




**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM II
POOL LAYER MEMORANDUM OF COVERAGE
Medical Professional Services and Limited General Liability
Claims Made Form
DECLARATIONS**

- ITEM 1: MEMBER:** Santa Barbara County
- ITEM 2: MEMORANDUM NUMBER:** EIA 13 M2 CM 42
- ITEM 3: MEMORANDUM PERIOD:** From October 1, 2014 to October 1, 2015 12:01 a.m. local time of the **Member** as stated herein.
- ITEM 4: DEDUCTIBLE:** \$10,000 per **medical event, event,** or offense
- ITEM 5: AUTHORITY'S LIMIT OF LIABILITY:**
- Pool Layer:**
\$1,500,000 Per **medical event, event,** or offense excess of the deductible
- ITEM 6: RETROACTIVE DATE:**
- a. Pool Layer:** October 1, 2014
- ITEM 7: 2014-2015 POOL LAYER ANNUAL PREMIUM:** \$TBD
- ITEM 8: FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION:** EIA MED MAL PROGRAM II POOL LAYER CLAIMS MADE 10/1/2010, Endorsement No. U-1, U-2

Countersigned by: 
Authorized Representative
CSAC Excess Insurance Authority


Issue Date: TBD

Draft - Pending Board of Supervisors' Action



**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM II
EXCESS LAYER MEMORANDUM OF COVERAGE
Medical Professional Services and Limited General Liability
Occurrence Form
DECLARATIONS**

- ITEM 1: MEMBER:** Santa Barbara County
- ITEM 2: MEMORANDUM NUMBER:** EIA 13 M2 OCC 42
- ITEM 3: MEMORANDUM PERIOD:** From October 1, 2014 to October 1, 2015 12:01 a.m. local time of the **Member** as stated herein.
- ITEM 4: DEDUCTIBLE:** \$10,000 per **medical event, event,** or offense
- ITEM 5: AUTHORITY'S LIMIT OF LIABILITY:**
- a. **Underlying Claims Made Pool Layer:**
\$ 1,500,000 Per **medical event, event,** or offense excess of the deductible
 - b. **Excess Layer:**
 - \$20,000,000 **Medical Professional Services** (Coverage A) per **medical event** and annual aggregate per **Member** excess of the Pool Layer and deductible
 - \$20,000,000 Limited General Liability (Coverages B and C combined) per **event,** offense or any combination thereof and annual aggregate per **Member** excess of the Pool Layer and deductible
 - \$50,000,000 Annual program aggregate for all Program I and Program II **covered parties** and coverages combined. Aggregate applies separately to each annual coverage period
- ITEM 6: RETROACTIVE DATES:**
- a. **Pool Layer:** October 1, 2014
 - b. **Excess Layer:** Not Applicable
- ITEM 7: 2014-2015 EXCESS LAYER ANNUAL PREMIUM:** \$TBD
- ITEM 8: FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION:** EIA MED MAL PROGRAM II EXCESS LAYER OCCURRENCE 10/1/2010, Endorsement No. U-1, U-2

Countersigned by: 
Authorized Representative
CSAC Excess Insurance Authority

Issue Date: TBD

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**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM II
POOL LAYER MEMORANDUM OF COVERAGE
Medical Professional Services and Limited General Liability
Claims Made Form**

In consideration of the payment of the premium and in reliance upon the statements in the Declarations and application made a part hereof and subject to all of the terms and conditions of the Medical Malpractice Program II Memorandum of Coverage (Memorandum) and any endorsements attached hereto, the CSAC Excess Insurance Authority (Authority) agrees with the **Member** as follows:

COVERAGE AGREEMENT

After the amount of the deductible has been exhausted by payment of judgments, settlements and/or **defense costs** for covered losses, the Authority will indemnify the **Member** for those sums which the **covered party** is legally obligated to pay as **damages** because of:

Coverage A. **Medical professional services**

arising from a **medical event** occurring subsequent to the retroactive date and for which claim is first made during the Memorandum Period or any **extended claims made period** as defined herein;

Coverage B. **Bodily injury and property damage**

arising from an **event** occurring subsequent to the retroactive date and for which claim is first made during the Memorandum Period or any **extended claims made period** as defined herein; or

Coverage C. **Personal injury**

arising from an offense occurring subsequent to the retroactive date and for which claim is first made during the Memorandum Period or any **extended claims made period** as defined herein.

It is agreed that such coverage as is provided by this Memorandum shall only apply to liability arising out of or in connection with the ownership or operation of an **established health care facility**.

DEFENSE

After the amount of the deductible has been exhausted by payment of judgments, settlements and/or **defense costs** for covered losses, the Authority will indemnify the **Member** for those **defense costs** the **Member** incurs for covered losses.

The Authority shall have the right and duty to defend any **suit** against a **covered party** seeking **damages** to which this Memorandum applies, even if such **suit** is groundless, false or fraudulent. However, (1) the amount the Authority pays for judgments, settlements or **defense costs**, or any combination thereof, is limited to the amount shown in the Declarations; (2) the Authority may investigate, negotiate and settle any claim or **suit**, at the Authority's discretion; (3) any payment of amounts incurred hereunder will serve to reduce the limits of liability as stated in the Declarations; and (4) the Authority's right to and duty to defend ends when the Authority has expended the applicable limit of liability as shown in the Declarations.

EXCLUSIONS

This Memorandum does not apply to:

- A. **Damages** arising out of the ownership, maintenance, operation, use, entrustment to others, loading, or unloading of:
 - 1. Any **automobile**, watercraft, or aircraft owned by, operated by, or rented or loaned to any **covered party**; or
 - 2. Any other **automobile**, watercraft, or aircraft operated by any person in the course of employment by any **covered party**;
- B.
 - 1. to **Personal Injury, Bodily Injury, Property Damage**, economic loss, or any other injury or damage, arising directly or indirectly out of the actual, alleged, possible, or threatened discharge, dispersal, release, or escape of **pollutants**;
 - 2. to any economic loss, response cost, expense, or payment arising directly or indirectly out of any governmental direction or request that any **Covered Party** or anyone else conduct any studies or investigations of, or test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize any **Pollutants**, any **Contamination**, or any part of the **Environment**;
 - 3. to actual, alleged, possible, or threatened **Contamination** of any part of the **Environment**; or
 - 4. to any fines, penalties, or other costs or assessments of any kind and for any purpose arising from any **Contamination** which any **Covered Party** is directed to pay.

This exclusion shall not apply to claims arising out of **Personal Injury, Bodily Injury or Property Damage** caused by Hostile Fire or Explosion on your premises, or by heat, smoke, fumes, panic or other causes resulting therefrom.

The following words are defined for purposes of this exclusion:

Pollutants means medical waste whether or not ultimately determined to be a possible source of **Contamination**. **Pollutants** also means any solid, liquid, gaseous or thermal, acoustic, electric, magnetic, electromagnetic irritant or contaminant including smoke, vapor, soot, dusts, fumes, fibers, acid, alkalis, sound, microwaves, all ionizing and non-ionizing radiation, chemicals, and waste. Waste includes materials which are discarded, abandoned, inherently waste-like, or materials to be disposed of, recycled, reconditioned, or reclaimed.

Contamination means any unclean or unsafe or damaging or injurious or unhealthful condition arising out of the presence of **Pollutants**, whether permanent or transient, in any **Environment**.

Environment means and includes all persons, any man-made object, building, feature, animals, crops, vegetation, land, bodies of water, underground water, water table, water table supplies, air, and any other feature of the earth or its atmosphere, whether or not altered or developed or cultivated, or any part thereof.

Without limiting the other provisions of this Memorandum, the Authority is not and shall not be obligated to defend any **Covered Party** or to incur any costs or expense including attorney's fees relating to the defense of any **Covered Party** in any civil, administrative, or other proceedings against any claims or suits to which this coverage does not apply because of this exclusion.

- C. Any obligation for which the **covered party** may be held liable under any workers' compensation, unemployment compensation, or disability benefits law or under any similar law;
- D. Injury to any employee, student or authorized volunteer worker of the **covered party** arising out of and in the course of duties on behalf of the **covered party**, but this exclusion does not apply to **medical professional services** rendered to such person by the **covered party**, or to **personal injury** to such person;
- E. **Personal injury** arising out of the willful violation of a penal statute or ordinance committed by or with knowledge or consent of the **covered party**;

F. **Personal injury** arising out of a publication or utterance described in subdivision (b) of the definition of **personal injury** concerning any person, organization, or business enterprise, or its products or services, made by or at the direction of the **covered party** with knowledge of the falsity thereof;

G. **Property damage** to:

1. Property owned or occupied by or rented to any **covered party**;
2. Property used by any **covered party**;
3. Property in the care, custody, or control of any **covered party** or over which any **covered party** is, for any purpose, exercising physical control;

But, except with respect to liability assumed by any **covered party** under any contract or agreement, subsections 1. and 3. of this exclusion do not apply to **property damage** to structures or portions thereof rented to or occupied by any **covered party**, including fixtures permanently attached thereto, if such **property damage** arises out of fire or explosion;

4. Premises alienated by any **covered party** arising out of such premises or any part thereof;
5. Any **covered party's products** arising out of such products or any part of such products; or
6. Work performed by or on behalf of any **covered party** arising out of the work or any portion thereof, or out of material, parts, or equipment furnished in connection therewith.

H. Claims or **suits** against any of the **covered party's** independent medical staff except when acting in their capacity as employed physicians or as may be endorsed hereto. No settlement by the **covered party** on behalf of the independent medical staff shall operate to reduce the deductible except to the extent coverage may otherwise be provided under this Memorandum or by endorsement;

I. Liability assumed by a **covered party** under any contract or agreement for professional services, unless the **covered party** would have been liable in the absence of such assumption of liability, except as specifically provided under this Memorandum by endorsement. This exclusion shall not apply to liability assumed under contract for the **contracted covered parties** identified under paragraph "E" in the "COVERED PARTIES" section of the Memorandum;

J. Punitive **damages**, exemplary **damages**, fines, penalties, treble **damages**, or any other enhancements, increases or multiplications of compensatory **damages**;

- K. Liability for **bodily injury** not arising out of **medical professional services**, **property damage**, or **personal injury** which arises out of asbestos including but not limited to:
1. Inhaling, ingestion, or prolonged physical exposure to asbestos or goods or products containing asbestos; or
 2. The use of asbestos in constructing or manufacturing any goods, products, or structures; or
 3. The removal of asbestos from any goods, products or structures; or
 4. The manufacture, transportation, storage, handling, distribution, sale, application, mining, consumption, or disposal of asbestos or goods or products containing asbestos.

WHEN CLAIM IS FIRST MADE

A claim shall be considered as having been first made at the earlier of the following times:

- A. When the **Member** first receives notice that a claim has been made against a **covered party**; or
- B. When the **Member** first gives written notice to the Authority of specific circumstances involving a particular person which may result in a claim. Reports of incidents made by the **Member** to the Authority as part of engineering or loss control services shall not be considered notice of claim;

LIMITS OF LIABILITY AND DEDUCTIBLE

A. CSAC EIA POOL

It is agreed that the **Members** of Program I and Program II have created a Pool Layer in an amount per **medical event**, per **event**, and per offense as stated in the Declarations. Such Pool Layer will apply in excess of each **Member's** deductible or self-insured retention as stated in the Declarations on a per **medical event**, **event**, or offense basis only.

B. LIMITS OF LIABILITY

Regardless of the number of: (1) **Members** or **covered parties** under this Memorandum; (2) **Members** or **covered parties** named in a claim or **suit**; (3) persons or organizations who sustain injury or **damage**; or (4) claims made or **suits** brought, the Authority's liability is limited as follows:

1. Per **medical event**, **event** or offense – The limit of liability stated in the Declarations as per **medical event**, per **event** or per offense is the limit of the Authority's liability for payment of all judgments, settlements and/or

defense costs attributable to each **medical event, event,** or offense covered under this Memorandum;

2. Subject to the above provision respecting the limit of liability per **medical event, per event,** and per offense, the limit of liability stated in the Declarations as the annual per Member aggregates and the annual Program aggregate is the total limit of the Authority's liability for payment of all judgments, settlements, and/or **defense costs** for all **medical events, events,** and offenses covered under this Memorandum;

The Authority's limit of liability is in excess of the deductible.

C. DEDUCTIBLE

Regardless of the number of: (1) **Members** or **covered parties** under this Memorandum; (2) **Members** or **covered parties** named in a claim or **suit**; (3) persons or organizations who sustain injury or **damage**; or (4) the number of claims made or **suits** brought, the deductible applies as follows:

Per **medical event, event,** or offense – The deductible stated in the Declarations as per **medical event, per event** or per offense is the amount required to be retained by the **Member** for each **medical event, event,** or offense covered under this Memorandum.

D. DEFENSE COSTS

Payment of **defense costs** made by the Authority or the **Member,** shall serve to exhaust the limits of liability or deductible, respectively, but only to the extent of any such payment made.

COVERED PARTIES

Each of the following is a **covered party** under this Memorandum to the extent set forth below:

- A. The **Member,** including those individuals who were or are now elected or appointed officials of the Member, whether or not compensated, including members of the Member's governing body;
- B. An officer, hospital administrator, hospital supervisor, or member of the Board of the Trustees, Directors, or Governors of the **Member** while acting within the scope of his or her duties as such;
- C. A person who is a member of a formal accreditation or other professional board or committee of the **Member** or any person responsible for executing the

directives of such boards of committees while acting within the scope of his or her duties as such;

- D. Current and former students, authorized volunteers, or employees of the **Member** including employed interns, residents, post-graduate trainees, fellows, and other physicians, surgeons, and dentists while acting within the scope of his or her employment by the **Member**; and
- E. Contracted physicians, surgeons or ancillary health care providers for whom the **Member** has agreed to cover under a written contract, or their temporary substitutes, in the course of delivering **medical professional services** at **Member** facilities or on behalf of the **Member** (hereinafter **contracted covered party**);

If any other collectible coverage is available to the **contracted covered party** (whether such coverage is stated to be primary, contributing, excess or contingent) that covers a loss that is also covered by this Memorandum, the coverage provided by this Memorandum will apply in excess of, and shall not contribute with, such coverage;

If no recovery is available to the additional **contracted covered party** as a result of insolvency of the underlying coverage provider or by reason of the **contracted covered party** having breached the coverage agreement or failure of the **contracted covered party** to purchase the required coverage in accordance with his or her written contract with the **Member**, this coverage shall apply as if the **contracted covered party's** underlying coverage were available and collectable;

Notwithstanding the foregoing, if a person or organization qualifies as a **contracted covered party** under this Memorandum and the **Member** agrees to indemnify that **contracted covered party**, on a primary basis, under a written contract, then solely with respect to that **contracted covered party**:

- A. Subject to the **Member's** deductible and subject to the Authority's limit of liability, this Memorandum shall provide the same limits of coverage set forth in the **Member's** indemnity agreement with the **contracted covered party**; and
- B. CONDITION E "OTHER COVERAGE" is deleted in its entirety and replaced with the following:

If there is any other collectible coverage available to the **contracted covered party** (whether such coverage is stated to be primary, excess or contingent) that covers a loss that is also covered by this Memorandum, the coverage afforded under this Memorandum shall, subject to the **Member's** deductible, be primary and non-contributory

up to the **Member's** contractual indemnity obligation. Any such other collectible coverage will then apply in excess of the **Member's** indemnity obligation.

- F. A person (other than an employee of the **Member**) or any organization while acting as real estate manager for the **Member**;
- G. Any person or organization for whom the **Member** has agreed to cover under a written contract subject to all terms and conditions of this Memorandum. The Authority shall have the right, but not the obligation, to prior approval of said contract(s);

The coverage afforded applies separately to each **covered party** against whom claim is made, or **suit** is brought, except with respect to the Authority's limits of liability.

DEFINITIONS

The words and phrases below have the following definitions when used in this Memorandum or in the endorsements forming a part hereof:

"Automobile" means a land motor vehicle, trailer, or semi-trailer including any machinery, or apparatus attached to any of the foregoing, designed for travel on public roads.

"Bodily injury" means bodily harm, sickness, disability or disease sustained by a person, including death resulting from any of these at any time. **Bodily injury** includes mental injury, mental anguish, humiliation, or shock. **Bodily injury** shall include care, loss of services, loss of consortium, or death resulting at any time from the **bodily injury**.

"Contracted covered party" means a separate individual or entity added to this Memorandum as a **covered party** and having a contractual relationship with a **covered party** for purposes of providing **medical professional services**.

"Covered party" means any person or organization qualifying as a **covered party** in the "COVERED PARTIES" section.

"Covered party's product" means goods or products, including any container of either (other than a vehicle), manufactured, sold, handled, or distributed by the **covered party** or by others trading under the **covered party's** name, but **covered party's product** shall not include a vending machine or any other property rented to or located for use of others but not sold.

"Damages" means monetary compensation resulting from: (a) **medical professional services**; (b) **bodily injury** or **property damage** or (c) **personal injury**.

“Defense Costs” means reasonable fees charged by an attorney and all other reasonable fees, costs, and expenses attributable to the investigation, defense, or appeal of a claim or **suit** within the scope of coverage afforded by this Memorandum except salaries and internally allocated fees or charges of employees of the Authority or the **covered party** and the office expenses of the Authority or the **covered party** and expenses of a claims handling facility engaged by the Authority or the **covered party**.

“Established health care facility” means hospitals, clinics, jails, public health departments, mental health departments, and coroner services owned or operated by the **Member**.

“Event” means an accident or injury including continuous or repeated exposure to the same or similar harmful conditions, which results in **bodily injury** or **property damage** neither expected nor intended from the standpoint of the **covered party**. **Event** includes any intentional act by or at the direction of the **covered party** which results in **bodily injury or property damage** if such injury or **damage** arises solely from the use of reasonable force for the purpose of protecting persons or property.

“Extended claims made period” means the time after the end of the Memorandum Period, allowed for claims to be made (1) that are within the scope of coverage of this Memorandum and (2) that arose from a **medical event, event** or offense that occurred after the retroactive date but before the end of the Memorandum Period.

“Medical event” means **bodily injury** arising from an act or omission in the course of rendering or failing to render **medical professional services** by a **covered party** or anyone for whose **medical professional services** the **covered party** is legally responsible. Interrelated **medical events** that are causally connected or otherwise interdependent or have as a common nexus any act, error or omission, are considered to be one **medical event**.

“Medical professional services” means the rendering of or failure to render the following professional services:

- (a) Medical, surgical, dental, x-ray or nursing, service or treatment, to any person, including the furnishing of food or beverages in connection therewith;
- (b) Service or treatment related to physical or mental health or of a professional nature;
- (c) Furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances if the injury occurs after the **covered party** has relinquished possession thereof to others;
- (d) Handling of or performing post-mortem examination on human bodies;

- (e) Service by any person as a member of a formal accreditation or similar professional board or committee of the **Member** or as a person charged with the duty of executing directives of any such board or committee;
- (f) Any cosmetic or tonsorial service or treatment

“Member” means the entity named in Item 1 of the Declarations.

“Personal injury” means injury arising out of one or more of the following offenses committed in the conduct of the **Member’s** business:

- (a) False arrest, detention, or imprisonment or malicious prosecution;
- (b) The publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual’s right of privacy except publications or utterances in the course of or related to advertising, broadcasting, or telecasting activities conducted by or on behalf of the **Member**; or
- (c) Wrongful entry or eviction or other invasion of the right of private occupancy.

“Property damage” means physical injury to or destruction of tangible property, including all loss of use thereof as a result of such physical injury or destruction; or loss of use of tangible property that is not physically injured.

“Suit” means a civil or administrative proceeding, including arbitration and other alternative dispute resolution procedures, in which **damages**, because of **medical professional services, bodily injury, property damage, or personal injury**, to which this coverage applies, are alleged.

CONDITIONS

A. PREMIUM

All premiums for this Memorandum shall be computed in accordance with the Authority’s rules, rates, rating plans, premiums, and minimum premiums applicable to the coverage afforded herein. The **Member** shall maintain records of such information as is necessary for premium computation, and shall, as the Authority may direct, send copies of such records to the Authority at the end of the Memorandum Period or at other times during the Memorandum Period.

B. INSPECTION AND AUDIT

The Authority shall be permitted but not obligated to inspect the **covered party’s** property and operations at any time. The Authority’s right to make inspections or the making thereof or any report for the benefit of the **covered**

party or others shall not constitute an undertaking on behalf of or for the benefit of the **covered party** or others to determine or warrant that such property or operations are safe, healthful, or in compliance with any law, rule, or regulation.

The Authority may examine and audit the **Member's** books and records at any time during the Memorandum Period and extensions thereof and within three years after the final termination of this Memorandum as far as they relate to the subject matter of this coverage.

C. **COVERED PARTY'S DUTIES IN THE EVENT OF CLAIM OR SUIT**

In the event of claim or **suit**, the **Member** shall:

1. As soon as practicable, give written notice to the Authority or to any of its authorized agents of any claim or **suit** which involves or is likely to involve this Memorandum. The notice shall identify the **Member** and any other **covered party** involved in the claim or **suit** and contain reasonably obtainable information with respect to the time, place, and circumstances of the claim or **suit** including the name of the complainant and of available witnesses;
2. If **suit** is brought against the **covered party**, as soon as practicable, forward to the Authority or to any of its authorized agents a complete copy of every demand, notice, summons, or other process received by the **covered party** or the **covered party's** representative, whether or not the **suit** involves or is likely to involve the limit of liability provided by this Memorandum; and
3. Cooperate with the Authority and upon the Authority's request assist in making settlements, assist in the conduct of **suits**, and assist in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **covered party** because of injury or **damage** with respect to which coverage is afforded under this Memorandum; and the **covered party** shall attend hearings and trials and assist in securing and giving evidence and in obtaining the attendance of witnesses.

D. **ACTION AGAINST AUTHORITY**

No action shall lie against the Authority unless, as a condition precedent thereto, there has been full compliance with all of the terms of this Memorandum, and the amount of the **Member's** obligation to pay has been finally determined either by judgment against the **covered party** after actual trial or by written agreement of the **Member**, the claimant, and the Authority. 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 Memorandum to the extent of the coverage afforded by this Memorandum.

No person or organization shall have any right under this Memorandum to join the Authority as a party to any action against the **covered party** to determine the **covered party's** liability

Bankruptcy or insolvency of the **covered party** or of the **covered party's** estate shall not relieve the Authority of any of its obligations hereunder.

E. OTHER COVERAGE

This coverage is excess over any other coverage available to any **covered party** and such other coverage shall not be used to reduce the deductible hereunder. This clause does not apply to excess coverage written specifically to be in excess of this Memorandum.

Notwithstanding the foregoing paragraph, if, because of liability arising out of or in connection with the operation of any clinic or **established health care facility**, coverage for **damages** is available under this Memorandum and under any other memorandum of coverage issued by the Authority, it shall be conclusively presumed that the coverage afforded under this Memorandum shall be primary and any coverage available under any other memorandum of coverage shall be excess only. For claims or **suits** to which this provision applies, the full amount of the deductible under this Memorandum shall be owed, regardless of the availability of coverage under any other memorandum of coverage.

F. SUBROGATION

The Authority shall be subrogated to the extent of any payment hereunder to all the **covered party's** rights of recovery therefore. The **covered party** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. Any amount so recovered shall be apportioned as follows:

Any person or organization (including the **Member**) who has paid an amount in excess of the deductible plus the limit of liability hereunder shall be first indemnified to the extent of its actual payment. The Authority shall next be indemnified to the extent of its actual payment. Any balance remaining in the amount of recovery shall be paid to those persons or organizations who have paid the amount of the deductible. The expenses of all such recovery proceedings shall be apportioned in the ratio of respective recoveries. If there is no recovery in proceedings conducted solely by the Authority, the Authority shall bear the expenses thereof.

G. CHANGES

Notice to any agent of knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Memorandum nor stop the Authority from asserting any right under the terms of this Memorandum.

The terms of this Memorandum shall not be waived or changed except by endorsement issued by the Authority to form a part of this Memorandum.

H. ASSIGNMENT

Assignment of interest under this Memorandum shall not bind the Authority until its consent is endorsed hereon.

I. CANCELLATION

Withdrawal or cancellation must be in accordance with Articles 20, 21 and 22 of the Joint Powers Agreement.

J. EXTENDED CLAIMS MADE PERIOD OPTION

Upon cancellation or non-renewal of this coverage, the **Member** will have the option to purchase an **Extended Claims Made Period** endorsement.

The following conditions apply to the **Member's** option:

1. The **Member** must exercise this right to purchase an **Extended Claims Made Period** endorsement by notifying the Authority in writing no later than thirty days after the termination of this coverage;
2. An additional premium, as determined by the Authority's rules, rates, and rating plans then in effect, must be paid before the **Extended Claims Made Period** endorsement can be issued. Such premium shall be deemed fully earned upon the effective date of the endorsement, and the coverage afforded by the **Extended Claims Made Period** endorsement may not be canceled; and
3. The remaining limits of liability for this coverage at the time this coverage is terminated shall be the limits applicable to the **extended claims made period**. The **extended claims made period** shall neither extend the Memorandum Period nor change the scope of coverage provided.

K. DECLARATIONS AND APPLICATION

By acceptance of this Memorandum, the **Member** agrees that the statements in the Declarations and applications are the **Member's** agreements and representations, that this Memorandum is issued in reliance upon the truth of such representations, and that this Memorandum embodies all agreements existing between the **Member** and the Authority or any of its agents relating to this coverage.

L. RELATED COVERED PARTY

Each **Member** is authorized to act on behalf of all related **covered parties** with respect to all terms and conditions of this Memorandum including but not limited to the giving and receiving of notice of cancellation. **Each Member** is also

responsible for the payment of all applicable premiums and deductible amounts as well as compliance with all other terms and conditions of this Memorandum.

M. SETTLEMENT

No claim or **suit** shall be settled for an amount to which this coverage applies without the prior written consent of the Authority.

After giving notice to the **Member**, the Authority has the right, but not the duty, to negotiate and recommend settlement for a stated amount of a claim or **suit** which, in its opinion, involves or may involve the limits afforded by this Memorandum. This right includes the negotiation and recommendation of a settlement amount within the deductible.

If the **Member** refuses to consent to any settlement or compromise recommended by the Authority, and acceptable to the claimant, and elects to contest the claim or **suit** then the Authority's liability shall not exceed the amount, if any, for which the Authority would have been liable for **damages** and claims expenses at the time the claim or **suit** could have been settled or compromised

N. APPEALS

If the **Member** elects not to appeal a judgment in excess of the deductible, the Authority may do so at its own expense, but, in such an occurrence, the Authority's liability for **damages** and **defense costs** shall not exceed the applicable limit of liability stated in the Declarations plus interest on the judgment accruing after its entry plus all fees, costs, and expenses necessary and incident to the appeal. If the judgment is reversed on appeal, the **Member** shall indemnify the Authority for the fees, costs, and expenses the Authority has incurred in the appeal. The indemnification amount shall be limited to the amount of the deductible less **defense costs** incurred by the **Member**.

ENDORSEMENT NO. U-1

**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM II
POOL LAYER MEMORANDUM OF COVERAGE
Medical Professional Services and Limited General Liability
Claims Made Form
BROAD FORM SECURITIES EXCLUSION**

It is understood and agreed that this Memorandum does not apply to any liability directly or indirectly, based on, attributable to, arising out of, resulting from, or is in any manner related to any actual or alleged violation of the Securities Act of 1933, the Securities Exchange Act of 1934, any Rules or Regulations of the Securities Exchange Commission adopted there under, any like Federal, State or provincial statute regulating securities similar to the foregoing, all as they may be amended, any rules or regulations adopted pursuant thereto, or any other state law, provincial law or common law related to securities.

It is further agreed that nothing herein shall act to increase the Authority's limit of liability.

This endorsement is part of the Memorandum and takes effect on the effective date of the Memorandum unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date:

Memorandum No.: EIA 13 M2 CM 00

Issued to: ALL MEMBERS

Issue Date: November 22, 2013


**Authorized Representative
CSAC Excess Insurance Authority**

ENDORSEMENT NO. U-2

**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM II
POOL LAYER MEMORANDUM OF COVERAGE
Medical Professional Services and Limited General Liability
Claims Made Form**

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT – BROAD FORM

This Memorandum does not apply:

- A. Under any liability coverage to **bodily injury** or **property damage**:
1. With respect to which a **covered party** under this Memorandum is also a **covered party** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors; or would be a **covered party** under any such memorandum 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 **covered party** is, or had this Memorandum 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.
- B. 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, a **covered party** 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 a **covered party**; or
 3. The **bodily injury** or **property damage** arises out of the furnishing by a **covered party** 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 endorsement applies only to **property damage** to such **nuclear facility** and any property thereat.

Provided, however, that this endorsement shall not apply to any claim or **suit** resulting from any **covered party's** rendering or failure to render **medical professional services**, including but not limited to nuclear medicine or radiation therapy.

For the purposes of this endorsement the following words are added to the definition section of the Memorandum:

"Hazardous properties" include radioactive, toxic, or explosive properties.

"Nuclear material" means **source material**, and 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 (a) containing by-product material other than the tailings or **wastes** produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **source material** content, and (b) resulting from the operation by any person or organization of any **nuclear facility** included under the first two paragraphs of the definition of **nuclear facility**.

"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** but only if the total amount of such material in the **covered party's** custody at any one time 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;
- e. Any 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.

It is further agreed that nothing herein shall act to increase the Authority's limit of liability.

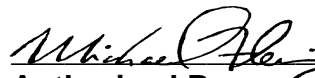
This endorsement is part of the Memorandum and takes effect on the effective date of the Memorandum unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date:

Memorandum No.: EIA 13 M2 CM 00

Issued to: ALL MEMBERS

Issue Date: November 22, 2013



Authorized Representative
CSAC Excess Insurance Authority