.
2. Any liability the **Insured** has as an owner, proprietor, superintendent, partner, manager, director, officer, shareholder, agent, administrative officer, executive officer or member of the board of directors, trustees or governors of any:
  - a. hospital, nursing home, sanatorium, retirement facility, clinic or similar institution which provides bed and board facilities; or
  - b. other business, organization, partnership, association or corporation not specifically set forth in the Declarations Page.
3. Any **Medical Incident** which:
  - a. happened prior to the retroactive date;
  - b. resulted in a **Claim** made against the **Insured** after the **Policy Period** or reported to the **Company** after sixty (60) days after expiration of the **Policy Period**;



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- c. was **First Discovered** by the **Insured** prior to the **Policy Period** listed on the Declarations Page; or
  - d. was reported to or covered under any policy or self-insured retention in effect before this policy.
- 4. Any **Claim** arising out of any criminal act, including but not limited to dishonest, fraudulent, malicious or intentional wrongful acts, sexual abuse or molestation, or fraud committed by the **Insured** or any person for whom the **Insured** is legally responsible
- 5. Discrimination, humiliation, harassment or misconduct because of age, race, creed, color, gender, sexual preference, disability, national origin, illness or positive test for the transmission of a communicable disease.
- 6. Liability assumed by the **Insured** under any contract, except any liability which the **Insured** would have had in the absence of such contract.
- 7. Advertising Injury, **Personal Injury** or **Property Damage**.
- 8. Any act committed in violation of any law or ordinance.
- 9. The **Insured's** liability for **Bodily Injury** with respect to which an **Insured** under this policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, 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 resulting from the **Hazardous Properties of Nuclear Material** and with respect to which:
  - 1. any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or
  - 2. 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 by the United States of America, or any agency thereof, with any person or organization.
- 10. The **Insured's** liability for **Bodily Injury** resulting from the **Hazardous Properties of Nuclear Material**, if:
  - a. the **Nuclear Material**:
    - i. is at any **Nuclear Facility** owned by, or operated by or on behalf of the **Insured**; or
    - ii. has been discharged or dispersed therefrom;
  - b. 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 the **Insured**;
  - c. the **Bodily Injury** arises out of the furnishing by the **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 10 applies only to injury to or destruction of property at such **Nuclear Facility**.
- 11. Regardless of any other cause or event that contributes concurrently or in any sequence to the **Injury** or damage, there is no coverage for the liability of any **Insured** occasioned by, arising out of, or in the consequence of:
  - a. War, including undeclared or civil war;

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- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- d. **Terrorism**, including any action taken in hindering or defending against an actual or expected incident of **Terrorism**

However, with respect to **Terrorism** this exclusion only applies if one or more of the following are attributable to an incident of **Terrorism**:

- a. The total Insured damage to all types of property exceeds \$25,000,000.
- b. Fifty or more persons sustain death or serious physical injury. For purpose of this provision, serious physical injury means:
  - i. Physician injury that involves a substantial risk of death;
  - ii. Protracted and obvious physical disfigurement;
  - iii. Protracted loss or impairment of the function of a bodily member of the organ; or;
- c. The **Terrorism** involves the use, release, or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- d. The **Terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- e. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the Terrorism was to release such materials.

Paragraphs a. and b. immediately preceding, describe the thresholds used to measure the magnitude of an incident of **Terrorism** and the circumstances in which the threshold will apply for the purpose of determining whether the Terrorism Exclusion will apply to that incident. When the Terrorism Exclusion applies to an incident of **Terrorism**, there is no coverage.

In the event of any incident of **Terrorism** that is not subject to the Terrorism Exclusion, coverage does not apply to any **Damages** that are otherwise excluded.

**DEFINITIONS**

**ADVERTISING INJURY** means an **Injury** caused by any of the following offenses in the advertising of the **Insured's Professional Services** as a healthcare provider:

- a. libel or slander;
- b. written or spoken material made public which violates an individual's right of privacy or belittles the product or work of others;
- c. unauthorized taking of advertising ideas or style of doing business; or
- d. infringement of copyright, title or slogan.

**CLAIM** means any written demand for **Damages** received by the **Insured** resulting from a **Medical Incident**, including but not limited to the filing of a lawsuit against the **Insured**.

**COMPANY** means Puerto Rico Medical Defense Insurance Company.

**DAMAGES** mean a compensatory settlement, award or judgment which the **Insured** is obligated to pay. **Damages** include pre-judgment interest. **Damages** do not include:

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- a. punitive or exemplary damages, fines or penalties, or any damages which are a multiple of compensatory damages;
- b. the return or restitution of fees, compensation, profits, charges and/or expenses paid to the **Insured** for **Professional Services** rendered; or
- c. judgments or awards deemed uninsurable by law.

**DEFENSE EXPENSES** mean:

- a. all expenses incurred by the **Company** in defending a **Claim**, all costs taxed against the **Insured** in any **Claim** and all post-judgment interest which accrues on the entire amount of the judgment before the **Company** have paid or tendered or deposited in court that part of the judgment which does not exceed the applicable limit of liability of this policy;
- b. premiums on appeal bonds required in any defended **Claim**. The **Company** has no obligation to apply for or furnish an appeal bond. The amount of any appeal bond shall not exceed the applicable limit of liability of this policy; and
- c. all reasonable expenses, other than loss of earnings, incurred by the **Insured** at the **Company's** request and with the **Company's** express written consent prior agreement.

**Defense Expenses** does not include:

- a. any **Defense Expenses** incurred after each **Medical Incident** or aggregate policy limit is exhausted by payment of **Damages**.
- b. any attorney fees awarded to a claimant.
- c. the salary of any **Employee** of the **Insured**.
- d. the forgiveness of any amounts owed for the cost of care or **Professional Services** rendered by an **Insured**.

**DISCIPLINARY PROCEEDING** means inquiries before a local or peer review committee to investigate charges alleging a violation of any rule or standard of professional conduct in the performance of **Professional Services**.

**EMPLOYEE** means a person whose work is engaged and directed by an **Insured**.

**FIRST DISCOVERS** means the date on which an **Insured** first knew, or reasonably should have known, of the potential **Claim**. All **Claims** and potential **Claims** arising from the same **Medical Incident** shall be considered as having been **First Discovered** when the first potential **Claim** was discovered by the **Insured**.

**HAZARDOUS PROPERTIES** mean radioactive, toxic or explosive properties.

**INJURY** means **Bodily Injury**, sickness, disease, mental anguish, mental injury or emotional distress suffered by a person, including death at any time resulting therefrom.

**INSURED** means the **Named Insured** and any additional **Insured** identified in the Declarations Page or added by endorsement to this Policy. Each of the following is an **Insured** under this policy to the extent set forth below:

Under Coverage A – Individual Professional Liability – the **Named Insured** listed in the Declarations Page and **Insureds** identified in the Declarations Page or added by endorsement to this policy.

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Under Coverage B – Partnership, Association or Corporation Professional Liability – the **Organization** named as the **Named Insured** on the Declarations Page and any member, partner, officer, director or shareholder thereof with respect to the acts or omissions of others, provided no such member, partner, officer, director or shareholder of a partnership, association or corporation, shall be an **Insured** under this paragraph with respect to acts or omissions in the furnishing of **Professional Services** by the **Insured, Employee** or any person acting under the **Insured's** personal direction, control or supervision.

**MEDICAL INCIDENT** means any act, error or omission:

Under Coverage A – Individual Professional Liability – (a) in the rendering of, or failure to render, **Professional Services** by the **Insured**, any **Employee** of the **Insured**, or any person acting under the personal direction, control or supervision of the **Insured**, or (b) in the service by the **Insured** as a member of a formal accreditation, standards review or similar professional board or committee.

Under Coverage B – Partnership, Association or Corporation Professional Liability – in the rendering of, or failure to render, **Professional Services** by (a) any member, partner, officer, director, shareholder or **Employee** of the **Insured**, or (b) any person acting under the personal direction, control or supervision of the **Insured**.

All related acts, errors or omissions (whether related logically, casually, or in any other way) in the rendering of, or failure to render, **Professional Services** to any one patient (as defined by the applicable law) shall be considered one **Medical Incident** and only one limit of liability will apply. If a **Medical Incident** arises from a series of related medical services, such **Medical Incident** will be deemed to have happened at the time of the first act, error or omission in respect of which the **Insured** may be legally obligated to pay **Damages**.

**NAMED INSURED** means the individual or **Organization** listed on the Declarations Page as such.

**NUCLEAR FACILITY** means:

- a. any **Nuclear Reactor**;
- b. any equipment or device designed or used for:
  - i. separating the isotopes of uranium or plutonium;
  - ii. processing or utilizing **Spent Fuel**; or
  - iii. 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; or
- 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 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.

**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. With respect to injury to or destruction of property, the word **Injury** or destruction includes all forms of radioactive contamination of property.

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**ORGANIZATION** means the following:

Professional Service Corporation (PSC)  
Limited Liability Partnership (LLP)  
Domestic and Foreign Corporation (Corp. or Inc.)  
Limited Liability Corporation (LLC)

or other entity owned by a physician, surgeon or dentist, but only in respect to the liability of such entity as it arises out of a physician, surgeon or dentist's failure to render **Professional Services**.

**PERSONAL INJURY** means **Injury** other than **Bodily Injury** caused by any of the following offenses:

- a. false arrest, detention or imprisonment;
- b. malicious prosecution;
- c. wrongful entry or wrongful eviction;
- d. libel or slander; or
- e. written or spoken material made public which violates an individual's right of privacy.

**POLICY PERIOD** means the period from the inception date and hour of this policy to the earlier of the policy expiration date and hour or the end of the Extended Reporting Period, if purchased, set forth in the Declarations Page or any other termination date effected in accordance with the terms of this policy.

**PROFESSIONAL SERVICES** mean services performed by the **Insured** in the treatment and/or care of any patient, and shall include:

- a. medical, surgical or dental services provided to any person;
- b. the furnishing of medical, surgical or dental supplies and appliances, medication, blood and blood products and food and beverages in connection with such services;
- c. the handling of or the performing of post-mortem examinations on human bodies.

**PROPERTY DAMAGE** means:

- a. physical injury to tangible property, including all resulting loss of use of that property; and
- b. loss of use of tangible property which has not been physically damaged or destroyed.

**SPENT FUEL** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **Nuclear Reactor**.

**TERRORISM** means activities against persons, organizations, property of any nature that involves the following or the preparation for the following:

- a. Use or threat of force of violence;
- b. Commission or threat of a dangerous act;
- c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information or mechanical system; and

When one or both of the following applies:

The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

It appears that the intent is to intimidate or coerce government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

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\_\_\_\_\_  
President  
Puerto Rico Medical Defense Insurance Company

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Treasurer  
Puerto Rico Medical Defense Insurance Company

Countersigned by:

Name	Signature	Date
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