

**Healthcare Professional
Liability Coverage**
including
Arch Healthcare NetSafe®



**A Proposal for
Paramedics Plus Logistics
P.O. Box 387
Tyler, TX 75710-0387**

**Presented to
Arthur J. Gallagher & Co.
2345 Grand Blvd
Suite 800
Kansas City, MO 64108
02-28-2018**



Arch Healthcare NetSafe® with Regulatory Proceedings Coverage

We are making changes to the Cyber Security and Regulatory Defense Coverage provided on your policy

At the renewal of your policy, the **Net Protection PLUS/Regulatory Defense PLUS Coverage** endorsement will be replaced by a new endorsement, **Arch Healthcare NetSafe® Network Security, Privacy and Media Liability Endorsement including Healthcare Regulatory Proceedings Coverage** (hereafter referred to as **Arch Healthcare NetSafe®**).

- Our new **Arch Healthcare NetSafe®** endorsement provides five cyber-related coverage parts incorporating coverage parts A-G previously provided by the **Net Protection PLUS/Regulatory Defense PLUS Coverage** endorsement.
- Regulatory Defense PLUS remains a unique coverage within **Arch Healthcare NetSafe®** that provides expense reimbursement for regulatory-related matters previously provided by Coverage H of the **Net Protection PLUS/Regulatory Defense PLUS Coverage** endorsement.
- Our endorsement, **Medical Professional Injury Redefined** is being rewritten to match the terms, definitions, and coverage parts found in the **Arch Healthcare NetSafe®** endorsement. If the policy contained the **Unencrypted Portable Device Claim SubLimit Endorsement**, the endorsement preamble is being rewritten to reference our new **Arch Healthcare NetSafe®** endorsement. There is no change in coverage intent for either endorsement.

Arch Healthcare NetSafe® endorsement language has been simplified and streamlined to be consistent with Arch's overall corporate cyber coverage strategy. Moreover, the following key benefits remain available:

- Limits are in addition to the Healthcare Professional Liability Limit provided by your policy.
- Basic limits of \$50,000 is provided for each of the coverage part of **Arch Healthcare NetSafe®** at no additional premium.
- Basic limits are subject to an annual aggregate of \$50,000.
- You will have an option to purchase higher limits for **Arch Healthcare NetSafe®** (up to a maximum of \$1,000,000 per coverage / annual aggregate). Please let your agent know if you would like to receive an optional quote for higher limits.

We sincerely thank you for considering our proposal and your continued support. If you have any questions about this proposal, please feel free to call any member of the Arch Healthcare Underwriting Team listed below.

This Quote has been authorized by:

Anna Rockers

The Arch Healthcare Underwriting Team

Anna Rockers
Sr. Underwriter
651-855-7154

arockers@archinsurance.com

DeeAnn Larson
Sr. Technical Assistant
651-855-7108

dlarson@archinsurance.com

Proposed Coverage for

Paramedics Plus Logistics

Policy Period: 03-21-2018 – 03-21-2019

Issuing Company: Arch Specialty Insurance Company

Healthcare Professional Liability

Aggregate Limit	\$12,000,000
Each Medical Incident Limit	\$1,000,000
Each Medical Incident Deductible	\$0
Aggregate Deductible	\$0
Claims-Made Retroactive Date	02-28-2018

Commercial General Liability

General Aggregate Limit	\$12,000,000
Products-Completed Operations Aggregate Limit	\$12,000,000
Personal and Advertising Injury Limit	\$1,000,000
Each Occurrence Limit	\$1,000,000
Damage To Premises Rented to You Limit	\$100,000
Medical Expense Limit	\$5,000
Bodily Injury & Property Damage Liability Deductible	\$25,000
Personal and Advertising Injury Liability Deductible	\$25,000
Aggregate Deductible	\$0
Claims-Made Retroactive Date	N/A

Healthcare Umbrella Liability

Aggregate Limit	\$5,000,000
Each Occurrence Limit	\$5,000,000
Personal and Advertising Injury Limit	\$5,000,000
Umbrella Retroactive Date	02-28-2018

Premium

Primary Premium	\$289,650.
Umbrella Premium	\$259,400.
TRIA Premium <i>optional</i>	\$1,659.
Total Premium	\$550,709
Commission	8%

Arch Healthcare NetSafe®

Basic Limits Coverage - \$50,000

PROGRAM HIGHLIGHTS

- Breach response services including legal, IT, and PR support.
- Third party claims alleging liability resulting from a security or privacy breach.
- Defense costs and fines and penalties incurred in regulatory investigations of privacy or security breaches.
- Third party claims alleging copyright or trademark infringement resulting from the dissemination of your media material
- Business interruption and extra expense coverage for income loss resulting from interruption of your computer system due to operational errors or cyber-attacks.
- Expenses incurred and monies spent as a direct result of a credible cyber extortion threat.
- Costs to restore, recreate or recollect of lost or stolen data.
- Reimbursement of defense costs, fines and penalties, and shadow audit expenses incurred in billing errors proceedings brought by federal or state governmental agencies, qui tam plaintiffs, contractors working on behalf of the government, such as ZPIC and RAC, and commercial payers.
- Reimbursement of defense costs and fines and penalties incurred in HIPAA, EMTALA and Stark proceedings.

Forms and Endorsements

- **Arch Data Security Event Hotline Notification**
- U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders
- Terrorism Coverage Disclosure Notice
- Introduction
- Signature Page
- Policy Forms List
- Claims Notification Endorsement
- Service of Suit Endorsement
- State Amendatory Endorsement, where required
- Common Policy Conditions
- Notice of Cancellation – Certificate Holders
- Notice of Cancellation – Certificate Holders (Specified Days)
- Your Duties in the Event of Loss
- Government Access to Records
- War or Terrorism Exclusion Change Endorsement OR
- War, Certified Acts of Terrorism and Other Acts of Terrorism Change Endorsement
- Named Insured and Retroactive Date Endorsement
- Waiver of transfer of Rights of Recovery Against Others To Us
- Professional Plus Endorsement
- Healthcare Professional Liability Coverage Declarations
- Healthcare Professional Liability Coverage Form
- Additional Protected Persons Endorsement
- **Arch Healthcare NetSafe® Network Security, Privacy and Media Liability Endorsement including Healthcare Regulatory Proceedings Coverage**
- Knowledge of Claim Change Endorsement
- **Medical Professional Injury Redefined Endorsement**
- Primary and Non-Contributing Insurance Where Required By Written Contract(S) Endorsement
- Healthcare General Liability Coverage Declarations
- Healthcare General Liability Coverage Form
- Additional Protected Persons Endorsement
- Employee Benefits Liability Coverage Endorsement
- **Exclusion-Access Or Disclosure of Confidential Or Personal Information And Data-Related Liability - With Limited Bodily Injury Exception (GL)**
- Limits Per Contract General Liability (m/s)
- Other Insurance Change Endorsement
- Primary and Non-Contributing Insurance Where Required By Written Contract(s) Endorsement
- Healthcare Umbrella Coverage Declarations
- Healthcare Umbrella Coverage Form
- Employee Benefits Liability Coverage Endorsement
- **Exclusion-Access Or Disclosure of Confidential Or Personal Information And Data-Related Liability – With Limited Bodily Injury Exception (UMB)**

Arch Financial Highlights

Q3 September 30, 2017

Arch Specialty Insurance Company holds a financial strength rating of "A+" (Superior) from A.M. Best Company, "A+" (Strong) from Standard & Poor's, "A2" (Good) from Moody's and "A+" (Strong) from Fitch Ratings. Arch Specialty Insurance Company (a Missouri corporation, NAIC #21199) had admitted assets of \$504.18 million, total liabilities of \$206.03 million and surplus to policyholders of \$298.15 million, as shown in the Quarterly Statement for the quarter ended September 30, 2017

Agency Ratings

- ❖ AM Best "A+" (Superior)
- ❖ Moody's "A2" (Good)
- ❖ Standard & Poors "A+" (Strong)
- ❖ Fitch ratings "A+" (Strong)

Arch Specialty Insurance



Other Terms and Conditions

1. This insurance proposal is valid until 03-21-2018, or as extended by Arch Underwriting.
2. Loss adjustment expenses are outside the limit of liability.
3. **Arch Healthcare NetSafe®** Basic Limits (\$50,000 each claim / aggregate – subject to an annual aggregate of \$50,000) is provided at no charge;
 - a. **Arch Healthcare NetSafe®** Higher Limits are available for purchase. The premium charge is in addition to the premiums shown in the Premium section of this quote letter;
 - b. Expense paid under this coverage erode the applicable **Arch Healthcare NetSafe®** limit;
4. Deductible applies to damages only. (**Arch Healthcare NetSafe®** coverage is not subject to a deductible)
5. Optional extended reporting period is available.
6. In order to bind coverage, please provide the following additional information. Please note, coverage and premium terms are subject to change or withdrawal pending review and underwriting approval of this additional information.
 - a. The attached terrorism selection / rejection form must be completed, signed and returned with the request to bind if coverage is being rejected. **Coverage provided by TRIA will be automatically included on this policy for an additional premium unless it is rejected by the insured.**
 - b. The following information for the resident surplus lines broker or agent. The resident surplus lines broker or agent is the broker or agent who: 1) will be responsible for the payment of the surplus lines tax, and 2) holds a resident surplus lines license in the state where the taxes will be paid.
 - i. S/L Agent's Name, Address, Phone Number and License Number
 - ii. State in Which S/L Taxes Were Filed
 - iii. Transaction Number (New Jersey Only)
7. **PCF Surcharges will not be collected by Arch. You must arrange for timely and accurate payment and PCF Certificates to the Patient Compensation Fund.**
8. If a material change in the risk occurs subsequent to receipt of the submission and prior to the inception date of the proposed policy, we reserve the right to modify or withdraw this proposal.
9. All bound coverage is subject to a 25% minimum earned premium.
10. (OPTIONAL for quotes including Umbrella)
 Minimum Underlying Insurance Requirements – Underlying carriers must carry at least an "A-" rating from A.M. Best and a financial class size of at least X.

Automobile Liability:

Combined Single Limit	
Fleets less than 26 units	\$1,000,000
Fleets greater than 26 units	\$2,000,000
Employers Liability:	
Each Accident	\$1,000,000
Disease – Each Employee	\$1,000,000
Disease – Policy Limit	\$1,000,000
Non-Owned Aircraft:	
Each Accident	\$10,000,000
Owned Watercraft (26 feet or under):	
Each Occurrence	\$1,000,000

TERRORISM COVERAGE DISCLOSURE NOTICE

TERRORISM COVERAGE PROVIDED UNDER THIS POLICY

The Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015 (collectively referred to as the "Act") established a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. An act of terrorism is defined as any act certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

In accordance with the Act, we are required to offer you coverage for losses resulting from an act of terrorism **that is certified under the federal program** as an act of terrorism. The policy's other provisions will still apply to such an act. **This offer does not include coverage for incidents of nuclear, biological, chemical, or radiological terrorism which will be excluded from your policy.** Your decision is needed on this question: do you choose to pay the premium for terrorism coverage stated in this offer of coverage, or do you reject the offer of coverage and not pay the premium? You may accept or reject this offer.

If your policy provides commercial property coverage, in certain states, statutes or regulations may require coverage for fire following an act of terrorism. In those states, if terrorism results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to Legal Liability coverage forms or Leasehold Interest coverage forms.

Your premium will include the additional premium for terrorism as stated in the section of this Notice titled DISCLOSURE OF PREMIUM.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. **The federal share equals 85% in 2015, 84% in 2016, 83% in 2017, 82% in 2018, 81% in 2019, and 80% in 2020 of that portion of the amount of such insured losses that exceeds the applicable insurer deductible during Calendar Year 2015 and each Calendar Year thereafter through 2020.**

DISCLOSURE OF CAP ON ANNUAL LIABILITY

If the aggregate insured terrorism losses of all insurers exceed \$100,000,000,000 during any **Calendar** Year provided in the Act, the Secretary of the Treasury shall not make any payments for any portion of the amount of such losses that exceed \$100,000,000,000, and if we have met our insurer deductible, we shall not be liable for the payment of any portion of such losses that exceeds \$100,000,000,000.

DISCLOSURE OF PREMIUM

Your premium for terrorism coverage is: \$1,659.
(This charge/amount is applied to obtain the final premium.)

You may choose to reject the offer by signing the statement below and returning it to us. Your policy will be changed to exclude the described coverage. If you chose to accept this offer, this form does not have to be returned.

REJECTION STATEMENT

I hereby decline to purchase coverage for certified acts of terrorism. I understand that an exclusion of certain terrorism losses will be made part of this policy.

Policyholder/Legal Representative/Applicant's
Signature

Paramedics Plus Logistics

Named Insured

Print Name of Policyholder/Legal
Representative /Applicant

Arch Specialty Insurance Company

Insurance Company

Date:

Policy Number: