



VIG TOWER • Suite 1401 • 1225 Ave. Ponce de León • Santurce, PR 00907-3921

Professional Liability Policy

In consideration of the payment of the premium, in reliance upon the statements in the Declarations made a part hereof and subject to all of the terms of this policy, agrees with the **Name Insured** as follows:

DEFINITIONS

“**Policy Territory**” means The Commonwealth of Puerto Rico. This insurance applies to damages for injury caused by a **Medical Incident** only within the Commonwealth of Puerto Rico.

“**Name Insured**” means the **Name Insured** identified in the Declarations and any additional **Insured** identified in the Declarations or added by endorsement to this Policy.

“**Insured**” means:

- (1) the **Name Insured**;
- (2) if the **Name Insured** is designated in the Declarations as a **Partnership**, any partner thereof, but only with respect to that partner's liability as such;
- (3) if the **Name Insured** is designated in the Declarations as other than an individual or **Partnership**, any executive officer, hospital administrator, stockholder or member of the board of directors, trustees or governors of the **Name Insured** while acting within the scope of that person's duties as such.

“**Partnership**” means:

- (1) Professional Service Corporation (PSC)
- (2) Limited Liability Partnership (LLP)
- (3) Domestic and Foreign Corporation (Corp. or Inc.)
- (4) Limited Liability Corporation (LLC)

“**Medical Incident**” means any act or omission:

- (1) 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**;
- (2) in the service by the **Insured** as a member of a formal accreditation, standards review or similar professional board or committee;



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(3) in the furnishing 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**.

Any such act or omission, together with all related acts or omissions in the furnishing of such services to any one person shall be considered one **Medical Incident**. 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.

“**Company**” means Puerto Rico Medical Defense Insurance **Company**.

SUPPLEMENTARY PAYMENTS

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

- (1) All expenses incurred by the **Company**, all costs taxed against the **Insured** in any suit defended by the **Company** 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 that part of the judgment which does not exceed the limit of the **Company**'s liability thereon;
- (2) Premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the **Insured** because of accident or traffic law violation arising out of the use of any vehicle to which this policy applies, not to exceed \$250 per bail bond, but the **Company** shall have no obligation to apply for or furnish any such bonds;

CONDITIONS

- a. **Premium:** All premiums for this policy shall be computed in accordance with the **Company**'s rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein. Premium designated in this policy, as “advance premium” is a deposit premium only, which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each period (or part thereof terminating with the end of the policy period) designated in the



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Declarations as the audit period the earned premium shall be computed for such period and, upon notice thereof to the **Name Insured**, shall become due and payable. If the total earned premium for the policy is less than the premium previously paid, the **Company** shall return to the **Name Insured** the unearned portion paid by the **Name Insured**. The **Name Insured** shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to the **Company** at the end of the policy period and at such times during the policy period as the **Company** may direct.

- b. **Inspection and Audit:** The **Company** shall be permitted but not obligated to inspect the **Name Insured's** property and 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 **Name Insured** or others, 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 **Name Insured's** books and records at any time during the policy period and extension thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

3. Insured's Duties in the event of Occurrence, Claim or suit:

- 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** 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**



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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**.

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

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the **Company** as a party to any action against the **Insured** to determine the **Insured's** liability, nor shall the **Company** be impleaded by the **Insured** or his legal representative. Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve the **Company** of any of its obligations hereunder.

5. Other Insurance: The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the **Insured** has other insurance, which is stated to be applicable to the loss on an excess or contingent basis, the amount of the **Company's** liability under this policy shall not be reduced by the existence of such other insurance.

When both this insurance and the other insurance apply to the loss on the same basis, whether primary, excess or contingent, the **Company** shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

- a. **Contribution by Equal Shares:** If all of such other valid and collectible insurance provides for contribution by equal shares, the **Company** shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.
- b. **Contribution by Limits:** If any of such other insurance does not provide for contribution by equal shares, the **Company** shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

- 6. Subrogation:** In the event of any payment under this policy, the **Company** shall be subrogated to all the **Insured's** rights of recovery therefore against any person or organization and the **Insured** shall execute and deliver instruments and papers and to whatever else is



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necessary to secure such rights. The **Insured** shall do nothing after loss to prejudice such rights.

- 7. Changes:** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop the **Company** from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.
- 8. Assignment:** Assignment of interest under this policy shall not bind the **Company** until its consent is endorsed hereon; if, however, the **Name Insured** shall die, such insurance as is afforded by this policy shall apply (1) to the **Name Insured's** legal representative, **as the Name Insured**, but only while acting within the scope of his duties as such and (2) with respect to the property of the **Name Insured**, to the person having proper temporary custody thereof, **as Insured**, but only until the appointment and qualification of the legal representative.
- 9. Cancellation:** This policy may be cancelled by the **Name Insured** by surrender thereof to the **Company** or any of its authorized agents or by mailing to the **Company** written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the **Company** by mailing to the **Name Insured** at the address shown in this policy, written notice stating when not less than twenty 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 **Name Insured** or by the **Company** shall be equivalent to mailing.
- If the **Name 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 effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
- 10. Declarations:** By acceptance of this policy, the **Name Insured** agrees that the statements in the Declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between him and the **Company** or any of its agents relating to this insurance.

NUCLEAR ENERGY LIABILITY ENDORSEMENT (BROAD FORM)

It is agreed that:

I. This policy does not apply:

A. Under any Liability Coverage, to bodily injury or property damage



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- (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, with 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 under any Supplementary Payments provision relating to first aid, to express 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.

II. 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 **“byproduct material”** have the meanings given **them** in the Atomic Energy Act of 1954 or in any law amendatory thereof;