HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY

3269 Stockton Hill Road

Kingman, Arizona 86409

AGENDA (APRIL 14, 2026)

The Governing Board of Hospital District Number One of Mohave County (Hospital District Board) will meet in Regular Session on Tuesday, April 14, 2026 at 2:00 p.m. The meeting will be held at the Kingman Regional Medical Center Mohave A Conference Room at 3269 Stockton Hill Road, Kingman, Arizona. The Hospital District Board may vote to go into Executive Session pursuant to A.R.S. § 38-431.03 (A)(3) for legal advice and A.R.S. § 38-431.03 (A)(4) for discussion or consultation with attorneys. The following topics and any variables thereto will be subject to Hospital District Board consideration, discussion, approval, or other action. All items are set for possible action.

I. CALL TO ORDER

II. ROLL CALL OF THE HOSPITAL DISTRICT BOARD MEMBERS

III. NEW BUSINESS

A. Presentation and question-and-answer session by McGriff, a Marsh & McLennan Agency regarding Directors and Officers Insurance for Hospital District Board members via video conference call. Insurance Representatives presenting.

B. Discussion and possible action regarding the Hospital District Board Secretary position salary and related details. Teresa Boegler presenting.
C. Discussion and possible action regarding the Lease agreement between the Hospital District Board and KHI. Logan Marsh presenting.
D. Discussion and possible action regarding a new office for the Hospital District Board. Logan Marsh presenting.
E. Discussion and possible action regarding the evaluation of Hospital District Board administrative support options. Logan Marsh presenting.
F. Discussion and possible action regarding in-person Open Meeting Law training by Mohave County Attorney's Office Attorney Jason Mitchell. Dr. Newmyer presenting.
G. Discussion and possible action regarding adding page numbers to the Hospital District Board's Bylaws. Leanne Smith presenting.
H. Discussion and possible action regarding the notation of changes within the Bylaws, as amendments or otherwise, if any changes are made in the future. Leanne Smith presenting.
I. Discussion and possible action regarding the Hospital District Board Bylaws and how they currently do not clearly and specifically define real property nor equipment, and that these definitions should be put as Appendix items within the Bylaws, and they should be aligned with the Lease Agreement. Leanne Smith presenting.
J. Discussion and possible action regarding the creation of a calendar with due dates to ensure clarity and that no dates for any events or deadlines for the Hospital District Board are missed in the future. Leanne Smith presenting.
K. Discussion and possible action regarding the next meeting date(s) for the Hospital District Board to meet. Katie Tacheron presenting.

IV. CONSIDERATION AND APPROVAL OF MINUTES

A. Discussion and possible action regarding the approval of Regular Session Meeting Minutes from the Hospital District Board meeting that occurred on March 10, 2026. Katie Tacheron presenting.
B. Discussion and possible action regarding the approval of Emergency Session Meeting Minutes from the Hospital District Board meeting that occurred on March 26, 2026. Katie Tacheron presenting.

V. FINANCIAL MATTERS

A. Discussion and possible action regarding the Hospital District Finance Report and Balance Sheet. Barry Moore presenting.
B. Discussion and possible action regarding the payment of Hospital District Attorney Tom Price's outstanding invoice of $4,902.00. Katie Tacheron presenting.
C. Discussion and possible action regarding having all current Hospital District Board members be enabled as signors for the Hospital District Board's warrant checks. Katie Tacheron presenting.

VI. OLD BUSINESS

(None)

VII. CALL TO THE PUBLIC

A. Consideration and discussion of comments from the public. Those wishing to address the Hospital District Board need not request permission in advance. Each member of the public will be limited to three (3) minutes of speaking time. The Hospital District Board is not permitted to discuss or take action on any item raised in the call to the public. However, individual Hospital District Board members may be permitted to respond to criticism directed to them after the call to the public. Otherwise, the Hospital District Board may direct that staff review the matter or that the matter be placed on a future agenda. The Hospital District Board cannot discuss or take legal action on any issue raised during the Call to the Public due to restrictions of the Open Meeting Laws.

VIII. ADJOURNMENT

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the attached notice will be duly sent to the Mohave County Board of Supervisors no later than April 13, 2026 by 2:00 p.m. for posting on their public information board. Also, notice will be posted at 3269 Stockton Hill Road (Main Entrance to KRMC) in Kingman, Arizona, and on the webpage of the Hospital District Board, no later than April 13, 2026, 2:00 p.m. in accordance with the statement filed by the Hospital District Number One of Mohave County. Dated this 8th day of April 2026.

Posted by Billy Neal

Billy Neal on behalf of:

Katie Tacheron

Chairperson of Hospital District Number One of Mohave County

Additional Meeting Resources:

Microsoft Teams meeting

Join:
https://teams.microsoft.com/meet/292736343018326?p=YHkLhkAcMRCu45lWEH

Meeting ID: 292 736 343 018 326

Passcode: ZJ7hB2iE

Questions for McGriff, a

Marsh & McLennan

Agency Insurance Company

General Questions:

1. Page 3 of 60 in packet - Commission of $2,312.09? Policy, broker fee and commission = $23,331.09? Underwriter to pay what % of premium as broker commission? 20% and we are paying MMA 11% Is the county responsible for tax filings? No, the policy is admitted. State taxes are not applicable.

2. Why do we have a HIPAA Claim Sublimit of $100,000? This is standard limit amount to see from most insurance companies that offer D&O coverage. For more coverage here, it is more appropriate to have a cyber liability policy in place.

3. With all the electronic, digital issues from fraud to impersonation of individuals, why is this not covered? See Page 1 of 6, Coverage Section, Fiduciary Liability, to Crime Coverage." We can certainly ask the insurance company to provide us with these additional coverage options.

4. Why was this EMTALA coverage reduced from $250,000 to $150,000? We will ask for the underwriter to increase the limit to $250,000.

5. Define and explain with examples what the Stakeholder Derivative Demand Sublimit is?

   The Stakeholder Derivative Demand coverage is a specific grant that reimburses the Hospital District Number One of Mohave County for costs it incurs to investigate a formal demand from one of its stakeholders.

   Key terms are defined in the policy as follows:

   - **Stakeholder Derivative Demand:** A written demand from one or more stakeholders asking the organization's board of directors to file a civil lawsuit against an executive for an alleged "Wrongful Act".

   - **Stakeholder:** For a not-for-profit entity like the Hospital District, this is a "natural person member of such Organization who has an active interest that such Organization fulfill its mission". This could include community members, donors, or volunteers.

- **Investigative Costs:** The "reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses incurred by the Organization" to investigate or evaluate the demand. This does not include internal costs like salaries or overhead.

- **Sublimit:** The maximum amount the insurer will reimburse for all such costs is $500,000.

This coverage is designed to address a critical pre-litigation event. When a stakeholder formally demands that the Board of Directors sue one of its own executives, the Board has a fiduciary duty to investigate the allegations seriously. This investigation can be expensive, often requiring the use of external law firms, forensic accountants, or other consultants.

The Stakeholder Derivative Demand Coverage reimburses the Hospital District for these investigative costs. It allows the board to make an informed decision on whether to proceed with a lawsuit against the executive.

Key features of this coverage are:

- **Pre-Claim Coverage:** It covers the costs to investigate the *demand*, which occurs before a formal lawsuit (a "Claim") is filed.

- **Reimbursement Basis:** The Hospital District must first pay for the investigative costs and then submit proof of payment to the insurer for reimbursement.

- **No Retention:** The policy specifies that no retention applies to this coverage .

- **Independence Required:** The demand must be made by a stakeholder "without the solicitation, assistance, active participation or intervention of any Executive".

Example 1: Alleged Breach of Duty Regarding Partnership Agreement

- **Scenario:** The Hospital District's board approves a revised 20-year lease and operating agreement with Kingman Healthcare, Inc., the private, non-profit entity that runs Kingman Regional Medical Center. A group of local taxpayers and concerned citizens who regularly attend the public board meetings forms a "stakeholder" group. They allege that the new agreement unfairly benefits the private operator at the public's expense by lowering the operator's capital improvement obligations and shifting the financial burden for future facility upgrades onto the District's taxpayers.
- **Demand:** The stakeholder group retains an attorney and sends a formal written demand to the board. They claim the board members who approved the lease committed gross negligence and breached their fiduciary duty to protect public assets. They demand the board file a lawsuit against those members to rescind the agreement and seek damages for the anticipated financial harm to the District.
- **Coverage:** The board must now formally investigate these serious allegations. To do so, it uses the Stakeholder Derivative Demand coverage to hire an independent law firm with

expertise in public-private hospital partnerships and a healthcare finance consulting firm. These experts are tasked with analyzing the new lease terms against industry standards and determining whether the board's decision-making process was sound. The fees for these external experts are considered "Investigative Costs" and are reimbursed by the insurer up to the $500,000 sublimit.

Example 2: Alleged Improper Sale of Public Land and Lack of Transparency

- **Scenario:** The Hospital District owns a valuable, undeveloped parcel of land adjacent to the main hospital campus. During a closed executive session, the board approves the sale of this land to a local real estate developer. A community watchdog group focused on open government, acting as a "stakeholder," discovers that the developer has personal ties to a long-serving board member and that the sale price appears to be significantly below market value.
- **Demand:** The watchdog group sends a written demand to the board alleging a breach of the duties of loyalty and care. They claim the decision was made without proper public transparency, possibly violating Arizona's open meeting laws, and constituted a waste of public assets. They demand the board sue the members involved to void the sale and recover the property.
- **Coverage:** Faced with allegations of both a bad deal and improper procedure, the board must conduct a thorough investigation. It uses the policy's coverage to retain outside legal counsel specializing in Arizona's open meeting laws to review the legality of the executive session. It also hires a commercial real estate appraisal firm to conduct a retroactive fair market value assessment of the land at the time of the sale. The legal and appraisal fees are reimbursed as "Investigative Costs," enabling the board to make an informed, defensible decision.

Example 3: Alleged Failure to Meet Community Healthcare Needs

- **Scenario:** As part of its oversight of Kingman Regional Medical Center, the Hospital District board approves a new strategic plan that includes closing a small, money-losing health clinic in a remote, underserved part of Mohave County. A patient advocacy group, representing elderly and low-income residents from that area, qualifies as a "stakeholder." They argue that this decision, while perhaps financially prudent, is a direct violation of the District's core mission "to serve Mohave County residents and...meet the public's healthcare needs."
- **Demand:** The advocacy group delivers a formal written demand to the board. They insist the board sue the executives responsible for the strategic plan, alleging a breach of the public trust and the District's foundational purpose. The demand's goal is to compel the board to reverse its decision and restore the clinic's services.
- **Coverage:** This allegation forces the board to evaluate the complex balance between its fiduciary responsibility and its public service mission. To properly assess the demand, the board hires a healthcare consulting firm to conduct an independent community

health needs assessment for the affected area. It also retains legal counsel to provide an opinion on the extent of the board's legal duty to maintain specific services versus its discretion to manage the District's finances. These expert fees are covered as "Investigative Costs," providing the board with the critical third-party analysis needed to respond to the stakeholders' demand.

6. Why was the coverage described in question number 5 increased from $250,000 to $500,000? Please provide examples to justify this increase. I don't have any justification as to why the underwriter increased the limit.

7. Please define and explain with examples Privacy Administrative Proceeding Aggregate Sublimit?

This is not currently offered within the proposal provided by Intact. It is more closely related to coverage found in a Cyber Liability or potentially a Regulatory E&O policy.

A Privacy Administrative Proceeding Aggregate Sublimit are costs associated with responding to and defending against formal administrative or regulatory proceedings related to a privacy violation.

In the context of a hospital, this primarily refers to investigations, enforcement actions, or audits conducted by government agencies responsible for enforcing privacy laws, such as:

- The U.S. Department of Health and Human Services (HHS), Office for Civil Rights (OCR), which enforces HIPAA.
- State Attorneys General, who enforce state-level data breach and privacy laws.

The costs covered are typically legal defense fees, expert witness costs, and other expenses incurred in responding to subpoenas, official inquiries, and formal charges from a regulatory body.

Examples of Scenarios

1. **HHS/OCR Investigation Following a Ransomware Attack:**
    - **Scenario:** The hospital's network is compromised by a ransomware attack, and the electronic health records (EHR) of 10,000 patients are exfiltrated. The hospital reports this major breach to the HHS Office for Civil Rights (OCR) as required by HIPAA. The OCR launches a formal investigation into the hospital's security practices and compliance with the HIPAA Security Rule.
    - **How Coverage Would Apply:** The OCR's investigation is a "Privacy Administrative Proceeding." The hospital would need to hire specialized healthcare privacy attorneys to respond to OCR's data requests, prepare for interviews, and defend the

hospital's compliance program. The fees for these attorneys and any retained cybersecurity experts would have been paid under this sublimit.

2. **State Attorney General Action for Improper Disposal of Records:**

   - **Scenario:** A third-party document shredding vendor improperly disposes of paper medical records, which are later found in a public dumpster. The Arizona Attorney General's office initiates an administrative proceeding against the Hospital District for violating state privacy laws and failing to properly oversee its vendors.
   - **How Coverage Would Apply:** The legal costs to respond to the Attorney General's inquiry, negotiate a potential settlement, and defend the hospital's vendor management practices would be covered under this sublimit.

3. **CMS Audit Regarding Patient Access Rights:**

   - **Scenario:** The Centers for Medicare & Medicaid Services (CMS), as part of its enforcement of patient rights under HIPAA, conducts an audit of the hospital's processes for providing patients with timely access to their medical records. The audit reveals systemic failures, leading to a formal administrative action to enforce compliance.
   - **How Coverage Would Apply:** The hospital would incur legal and consulting costs to manage the audit response, demonstrate corrective actions, and defend itself against allegations of non-compliance. These expenses would be paid under the "Privacy Administrative Proceeding Aggregate Sublimit," preserving other policy limits for different risks.

8. Why did the coverage for Policy Aggregate Sublimit for E-Discovery Consultant Services increase from $10,000 to $25,000? I don't have any justification as to why the underwriter increased the limit.

9. What do you think is the risk that an individual Board member might be named in an individual lawsuit? Why is the coverage $500,000, if this instance is such a rare thing?

This is what we call an Additional Side A limit. Every D&O policy has 3 insuring agreements – A, B and C. The proposal offered gives A, B and C a $5,000,000 limit. This $500,000 limit provides A with an additional safetynet of coverage. A is coverage for the individual Ds and Os of the organization. The primary risk is that a board member could be sued personally, but the Hospital District is either unable (due to certain state laws or regulations) or unwilling to pay for their legal defense and any potential settlement or judgment. This is known as a "non-indemnifiable loss" – or it is also referred to as Side A. The main policy is designed to respond when the organization *can* and *does* pay on the director's behalf (indemnification). This special coverage exists for when it cannot.

There are three primary scenarios where this risk becomes a reality for a board member of the Hospital District:

1. **Derivative Lawsuits:** A stakeholder could sue a board member *on behalf of* the Hospital District itself, alleging the board member's actions harmed the organization (e.g., through a conflict of interest or gross negligence). In this situation, the Hospital District is the plaintiff (in theory), and it cannot use its own funds to pay the legal bills of the director it is suing. The board member would be forced to pay for their own defense out-of-pocket.
2. **Financial Insolvency:** If the Hospital District were to face severe financial distress or bankruptcy, it may simply lack the funds to indemnify its board members, even if it is legally obligated to do so. A lawsuit filed by creditors during insolvency is a classic example where directors are targeted personally, and the organization is unable to help.
3. **Legal Prohibitions:** State law or the District's own bylaws may prohibit indemnifying a director for certain types of alleged misconduct, such as actions involving criminal conduct, intentional fraud, or securing an improper personal benefit. If a lawsuit includes such allegations, the District may refuse to pay for the defense, leaving the board member to fund it themselves until they are proven innocent.

Why does it exist?

The $500,000 Additional Limit of Liability Dedicated for Executives is specifically designed to fill a critical gap. It is a dedicated fund available only to the individual executives (including board members) for a loss that the organization does not cover.

The policy language confirms this is its sole purpose:

- It is available **"solely for Loss resulting from any Claim made against any Executive covered under Insuring Agreement (A)"**.
- Insuring Agreement (A) is titled **"Insured Person Non-Indemnified Loss Coverage"**.

This limit is structured to be a personal safety net for the board. It is **"in addition to, and not part of, the Policy Aggregate Limit of Liability"**. This means that even if the main $5,000,000 policy limit is completely exhausted by a lawsuit against the Hospital District entity, this separate $500,000 remains untouched and available to protect the personal assets of the board members.

The financial consequences of being sued personally without the organization's financial backing can be catastrophic for an individual.

- **Severity over Frequency:** Insurance is designed to protect against events that are unlikely but financially devastating. A single complex lawsuit can easily generate hundreds of thousands of dollars in legal fees for an individual, threatening their home, savings, and retirement.

- **Attracting Talent:** Without this personal asset protection, it would be incredibly difficult for the Hospital District to attract and retain qualified, dedicated community members to serve on its board. No rational person would volunteer for a board position if it meant putting their family's financial security at risk.
- **A Cost-Effective Safety Net:** The $500,000 limit provides a substantial fund to mount a vigorous legal defense. While costs can exceed this amount in extreme cases, it provides a critical buffer and peace of mind. The premium for this additional limit is typically a small fraction of the total policy cost, making it a highly efficient way to protect the board.

In short, this coverage is not for the everyday claim; it is for the "nightmare" scenario that could ruin a board member financially. The $500,000 limit ensures that if such a scenario occurs, the individuals who volunteer their time for the community are not left to face it alone.

10. Why would there be any issue that the Board is indemnified for when the hospital covers us for almost everything and the majority of what they litigation they'd face doesn't have anything to do with our Board?

The Board's Risks Are Different from the Hospital's Risks. The hospital operator is responsible for the delivery of healthcare. The Board, as a public entity, is responsible for governance, oversight, and fiduciary duty to the citizens of Mohave County. Lawsuits against the Board will stem from these specific duties, not from hospital operations.

A "Wrongful Act" under the policy is defined broadly to include any actual or alleged "act, error, omission, misstatement, misleading statement or breach of duty by any Insured Person in his or her capacity as such". This describes the kinds of decisions a governing board makes.

Here are examples of lawsuits that would be aimed directly at the Board, not the hospital:

1. **Breach of Fiduciary Duty to the Public:** A taxpayer group could sue the Board alleging that the partnership agreement you have with Kingman Healthcare, Inc. is unfairly favorable to the private operator and constitutes a waste of public assets. The hospital operator would not be the primary defendant; the Board members who approved the agreement would be sued for breaching their duty to the public.
2. **Failure of Oversight:** Imagine a scenario where the hospital operator is found to have engaged in a major billing fraud scheme. While the operator would face regulatory action, a lawsuit could also be filed against the District Board alleging its members were negligent in their oversight duties and "should have known" about the fraud, thereby allowing it to happen.
3. **Mismanagement of District Assets:** The Board is responsible for "maintaining Hospital District property." If the Board sold a valuable piece of land for below market value or

entered into an unfavorable lease, stakeholders could sue the Board members directly for squandering public assets.

Even if the hospital operator has promised to indemnify the Board, there are critical situations where that promise can fail, leaving the board members' personal assets exposed. This is precisely what your D&O policy is for.

There are three primary scenarios where indemnification is not enough:

1. **Derivative Lawsuits (Side A Risk):** As we've discussed, if a stakeholder sues the Board *on behalf of* the Hospital District, the District is effectively the plaintiff. The law prohibits an organization from paying the legal fees of the directors it is suing. In this case, there is no indemnification, and the board members must pay for their own defense. Your D&O policy would respond directly to pay those bills under its "Insured Person Non-Indemnified Loss Coverage".
2. **Financial Insolvency:** The promise to indemnify is only as good as the financial health of the entity making the promise. If the hospital operator (Kingman Healthcare, Inc.) were to face severe financial distress or bankruptcy, it would be unable to pay the Board's legal bills, even if it wanted to. The D&O policy, backed by the assets of the insurance carrier, would step in to protect the board members.
3. **Legal Prohibitions:** The law forbids indemnification for certain actions, such as those involving criminal acts, intentional fraud, or securing an improper personal benefit (e.g., a conflict of interest). If a lawsuit contains such allegations, indemnification will be denied, and the D&O policy becomes the board member's primary source of protection.

In summary, the Board's D&O policy is not redundant. It is an essential financial backstop that protects the personal assets of the board members when they are sued for their governance decisions, especially when the hospital's promise to indemnify them is unavailable, illegal, or financially impossible.

11. What does the excise tax sublimit have to do with the Board?

This is a punitive tax the IRS can impose on not-for-profit organizations to prevent self-dealing and ensure that the organization's assets are used for their charitable or public purpose, not to enrich insiders.

An "Excess Benefit Transaction" occurs when a not-for-profit entity provides an economic benefit to an insider - known as a "Disqualified Person" - that is worth more than the value the entity receives in return. A "Disqualified Person" is typically a board member, a key executive, their family members, or a business they control.

The IRS can then levy two different excise taxes:

1. A tax on the "Disqualified Person" who improperly received the benefit.
2. A separate tax on the "Organization Manager" - which includes a board member—who knowingly approved the transaction.

As a board member, you are considered an "Organization Manager". If the Board knowingly approves a transaction that provides an excess benefit to an insider, the IRS can hold each approving board member personally liable for an excise tax penalty.
This is a direct, personal financial risk tied to the Board's fundamental duty of care and loyalty.

The D&O policy is designed to protect the Board members in this exact scenario.

- The definition of "Loss" explicitly includes coverage for "Excess Benefit Transaction Excise Taxes that an Insured Person is obligated to pay as a result of a Claim".
- The policy provides a $100,000 sublimit specifically to pay for this tax when it is levied against a board member in their capacity as an "Organization Manager".
- Importantly, the policy explicitly excludes coverage for the tax levied against the "Disqualified Person" who received the benefit. The policy protects the managers for their oversight role, not the person who was unjustly enriched.

12. When the term “stakeholder” is used, does this specifically mean a citizen of the area that the Hospital District Board serves? Why is this called an “organization” of people?

These terms are defined as follows by the policy:

“**Stakeholder**” means: with respect to any not-for-profit **Organization**, any natural person member of such **Organization** who has an active interest that such **Organization** fulfill its mission; with respect to any for-profit **Organization**, any securityholder of such **Organization**.

“**Organization**” means: (1) the **Named Organization**; (2) subject to the provisions of Section XI of these General Terms and Conditions, any **Subsidiary** thereof; and (3) any **Affiliate** listed by written endorsement to this Policy, but solely with respect to the Coverage Section(s) indicated on such endorsement. **Organization** shall also mean the **Named Organization** or any such **Subsidiary** in its capacity as a debtor in possession.

13. Explain, what “separate retention and coinsurance” means for the anti-trust and regulatory claims please.

These two coverages have a different retention than what is provided by the overall policy.

AntiTrust Claims have a retention of $150,000 vs $100,000 from the other coverages in the policy.

Regulatory Claims have a retention of $1,000,000 vs $100,000 from the other coverages in the policy.

These are more severe related matters which is why they have a larger retention as well as coinsurance associated with these types of perils.

Risk Scenario Questions:

The following questions pose various potential scenarios. If coverage does exist in the quote, please provide relevant sections where the coverage addresses the concerns.

14. Prior notice / prior and pending matters. The policy excludes claims tied to matters previously noticed under prior management liability coverage, and also excludes claims tied to prior or pending litigation or proceedings as of the applicable pending or prior date, which in the quote appears to still be TBD. (Devil's advocate scenario: if a future claim is framed as arising out of prior board actions, prior disputes, prior complaints, prior regulatory issues, or anything arguably connected to already-known controversy, the carrier could try to say it is really a prior matter and deny coverage). If there is a known matter that is currently pending or occurred prior to the date of the P&P Litigation date, which will likely be inception, then no coverage would be afforded for those matters.

15. Insured vs. insured exclusion. The policy excludes claims brought by or on behalf of the Organization or any Insured Person, subject to certain carve-backs such as derivative demands and some whistleblower-related circumstances. (Devil's advocate scenario: if a dispute develops internally between current or former board members, officers, or insured persons over governance, oversight, process, or alleged misconduct, the carrier could argue that the claim is barred as an insured-versus-insured dispute). This exclusion is typical to find in just about every insurance policy. This exclusion is more about not covering moral hazards.

16. Technology / privacy exclusion. The policy excludes claims involving unauthorized or unintentional access, use, disclosure, corruption, damage, deletion, or impairment of non-public personal identifiable information, and also excludes claims involving failure of any system, software, network, hardware, backup facility, or related technology to function or prevent hacks, viruses, worms, trojans, and similar events, with only narrow carve-backs. (Devil's advocate scenario: if the Board is pulled into a claim involving records, email, public communications, HIPAA-adjacent information, data security, website issues, retention failures, notice failures caused by system issues, or breach-related allegations, the carrier could argue the matter falls into the technology/privacy exclusion instead of covered governance liability). This type of exclusion is there because another insurance product is available for this type of coverage (Cyber Liability)

17. Express contract exclusion. The policy excludes liability under any express contract or agreement, except to the extent liability would have existed even without the contract. (Devil's advocate scenario: if the Board is sued over lease oversight, enforcement, amendments,

performance failures, approval of terms, or other contractual oversight involving the hospital lease or related agreements, the carrier could argue the exposure arises from contract liability and is excluded). This type of exclusion is also included to avoid moral hazard and to separate business risk from insurable risks.

18. Professional E&O exclusion. The endorsement states there is no coverage for claims arising from rendering, or failure to render, professional services for others for a fee. (Devil's advocate scenario: if the Board is accused of failures tied to operational oversight that the carrier tries to characterize as professional-service-related rather than governance-related, this could become a fight over whether the matter is outside coverage). This exclusion is typical to find in just about every insurance policy as it is trying to be clear that this policy is not intended to pick up E&O or malpractice type claims that can be covered under a Professional or General Liability policy.

19. Medical services exclusion. The quote expressly lists a medical services exclusion being added to the D&O form. (Devil's advocate scenario: if the Board is sued for alleged failures in oversight of hospital operations, quality concerns, credentialing-adjacent matters, clinical policy oversight, or anything the carrier can spin as connected to medical services, the insurer may try to characterize the claim as excluded even where the Board's role was governance and oversight rather than direct care). This exclusion is typical to find in just about every insurance policy as it is trying to be clear that this policy is not intended to pick up E&O or malpractice type claims that can be covered under a Professional or General Liability policy.

With that being said, I do believe the language that Intact provides is a bit broader than some other insurance company's exclusionary language. Some have the following wording in their form which is much more restrictive: *alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving*

When we run into exclusions like this, sometimes they are required to be a part of the policy. We try to amend the language so that is it not quite as restrictive. Intact's wording already does a good job of this, in my opinion.

20. Employment-related wrongful acts exclusion. The D&O form excludes employment-related wrongful acts. The quote also shows EPL was not purchased. (Devil's advocate scenario: if the District or Board is dragged into a dispute involving a secretary, staff member, retaliation allegation, hiring/firing-related issue, harassment allegation, or other employment-type claim, there may be no meaningful coverage under this D&O structure). This exclusion is typical to find because another insurance product is available for this type of coverage (Employment Practices Liability – EPL). We can quote EPL coverage for you, if interested.

21. Discrimination / harassment exclusion for non-insureds. The form excludes claims involving discrimination against, or harassment of, any person or entity that is not an insured, subject to a narrow provider-selection carve-back. (Devil's advocate scenario: if a member of the public,

contractor, volunteer, attendee, applicant, or other non-insured alleges discriminatory treatment, harassment, unequal access, or similar conduct tied to District governance or Board-related activity, the carrier may argue the claim is excluded). This exclusion is typical to find because another insurance product is available for this type of coverage (Employment Practices Liability – EPL). We can quote EPL coverage for you, if interested.

22. Bodily injury / property damage exclusion. The form excludes claims involving bodily injury, emotional distress, sickness, disease, death, or damage to tangible property, with only a narrow carve-back in the provider-selection context. (Devil's advocate scenario: if a plaintiff tries to plead governance failures as having caused physical harm, emotional distress, unsafe conditions, or damage to property, the carrier could use this exclusion to avoid coverage even if the allegations are wrapped around Board-level conduct). See answer to what we provided to #19 above.

23. Pollution / environmental exclusion. The form excludes claims involving pollutants, cleanup, containment, treatment, or related environmental matters, except where only Insuring Agreement (A) applies. (Devil's advocate scenario: if the Board is named in a claim involving facility conditions, contamination allegations, hazardous materials, cleanup obligations, or environmental oversight, this could become an exclusion fight quickly). A stand-alone pollution policy may be best for this type of scenario.

24. Fraud / illegal profit / deliberate dishonesty exclusion. The form excludes claims involving illegal profit, deliberately fraudulent or dishonest acts, or willful violation of law, but only if established by a final and non-appealable adjudication. There is also severability language so one insured person's knowledge is not automatically imputed to another. (Devil's advocate scenario: while this exclusion is more favorable than some because it requires final adjudication, it still becomes a major issue if any board-related dispute escalates into allegations of knowing misconduct, improper personal benefit, or willful legal violation). That is what the final adjudication and severability language is for, to protect those that did not have such knowledge of the events.

25. Wage/hour, WARN, OSHA, COBRA, NLRA, workers' comp, unemployment, and similar statutory exclusions. The form excludes these categories expressly. (Devil's advocate scenario: if any Board-related dispute crosses into labor, benefits, worker protection, retaliation, or wage-related allegations, the policy appears positioned to push those matters out of coverage). Some of these items can potentially be covered via endorsement with the purchase of EPL coverage, such as the Wage & Hour, Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act,

1. Regulatory claims limitation. The policy provides no coverage for Loss, other than Defense Expenses, from any Regulatory Claim. (Devil's advocate scenario: if a regulator comes after the District or Board, there may be some defense cost help up to the applicable sublimit, but not full

indemnity exposure, which could still leave the District substantially exposed). A Regulatory E&O product exists in the marketplace which can provide higher limits for indemnity and defense.

Hey Billy – Our executive risk colleagues just provided the attached updated D&O quote with several coverage enhancements, at the same pricing at before. Below is what they wrote:

Matt,

In addition to the Q&A from Friday we also approached Intact and asked them to improve upon their terms. There responses are in red and the attached revised quote encompass these enhancements.

1. Can you offer any higher limits for HIPAA than the $100,000? Increased to $250K
2. Can you increase the EMTALA limit from $150,000 to $250,000? Increased to $250K
3. Can you offer a $1,000,000 Additional Side A limit in lieu of the $500,000 limit given? Increased to $1M
4. Are you able to reduce your coinsurance percentages for Antitrust or Regulatory claims? Or have the ability to remove the coinsurance? Lowered the antitrust coinsurance to 10%, lowered the regulatory coinsurance to 25%

Let us know if you or the insured has any additional questions.

Matt Bishop, JD, MBA, CPCU
Marketing Account Executive
C: 205-215-7881 | E: matthew.bishop02@marshmma.com
2000 International Park Drive Suite 600 Birmingham, AL 35243 | McGriff.com
McGriff, a Marsh & McLennan Agency LLC Company
CA License #0H18131
Please see our Privacy Notice

CRC GROUP

PO Box 59689
Birmingham, AL 35259-9689
Phone: (800) 824-1709

Matt Bishop
McGriff, a Marsh & McLennan Agency LLC Company – Birmingham
7701 Airport Center Dr Suite 1800
Greensboro, NC 27409

Apr 07, 2026

Re: Hospital District Number One of Mohave County, Ref# 15219669-A
Proposed Effective 4/1/2026 to 4/1/2027

Dear Matt:

We are pleased to confirm the attached quotation for **(D&O)** being offered with **Atlantic Specialty Insurance Company.** This carrier is **Admitted** in the state of **AZ.** Please note that this quotation is based on the coverage, terms and conditions as stated in the attached quotation, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this quotation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, LLC disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms quoted as per the attached and those terms originally requested. The attached quotation may not be bound without a fully executed CRC brokerage agreement.

NOTE: The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be a material change and consequently would change the original underwriting decision.

Should coverage be elected as quoted per the attached, Premium and Commission are as follows:

Premium:	**$20,419.00**
Broker Fee	$600.00
Grand Total:	**$21,019.00**

Commission: 11%

Broker Fees & Policy Fees are Fully Earned at Binding

NOTE: If insured is located outside your resident state, you must hold appropriate non-resident license prior to binding.

If Non Admitted the following applies:

Arizona Tax Filings are the responsibility of: ( ) Your Agency ( ) CRC
Arizona now has two different stamps. Select appropriate stamp below.

The Surplus lines policy or evidence of coverage is issued by a surplus lines insurer that is not a domestic surplus lines insurer: Pursuant to section 20-401.01, subsection B, paragraph 1, Arizona Revised Statutes, this policy is issued by an insurer that does not possess a certificate of authority from the director of the Arizona Department of Insurance and Financial Institutions. If the insurer that issued this policy becomes

insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to title 20, Arizona Revised Statutes. (Non-Domestic Surplus Line Insurer)

The surplus lines policy or evidence of coverage is issued by a domestic surplus lines insurer: If the insurer that issued this policy becomes insolvent, insureds or claimants will not be eligible for insurance guaranty fund protection pursuant to title 20, Arizona Revised Statutes. (Domestic Surplus Line Insurer)

Upon requesting quotes and/or placement for the coverage listed herein, the producing retail broker hereby confirms that he/she has performed any and all diligent searches, as may be required by statute, for coverage through licensed carriers or other means of placement, and as necessary maintain proof of declination. Where allowed by governing statutes, "diligent effort" may not require an actual physical search and declination on each risk, but may be based on the retail producing broker's own experience, opinion and overall knowledge of acceptability in the admitted marketplace.

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as “contingent commissions” or “incentive commissions”), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Financing Insurance Premiums

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO Premium Finance. AFCO provides premium financing solutions for large, mid-size and small corporate accounts;

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing AFCODirect@afco.com; or **call toll- free 877-317-6437**.

Sincerely,

Alex Gould, RPLU
205-414-2438
agould@crcgroup.com
15219669

intact INSURANCE management liability

intactspecialty.com/management-liability

Quote

04.07.2026	Health Care Organization Management Liability - Primary

Agent
Matt Bishop
McGriff, a Marsh & McLennan Agency LLC Company

Applicant
Hospital District Number One of Mohave County
3269 N Stockton Hill Rd.
Kingman, AZ 86409

Intact Insurance is pleased to provide the following Health Care Organization Management Liability quotation to you.

Policy Period	Annual

Policy Aggregate Limit	$5,000,000 (for all purchased Liability Coverage Sections combined)			
Liability Coverage Section	**Separate Limit of Liability**	**Shared Limit of Liability**	**Retention**	**P&P Litigation Date**
D&O and Organization Liability ("D&O")	$5,000,000	N/A **Shared with**: N/A	**Clause A**: $0 **Clause B**: $100,000 **Clause C:** $100,000	TBD

Total Premium Charged for all Coverages:	$20,419 + $600 Broker Fee

Premium is due and payable no later than forty five (45) days after the date of binding
Failure to pay the premium in full may result in cancellation of coverage

D&O Other Specific Limits	Limits		
Additional Limit of Liability Dedicated for Executives	$1,000,000		
HIPAA Claim Sublimit	$250,000		
Excess Benefit Transaction Excise Tax Sublimit	$100,000		
Internal Revenue Code Violation Sublimit	$100,000		
EMTALA Claim Sublimit	$250,000		
Stakeholder Derivative Demand Sublimit	$500,000		
D&O Crisis Management Expenses Limit	$25,000		
	Limits	**Separate Retention**	**Coinsurance**
Antitrust Claim	$5,000,000	$150,000	10%
Regulatory Claim	$1,000,000	$1,000,000	25%

Policy Aggregate Sublimit For All E-Discovery Consultant Services: $25,000 (for all purchased Liability Coverage Sections combined)

Type of Claim Defense: Duty to Defend

Policy Forms and Endorsements		**Section(s)**
MPF-10001-08-22	Healthcare Organization Management Liability Policy General Terms and Conditions Section	GTC
MPF-10001-DO-06-18	Healthcare Organization Management Liability Policy Directors, Officers & Organization Liability Coverage Section	D&O
AMP-00009-08-22	Producer Endorsement	GTC
MPE-00024-09-10	State Amendatory Inconsistency	GTC
MPE-03020C-04-21	Professional E&O Exclusion	D&O
MPE-03030A-06-18	Cap on Losses from Certified Acts of Terrorism	D&O
MPE-03057-06-18	Privacy Breach Reimbursement Coverage Sublimit: $100,000	D&O
MPE-13076-08-25	Medical Services Exclusion	D&O

Insurance Company Atlantic Specialty Insurance Company
This is an Admitted Policy.

A.M. Best Rating: A+ (Superior)

Quote Expiration Date 05.12.2026

Conditions This quote is subject to Intact Insurance's receipt, review and acceptance of the outstanding conditions noted below prior to binding. The underwriter may elect at its discretion to accept an order to bind subject to receipt of such outstanding conditions within a specified timeframe.

- Prior to Binding: Currently signed and dated application
- Prior to Binding: Completed warranty statement

Extended Reporting Period (ERP) ERP Option(s) are as follows:

- 12 months at 100% of Full Annual Premium

Commission 11.00%
It is the general practice of Intact Insurance to show the following

commission related legend (with an "X" in the appropriate space) on our quote and binder letters.

X **Gross Premium**

The Underwriter will pay a percentage of the premium shown above as brokerage commission. The Underwriter does not pay contingent or deferred commissions. Consult your broker for information concerning commission.

___ **Net Premium**

The premium shown above is net, and the Underwriter will pay no brokerage commission of any kind thereon.

General

The coverage descriptions contained in this quotation(s) are for summary purposes only. Please read the policy for complete coverage information.

Intact Insurance Specialty Solutions is the marketing brand for the insurance company subsidiaries of Intact Insurance Group USA LLC, a member of Intact Financial Corporation (TSX: IFC), the largest provider of property and casualty insurance in Canada and a leading specialty insurance carrier in North America. The insurance company subsidiaries of Intact Insurance Group USA LLC include Atlantic Specialty Insurance Company, a New York insurer, Homeland Insurance Company of New York, a New York insurer, Homeland Insurance Company of Delaware, a Delaware insurer, OBI America Insurance Company, a Pennsylvania insurer, and OBI National Insurance Company, a Pennsylvania insurer. Each of these insurers maintains its principal place of business at 605 Highway 169 N, Plymouth, MN 55441.

Insured Name and Address:

Hospital District Number One of Mohave County
3269 N Stockton Hill Rd.
Kingman, AZ 86409

Quote Number: 4529849-2

POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act (the Act), as amended, your policy will provide insurance coverage for losses resulting from acts of terrorism. A*s defined in Section 102(1) of the Act*: The term "act of terrorism" means any act or acts that are 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 certain air carriers or vessels 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.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 80%, BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM TO BE CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

There is no premium charge for coverage for losses caused by acts of terrorism, as defined in the Act. Since coverage for acts of terrorism, as defined in the Act, is being provided in your policy you do not need to take any action with respect to this notice.

intactspecialty.com

RE: Health Care Organization Management Liability Hospital District Number One of Mohave County	Policy
Account No: 370386	Policy No: NOT-BOUND

605 Highway 169 North
Suite 800
Plymouth, MN 55441

952.852.2431

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – http//www.treas.gov/ofac.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

Insured Name and Address:
Hospital District Number One of Mohave C
3269 N Stockton Hill Rd.
Kingman, AZ 86409

Policy Number: NOT-BOUND

POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE

Coverage for acts of terrorism is included in your policy. You are hereby notified that the Terrorism Risk Insurance Act (the Act), as amended, defines an act of terrorism in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are 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 certain air carriers or vessels 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.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80%, beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a $100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds $100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed $100 billion, your coverage may be reduced.

There is no premium charge for coverage for losses caused by acts of terrorism, as defined in the Act. Since coverage for acts of terrorism, as defined in the Act, is being provided in your policy you do not need to take any action with respect to this notice.

If you have any questions about this notice, please contact your agent.

Atlantic Specialty Insurance Company
605 Highway 169 North
Suite 800
Plymouth, MN 55441
(hereinafter referred to as the "Underwriter")

Policy Number: NOT-BOUND

DECLARATIONS

HEALTHCARE ORGANIZATION MANAGEMENT LIABILITY POLICY

THE COVERAGE AFFORDED BY THIS POLICY DIFFERS IN SOME RESPECTS FROM THAT AFFORDED BY OTHER POLICIES. *PLEASE READ THIS POLICY CAREFULLY*.

ITEM 1. **NAMED ORGANIZATION:**

Name and Principal Address:
Hospital District Number One of Mohave County
3269 N Stockton Hill Rd.
Kingman, AZ 86409

ITEM 2. **POLICY PERIOD:**

(a) Inception Date: May 12, 2026
(b) Expiration Date: May 12, 2027
Both dates at 12:01 a.m. at the Principal Address in ITEM 1.

ITEM 3. **COVERAGE SECTION(S) PURCHASED AND PENDING OR PRIOR DATE(S):**

Coverage Section	Purchased		Pending or Prior Date
Directors, Officers & Organization Liability ("D&O")	[X] YES	[ ] NO	TBD
Additional Limit of Liability Dedicated for Executives	[X] YES	[ ] NO	
Employment Practices Liability ("EPL")	[ ] YES	[X] NO	Not Applicable
Fiduciary Liability ("FLI")	[ ] YES	[X] NO	Not Applicable
Miscellaneous Professional Liability ("MPL")	[ ] YES	[X] NO	Not Applicable
Information Risk and Recovery ("IRR")	[ ] YES	[X] NO	Not Applicable
Employed Lawyers Professional Liability ("ELPL")	[ ] YES	[X] NO	Not Applicable
Crime Coverage ("Crime")	[ ] YES	[X] NO	Not Applicable

ITEM 4. **LIABILITY COVERAGE SECTION(S) – LIMITS OF LIABILITY:**

Coverage Section	Separate Limit of Liability	Shared Limit of Liability	Other Applicable Limit(s) of Liability
D&O	$5,000,000	Shared: N/A Shared with: N/A	**Additional Limit of Liability Dedicated for Executives**: $1,000,000 **Antitrust Claim Sublimit**: $5,000,000 **Regulatory Claim Defense Sublimit**: $1,000,000 **HIPAA Claim Sublimit**: $500,000 **Excess Benefit Transaction Excise Tax Sublimit**: $100,000 **Internal Revenue Code Violation Sublimit**: $100,000 **EMTALA Claim Sublimit**: $250,000 **Stakeholder Derivative Demand Sublimit**: $500,000 **D&O Crisis Management Expenses Limit**: $25,000
EPL	Not Covered	Shared: N/A Shared with: N/A	**Illegal Hiring or Harboring Sublimit**: Not Covered **Employment Crisis Management Expenses Limit**: Not Covered
FLI	Not Covered	Shared: N/A Shared with: N/A	**HIPAA Penalties Sublimit**: Not Covered **Section 502(c) Penalties Sublimit**: Not Covered **Section 507 Penalties Sublimit**: Not Covered **PPACA Penalties Sublimit**: Not Covered **Section 4975 Tax Penalties Sublimit**: Not Covered **Voluntary Settlement Program Coverage Sublimit**: Not Covered **Pension Crisis Management Expenses Limit**: Not Covered
MPL	Not Covered	Shared: N/A Shared with: N/A	**Disciplinary or Licensing Proceeding Expenses Sublimit:** Not Covered **Subpoena Assistance Limit:** Not Covered **MPL Crisis Management Expenses Limit:** Not Covered

IRR	Not Covered	Shared: N/A Shared with: N/A	**Privacy Administrative Proceeding Aggregate Sublimit**: Not Covered **Privacy Administrative Fines and Consumer Redress Fund Costs Sublimit**: Not Covered **Combined First-Party Loss Limit:** Not Covered **Breach Consultation Services Limit**: Not Covered **Incident Management Expenses Limit**: Not Covered **Information Restoration Expenses Limit**: Not Covered **Hardware Replacement Expenses Limit**: Not Covered **Extortion Payments and Rewards Limit**: Not Covered **Forensic Expenses Limit**: Not Covered
ELPL	Not Covered	Shared: N/A Shared with: N/A	**Intra-Organization Claims Defense Sublimit**: Not Covered

POLICY AGGREGATE SUBLIMIT FOR ALL E-DISCOVERY CONSULTANT SERVICES: $25,000
(for all purchased **Liability Coverage Sections** combined)

POLICY AGGREGATE LIMIT OF LIABILITY: $5,000,000 (for all purchased **Liability Coverage Sections** combined)

ITEM 5. **LIABILITY COVERAGE SECTION(S) – RETENTIONS:**

Coverage Section	Retention	
D&O	$0	each **Claim** under Insuring Agreement (A).
	$100,000	each **Claim** under Insuring Agreement (B), other than an **Antitrust Claim** or a **Regulatory Claim**.
	$100,000	each **Claim** under Insuring Agreement (C), other than an **Antitrust Claim** or a **Regulatory Claim**.
	$150,000	each **Antitrust Claim** under Insuring Agreement (B) or (C).
	$1,000,000	each **Regulatory Claim** under Insuring Agreement (B) or (C).
EPL	Not Covered	each **Employment Claim** under Insuring Agreement (A).
	Not Covered	each **Third Party Claim** under Insuring Agreement (B).
FLI	Not Covered	each **Fiduciary Claim** under Insuring Agreement (A).
MPL	Not Covered	each Claim under Insuring Agreement (A).
	Not Covered	each Claim under Insuring Agreement (B).

IRR	Not Covered each **Claim** under Insuring Agreement (A)(1). Not Covered each **Claim** under Insuring Agreement (A)(2). Not Covered each **Privacy Administrative Proceeding** under Insuring Agreement (A)(3). Not Covered each **Information Risk Incident** under Insuring Agreement (B)(1). Not Covered each **Information Risk Incident** or **Extortion** under Insuring Agreement (B)(2). Not Covered each **Information Risk Incident** under Insuring Agreement (B)(3). Not Covered each **Information Risk Incident** under Insuring Agreement (B)(4). Not Covered each **Extortion** under Insuring Agreement (B)(5). Not Covered each **Information Risk Incident** under Insuring Agreement (B)(6).
ELPL	Not Covered each **Claim** under Insuring Agreement (A). Not Covered each **Claim** under Insuring Agreement (B).

ITEM 6. **D&O COVERAGE SECTION – CO-INSURANCE PERCENTAGES (If purchased):**

(A) **Antitrust Claims**: 10%

(B) **Regulatory Claims:** 25%

ITEM 7. **RETROACTIVE DATE(S) (If applicable):**

MPL COVERAGE SECTION: Not Applicable

IRR COVERAGE SECTION: Not Applicable

ITEM 8. **LIABILITY COVERAGE SECTION(S) - TYPE OF CLAIM DEFENSE**:

☒ Duty to Defend

☐ Reimbursement

ITEM 9. **CRIME COVERAGE SECTION – LIMITS OF LIABILITY AND DEDUCTIBLES (If purchased):**

Insuring Agreement	**Per Occurrence Limit of Liability**	**Deductible**
(A)(1) Employee Theft Coverage	Not Covered	Not Covered
(A)(2) Employee Theft of Client Property Coverage	Not Covered	Not Covered
(A)(3) Employee Benefit Plan Coverage	Not Covered	Not Covered
(B) Forgery or Alteration Coverage	Not Covered	Not Covered
(C) Premises Coverage – Theft of Money or Securities	Not Covered	Not Covered
(D) Premises Coverage – Robbery or Safe Burglary of Other Property	Not Covered	Not Covered
(E) Outside the Premises Coverage	Not Covered	Not Covered
(F)(1) Computer Fraud Coverage	Not Covered	Not Covered
(F)(2) Computer Data Restoration Expenses Coverage	Not Covered	Not Covered

(G) Funds Transfer Fraud Coverage	Not Covered	Not Covered
(H) Money Orders and Counterfeit Paper Currency Coverage	Not Covered	Not Covered
(I) Social Engineering Fraud Coverage	Not Covered	Not Covered
(J)(1) Personal Accounts Forgery or Alteration Coverage	Not Covered	Not Covered
(J)(2) Identity Fraud Expense Reimbursement Coverage	Not Covered	Not Covered
(K) Investigative Costs Coverage	Not Covered	As per the applicable Insuring Agreement

If "*Not Covered*" is inserted opposite any specified Insuring Agreement above as the Per Occurrence Limit of Liability, such Insuring Agreement and any other reference thereto is deemed to be deleted from this Policy.

ITEM 10. **MPL COVERAGE SECTION – PROFESSIONAL SERVICES (If purchased):**

ITEM 11. **TERMINATION OF PRIOR POLICIES:**

N/A

ITEM 12. **POLICY PREMIUM: $20,419**

X ***Gross Premium:*** **The Underwriter will pay a percentage of the Premium shown above as brokerage commission. The Underwriter does not pay contingent or deferred commissions. Consult your broker for information concerning commission.**

___ ***Net Premium:*** **The Premium shown above is net, and the Underwriter will pay no brokerage commission of any kind thereon.**

X This Policy provides coverage for acts of terrorism as defined in the Terrorism Risk Insurance Act in accordance with all of the terms and conditions of this Policy (including all endorsements attached hereto). The premium attributable to this coverage is $0.

___ This Policy specifically excludes coverage for acts of terrorism in accordance with all of the terms and conditions of this Policy (including all endorsements attached hereto).

ITEM 13. **EXTENDED REPORTING PERIOD OPTION(S):**

12 months AT 100% of the full annual premium for the applicable Liability Coverage Section

ITEM 14. **NOTICE TO THE UNDERWRITER:**

(A) **ALL NOTICES TO THE UNDERWRITER OF CLAIMS, CIRCUMSTANCES, EVENTS OR FIRST-PARTY INCIDENTS UNDER ANY LIABILITY COVERAGE SECTION, OR OF OCCURRENCES UNDER THE CRIME COVERAGE SECTION, MUST BE ADDRESSED TO:**

Claims
Intact Insurance
605 Highway 169 North, Suite 800
Plymouth, MN 55441
-or-
ClaimsUSA@intactinsurance.com

(B) **ALL OTHER NOTICES REQUIRED TO BE GIVEN TO THE UNDERWRITER MUST BE ADDRESSED TO:**

Intact Insurance Management Liability
605 Highway 169 North, Suite 800
Plymouth, MN 55441

ITEM 15. **POLICY FORM AND ENDORSEMENTS ATTACHED AT ISSUANCE:**

MPF-10001-08-22	Healthcare Organization Management Liability Policy General Terms and Conditions Section	GTC
MPF-10001-DO-06-18	Healthcare Organization Management Liability Policy Directors, Officers & Organization Liability Coverage Section	D&O
AMP-00009-08-22	Producer Endorsement	GTC
MPE-00024-09-10	State Amendatory Inconsistency	GTC
MPE-03020C-04-21	Professional E&O Exclusion	D&O
MPE-03030A-06-18	Cap on Losses from Certified Acts of Terrorism	D&O
MPE-03057-06-18	Privacy Breach Reimbursement Coverage	D&O
MPE-13076-08-25	Medical Services Exclusion	D&O

These Declarations, the completed signed Application, and the Policy (together with any and all endorsements thereto) shall constitute the entire agreement between the Underwriter and the Insured(s).

Atlantic Specialty Insurance Company

By:

April 06, 2026

Its Authorized Representative Date:

HEALTHCARE ORGANIZATION MANAGEMENT LIABILITY POLICY	
General Terms and Conditions Section	

PORTIONS OF THIS POLICY APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR APPLICABLE EXTENDED REPORTING PERIOD WITH DEFENSE EXPENSES INCLUDED IN THE LIMITS OF LIABILITY. PLEASE READ THE ENTIRE POLICY CAREFULLY.

In consideration of the payment of the premium, and in reliance on all statements made and information furnished to the Underwriter, and subject to the Declarations and all of the terms, conditions and limitations of this Policy, the Underwriter and the **Insureds** agree as follows:

I. TERMS AND CONDITIONS

Except for these General Terms and Conditions or unless stated to the contrary in any Coverage Section of this Policy, the terms, conditions and limitations of each Coverage Section shall apply only to that Coverage Section. If any provision in these General Terms and Conditions is inconsistent or in conflict with the terms, conditions and limitations of any Coverage Section, the terms, conditions and limitations of such Coverage Section shall control for purposes of that Coverage Section. Any defined term referenced in these General Terms and Conditions but defined in a Coverage Section shall, for purposes of coverage under that Coverage Section, have the meaning set forth in that Coverage Section.

II. DEFINITIONS

(A) "**Affiliate**" means any entity, other than a **Subsidiary**, during such time as the **Named Organization** or any **Subsidiary** has the authority to direct the financial or managerial decision making of such entity, whether through the operation of law, contract or agreement, stock ownership or membership, charter, articles of incorporation, or by-law provisions.

(B) "**Application**" means the application(s) attached to and forming part of this Policy, including any materials submitted and statements made in connection therewith, all of which are on file with the Underwriter and are a part of this Policy, as if physically attached; provided, that any such statements or filings submitted in connection with the application(s) were made within twelve (12) months of the Inception Date of this Policy. If any **Application** uses any terms or phrases that differ from terms defined in this Policy, no inconsistency between any term or phrase used in the **Application** and any term defined in this Policy will waive or change any of the terms and conditions of this Policy.

(C) "**Claim**" shall have the meaning set forth in the applicable **Liability Coverage Section**.

(D) "**Defense Expenses**" means reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses incurred in defending any **Claim**, including the cost of **E-Discovery Consultant Services**, and the premium for appeal, attachment or similar bonds. **Defense Expenses** does not include any remuneration, salaries, wages, fees, overhead or benefit expenses of any **Insured**.

(E) "**Domestic Partner**" means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by the **Organization**.

(F) **"E-Consultant Firm"** means any e-discovery consulting firm selected by the Underwriter to perform **E-Discovery Consultant Services** in connection with a **Claim**.

(G) **"E-Discovery Consultant Services"** means the following services performed by an **E-Consultant Firm**:

(1) assisting the **Insured** with managing and minimizing the internal and external costs associated with the development, collection, storage, organization, cataloging, preservation and/or production of electronically stored information ("**E-Discovery**");

(2) assisting the **Insured** in developing or formulating an **E-Discovery** strategy which shall include interviewing qualified and cost effective **E-Discovery** vendors;

(3) serving as project manager, advisor and/or consultant to the **Insured**, defense counsel and the Underwriter in executing and monitoring the **E-Discovery** strategy; and

(4) such other services provided by the **E-Consultant Firm** that the **Insured**, the Underwriter and **E-Consultant Firm** agree are reasonable and necessary given the circumstances of the **Claim**.

(H) "**Executive**" shall have the meaning set forth in the applicable Coverage Section.

(I) "**Financial Impairment**" means the status of an **Organization** resulting from:

(1) the appointment by any state or federal official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate such **Organization**; or

(2) such **Organization** becoming a debtor in possession under the United States bankruptcy law or the equivalent of a debtor in possession under the law of any other country.

(J) "**First-Party Incident**" shall have the meaning set forth in the Information Risk and Recovery Coverage Section.

(K) "**Foreign Jurisdiction**" means any jurisdiction, other than the United States of America or any of its territories or possessions.

(L) "**Insured**" shall have the meaning set forth in the applicable Coverage Section.

(M) "**Insured Person**" shall have the meaning set forth in the applicable **Liability Coverage Section**.

(N) "**Liability Coverage Section**" means the Directors, Officers and Organization Liability, Employment Practices Liability, Fiduciary Liability, Miscellaneous Professional Liability, Information Risk and Recovery and Employed Lawyers Professional Liability Coverage Sections of this Policy, if purchased as stated in ITEM 3 of the Declarations.

(O) "**Loss**" shall have the meaning set forth in the applicable **Liability Coverage Section**.

(P) "**Management Control**" shall mean: (1) owning interests representing more than fifty percent (50%) of the voting, appointment or designation power for the selection of a majority of the Board of Directors of a corporation or organization, the management committee members of a joint venture or partnership, or the members of the management board of a limited liability company; or (2) having the right, pursuant to written contract or the by-laws, charter, operating agreement or similar documents of an organization, to elect, appoint or designate a majority of the Board of Directors of a corporation or organization, the management committee of a joint venture or partnership or the management board of a limited liability company.

(Q) "**Named Organization**" means the entity designated as such in ITEM 1 of the Declarations.

(R) "**Occurrence**" shall have the meaning set forth in the Crime Coverage Section.

(S) "**Organization**" means: (1) the **Named Organization**; (2) subject to the provisions of Section XI of these General Terms and Conditions, any **Subsidiary** thereof; and (3) any **Affiliate** listed by written endorsement to this Policy, but solely with respect to the Coverage Section(s) indicated on such endorsement. **Organization** shall also mean the **Named Organization** or any such **Subsidiary** in its capacity as a debtor in possession.

(T) "**Per Occurrence Limit of Liability**" means the applicable Per Occurrence Limit of Liability stated in ITEM 9 of the Declarations.

(U) "**Policy Aggregate Limit of Liability**" means the Policy Aggregate Limit of Liability stated in ITEM 4 of the Declarations.

(V) "**Policy Period**" means the period from the Inception Date of this Policy stated in ITEM 2(a) of the Declarations to the Expiration Date of this Policy stated in ITEM 2(b) of the Declarations or to any earlier cancellation of this Policy.

(W) "**Related Claims**" means all **Claims** for **Wrongful Acts** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the same or related facts, circumstances, situations, transactions or events or the same or related series of facts, circumstances, situations, transactions or events, whether related logically, causally or in any other way.

(X) "**Separate Limit of Liability**" means the applicable Separate Limit of Liability, if any, stated in ITEM 4 of the Declarations.

(Y) "**Shared Limit of Liability**" means the applicable Shared Limit of Liability, if any, stated in ITEM 4 of the Declarations, which limit of liability shall be shared between all **Liability Coverage Sections** listed below such Shared Limit of Liability in the Declarations.

(Z) "**Subsidiary**" means, subject to the provisions of Section XI of these General Terms and Conditions, any not-for-profit entity, and any for-profit entity whose securities are not publicly traded, during any time which the **Named Organization** has **Management Control** of such entity, either directly or through one or more **Subsidiaries**.

(AA) "**Wrongful Act**" shall have the meaning set forth in the applicable **Liability Coverage Section**.

III. LIMITS OF LIABILITY

(A) With respect to the **Liability Coverage Sections**, the following shall apply:

(1) **Policy Aggregate Limit of Liability**

The **Policy Aggregate Limit of Liability** stated in ITEM 4 of the Declarations is the maximum limit of the Underwriter's liability for all **Loss** under all **Liability Coverage Sections** combined resulting from all **Claims** or **Related Claims** and all **First-Party Incidents** (if the Information Risk and Recovery Coverage Section is purchased as stated in ITEM 3 of the Declarations) for which such **Liability Coverage Sections** provide coverage.

(2) **Separate Limits of Liability**

If a **Separate Limit of Liability** is stated in ITEM 4 of the Declarations for any **Liability Coverage Section**, then such **Separate Limit of Liability** shall be the maximum limit of the Underwriter's liability for all **Loss** under such **Liability Coverage Section** resulting from all **Claims** or **Related Claims** and all **First-Party Incidents** (with respect to the Information Risk and Recovery Coverage Section) for which such **Liability Coverage Section** provides coverage. Any such **Separate Limit of Liability** shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** stated in ITEM 4 of the Declarations and shall in no way serve to increase such **Policy Aggregate Limit of Liability**.

(3) **Shared Limits of Liability**

If a **Shared Limit of Liability** is stated in ITEM 4 of the Declarations for any **Liability Coverage Sections**, then such **Shared Limit of Liability** shall be the maximum limit of the Underwriter's liability for all **Loss** under all **Liability Coverage Sections** to which such **Shared Limit of Liability** is applicable, as indicated in ITEM 4 of the Declarations, resulting from all **Claims** or **Related Claims** and all **First-Party Incidents** (with respect to the Information Risk and Recovery Coverage Section) for which such **Liability Coverage Sections** provide coverage. Any such **Shared Limit of Liability** shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** stated in ITEM 4 of the Declarations and shall in no way serve to increase such **Policy Aggregate Limit of Liability**.

(4) **Policy Aggregate Sublimit for E-Discovery Consultant Services**

The Policy Aggregate Sublimit for E-Discovery Consultant Services stated in ITEM 4 of the Declarations shall be the maximum limit of the Underwriter's liability for all **E-Discovery Consultant Services** resulting from all **Claims** or **Related Claims** under all **Liability Coverage Sections** combined. Such Policy Aggregate Sublimit for E-Discovery Consultant Services shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and the **Separate Limit of Liability** or **Shared Liability of Liability** applicable under such **Liability Coverage Sections**.

(5) **Defense Expenses** are part of and not in addition to the applicable Limits of Liability stated in ITEM 4 of the Declarations, and payment of **Defense Expenses** by the Underwriter will reduce, and may exhaust, such applicable Limits of Liability.

(6) In the event that a **Claim** is covered under more than one **Liability Coverage Section**, then the maximum limit of the Underwriter's liability for all **Loss** resulting from such **Claim** shall not exceed the largest single applicable Limit of Liability available under any such **Liability Coverage Section**.

(7) If the **Separate Limit of Liability** or **Shared Limit of Liability** applicable to any **Liability Coverage Section** is exhausted by the Underwriter's payment of **Loss**, all obligations of the Underwriter under such **Liability Coverage Section(s)** will be completely fulfilled and exhausted, and the premium for such **Liability Coverage Section(s)** will be fully earned.

(B) With respect to the Crime Coverage Section, the following shall apply:

The applicable **Per Occurrence Limit of Liability** stated in ITEM 9 of the Declarations shall be the maximum limit of the Underwriter's liability for all loss resulting from an **Occurrence**, regardless of the number of **Insureds** sustaining such loss.

IV. RETENTIONS

(A) The Retentions stated in ITEM 5 of the Declarations are separate Retentions pertaining only to the **Liability Coverage Section** for which they are stated in the Declarations, subject to paragraph (D) below.

(B) No retention shall apply to the first $25,000 of **E-Discovery Consultant Services** incurred by the **Insured** in connection with a **Claim**.

(C) In the event that different Retentions apply to a **Claim** covered under one **Liability Coverage Section**, it is understood and agreed that only one Retention shall apply to such **Claim**, which shall be the single highest applicable Retention.

(D) In the event a **Claim** is covered under more than one **Liability Coverage Section**, it is understood and agreed that only one Retention shall apply to such **Claim**, which shall be the single highest applicable Retention.

V. SPOUSES, ESTATES AND LEGAL REPRESENTATIVES

(A) Subject to all limitations, conditions, provisions and other terms of these General Terms and Conditions and of any applicable **Liability Coverage Section**, coverage shall extend to **Claims** for the **Wrongful Acts** of an **Insured Person** made against:

(1) the estate, heirs, legal representatives or assigns of such **Insured Person** if such **Insured Person** is deceased or the legal representatives or assigns of such **Insured Person** if such **Insured Person** is incompetent, insolvent or bankrupt; or

(2) the lawful spouse or **Domestic Partner** of such **Insured Person** solely by reason of such spouse's or **Domestic Partner's** status as a spouse or **Domestic Partner**, or such spouse's or **Domestic Partner's** ownership interest in property which the claimant seeks as recovery for an alleged **Wrongful Act** of such **Insured Person**.

(B) All provisions of these General Terms and Conditions and of any applicable **Liability Coverage Section**, including without limitation the Retention, that are applicable to **Loss** incurred by the **Insured Person** shall also apply to loss incurred by the estate, heirs, legal representatives, assigns, spouse and/or **Domestic Partner** of such **Insured Person**. The coverage extended pursuant to this Section V shall not apply with respect to any loss resulting from an actual or alleged act, error or omission by an **Insured Person's** estate, heirs, legal representatives, assigns, spouse or **Domestic Partner**.

VI. CLAIM DEFENSE

(A) If Duty to Defend coverage is provided with respect to the **Liability Coverage Sections**, as indicated in ITEM 8 of the Declarations, the Underwriter will have the right and duty to defend any **Claim** covered under a **Liability Coverage Section** through counsel of its choice, even if the allegations of such **Claim** are groundless, false, or fraudulent; provided, that the Underwriter's obligation to defend any **Claim** covered under such **Liability Coverage Section** is subject to the applicable Retention and Coinsurance Percentage and the Underwriter's applicable Limits of Liability stated in ITEM 4 of the Declarations. The Underwriter will have no obligation to defend or continue to defend any **Claim** after the Underwriter's applicable Limits of Liability have been exhausted by the payment of **Loss**.

(B) If Reimbursement coverage is provided with respect to the **Liability Coverage Sections**, as indicated in ITEM 8 of the Declarations:

(1) It shall be the duty of the **Insureds** and not the duty of the Underwriter to defend any **Claim** covered under a **Liability Coverage Section**. The Underwriter shall have the right to participate with the **Insureds** in the investigation, defense and settlement of any **Claim**, including but not limited to the selection of appropriate defense counsel and the negotiation of a settlement of any **Claim** that appears reasonably likely to be covered in whole or in part by such **Liability Coverage Section**.

(2) Upon written request, the Underwriter will pay **Defense Expenses** owed under a **Liability Coverage Section** on a current basis no later than sixty (60) days after receipt by the Underwriter of itemized bills for such **Defense Expenses**. Such advanced payments by the Underwriter shall be repaid to the Underwriter by the **Insureds** severally according to their respective interests in the event and to the extent that the **Insureds** shall not be entitled to payment of such **Defense Expenses** under such **Liability Coverage Section**. As a condition of any payment of **Defense Expenses** before the final disposition of a **Claim**, the Underwriter may require a written undertaking on terms and conditions satisfactory to the Underwriter guaranteeing the repayment of any **Defense Expenses** paid to or on behalf of any **Insured** if it is finally determined that any such **Claim** or portion of any **Claim** is not covered under such

Liability Coverage Section. Except for **Defense Expenses** paid in accordance with this paragraph (2), the Underwriter will have no obligation to pay any **Loss** before the final disposition of a **Claim**.

VII. ALLOCATION

(A) If Duty to Defend coverage is provided with respect to the **Liability Coverage Sections**, as indicated in ITEM 8 of the Declarations, and there is a **Claim** under a **Liability Coverage Section** in which both **Loss** covered by such **Liability Coverage Section** and loss not covered by such **Liability Coverage Section** are incurred, either because such **Claim** made against the **Insureds** includes both covered and uncovered matters, or because such **Claim** is made against both **Insureds** and others not included within the definition of "**Insured**," then such covered **Loss** and uncovered loss shall be allocated as follows:

(1) one hundred percent (100%) of **Defense Expenses** incurred by the **Insureds** in connection with such **Claim** shall be allocated to covered **Loss**; and

(2) all loss, other than **Defense Expenses**, incurred by the **Insureds** in connection with such **Claim** shall be allocated between covered **Loss** and uncovered loss based upon the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and/or settlement of the **Claim** by the **Insured Persons**, the **Organization** and others. In making such a determination, the **Organization**, the **Insured Persons** and the Underwriter agree to use their best efforts to determine a fair and proper allocation of all such amounts. In the event that the Underwriter and the **Insureds** do not reach an agreement with respect to an allocation, then the Underwriter shall be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of this Policy and applicable law.

(B) If Reimbursement coverage is provided with respect to the **Liability Coverage Sections**, as indicated in ITEM 8 of the Declarations, and there is a **Claim** under a **Liability Coverage Section** in which both **Loss** covered by such **Liability Coverage Section** and loss not covered by such **Liability Coverage Section** are incurred, either because such **Claim** made against the **Insureds** includes both covered and uncovered matters, or because such **Claim** is made against both **Insureds** and others not included within the definition of "**Insured**," the **Organization**, the **Insured Persons** and the Underwriter agree to use their best efforts to determine a fair and proper allocation of all such amounts. The Underwriter's obligation to pay **Loss** under such **Liability Coverage Section** shall relate only to those sums allocated to the **Insureds**. In making such determination, the parties shall take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and/or settlement of the **Claim** by the **Insured Persons**, the **Organization** and others. In the event that the Underwriter and the **Insureds** do not reach an agreement with respect to an allocation, then the Underwriter shall be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of this Policy and applicable law.

VIII. NOTICE

(A) Any notice to the Underwriter with respect to any Coverage Section shall designate the Coverage Section under which notice is being given and shall be treated as notice only under the Coverage Section(s) so designated.

(B) Notice to the Underwriter shall be sent to the address designated in ITEM 14 of the Declarations. Any such notice to the Underwriter shall be effective on the date of receipt by the Underwriter at such address.

(C) Notice to the **Insured** shall be sent to the **Named Organization** at the address designated in ITEM 1 of the Declarations.

IX. TERRITORY

Coverage shall extend anywhere in the world. Any payments under this Policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

X. EXTENDED REPORTING PERIOD

If any **Liability Coverage Section** is canceled for any reason other than non-payment of premium or is not renewed by the Underwriter or the **Named Organization**, then solely with respect to such **Liability Coverage Section** that was canceled or not renewed, an additional period of time during which **Claims** may be reported under this Policy (an "Extended Reporting Period") shall be made available as described in this Section X, but any such Extended Reporting Period shall apply only to **Claims** for **Wrongful Acts** committed or allegedly committed before the effective date of such cancellation or non-renewal ("Termination Date") or the effective date of any event described in Section XI (B) or (C) below, whichever is earlier. No Extended Reporting Period shall in any way increase the Underwriter's Limits of Liability stated in ITEM 4 of the Declarations, and the Underwriter's Limits of Liability for **Claims** made during any Extended Reporting Period shall be part of, and not in addition to, the applicable Limits of Liability stated in ITEM 4 of the Declarations. The offer of renewal terms, conditions, limits of liability, retentions or premium different from those in effect prior to renewal shall not constitute cancellation or refusal to renew for purposes of this Section X.

The **Named Organization** may purchase an Extended Reporting Period for one of the periods of time stated in ITEM 13 of the Declarations by notifying the Underwriter in writing of its intention to do so no later than sixty (60) days after the Termination Date. The additional premium for an Extended Reporting Period shall equal the applicable percentage, as stated in ITEM 13 of the Declarations, of the full annual premium (including any premium adjustments made during the **Policy Period**) for the applicable **Liability Coverage Section**, and must be paid no later than sixty (60) days after the Termination Date. The entire additional premium shall be deemed fully earned upon inception of such Extended Reporting Period.

If no election to purchase an Extended Reporting Period is made as described above, or if the additional premium for any such Extended Reporting Period is not paid within sixty (60) days after the Termination Date, there will be no right to purchase any Extended Reporting Period at any later time.

XI. CHANGES IN EXPOSURE

(A) Acquisition/Creation of Another Organization

(1) If before or during the **Policy Period** any **Organization**:

(a) acquires **Management Control** in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**; or

(b) acquires another organization by merger into or consolidation with the **Organization** such that the **Organization** is the surviving entity,

then with respect to:

(i) any **Liability Coverage Section**, other than the Employed Lawyers Professional Liability Coverage Section: coverage shall be provided for such other organization and its **Insureds** solely for **Wrongful Acts** committed or allegedly committed after the effective date of such acquisition or creation unless the Underwriter agrees, after presentation of a complete application and all other appropriate information, to provide coverage by written endorsement for **Wrongful Acts** committed or allegedly committed before such acquisition or creation;

(ii) the Information Risk and Recovery Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage shall be provided for such organization and its **Insureds** for a **First-Party Incident** that occurred and was discovered (as required by Insuring Agreement (B) of such Information Risk and Recovery Coverage Section) after the effective date of such acquisition or creation;

(iii) the Employed Lawyers Professional Liability Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage shall be provided for natural persons who became **Insureds** as a result of such acquisition or creation solely for **Wrongful Acts** committed or allegedly committed after the effective date of such acquisition or creation unless the Underwriter agrees, after presentation of a complete application and all other appropriate information, to provide coverage by written endorsement for **Wrongful Acts** committed or allegedly committed before such acquisition or creation; or

(iv) the Crime Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage shall be provided for such other organization and its **Insureds** after the effective date of such event, pursuant to Section VI(E), Liability for Prior Losses, of such Crime Coverage Section.

(2) If, at the time of an acquisition or creation described in paragraph (A)(1) above:

(a) the total assets of any such acquired or created organization exceed thirty-five percent (35%) of the total assets of the **Organization** (as reflected in the most recent audited consolidated financial statements of such organization and the **Organization**, respectively, as of the date of such acquisition or creation); or

(b) solely with respect to the Employment Practices Liability Coverage Section, if purchased as stated in ITEM 3 of the Declarations, the total number of employees of the acquired or created organization exceeds thirty-five percent (35%) of the total number of employees of the **Organization** immediately prior to the acquisition or creation,

then the **Organization** shall provide the Underwriter written notice of such acquisition or creation, containing full details thereof, as soon as practicable, but in no event later than ninety (90) days after the date of such acquisition or creation, and the Underwriter, in its sole discretion, may require additional terms, conditions and limitations of coverage and additional premium shall be paid. If the **Organization** fails to give such notice within the time specified in the preceding sentence, or fails to pay the additional premium required by the Underwriter, then no coverage will be available for such acquired or created organization (if applicable) and its **Insureds**: (i) for any **Claim** first made more than ninety (90) days after such acquisition or creation; or (ii) with respect to the Information Risk and Recovery Coverage Section, if purchased as stated in ITEM 3 of the Declarations, for any **First-Party Incident** that occurred or is discovered more than ninety (90) days after such acquisition or creation. Provided, however, that the asset and employee count limitations set forth in this paragraph (A)(2) shall not apply to the **Organization's** acquisition or creation of a not-for-profit organization that is within the scope of paragraph (A)(1) above.

(B) **Acquisition by Another Organization**

If:

(1) the **Named Organization** merges into or consolidates with another organization and the **Named Organization** is not the surviving entity; or

(2) another organization or person or group of organizations and/or persons acting in concert acquires **Management Control,** or all or substantially all of the assets, of the **Named Organization**,

then coverage under this Policy with respect to:

(a) any **Liability Coverage Section**: shall continue until termination of such Coverage Section, but only with respect to **Claims** for **Wrongful Acts** committed or allegedly committed before such merger, consolidation or acquisition;

(b) the Information Risk and Recovery Coverage Section, if purchased as stated in ITEM 3 of the Declarations: shall terminate with respect to any **First-Party Incident** that occurs after such merger, consolidation or acquisition; or

(c) the Crime Coverage Section, if purchased as stated in ITEM 3 of the Declarations: shall terminate as of the date of such merger, consolidation or acquisition.

Upon the occurrence of any event described in paragraph (B)(1) or (2) above, the entire premium for this Policy shall be deemed fully earned. The **Named Organization** shall give written notice of such merger, consolidation or acquisition to the Underwriter as soon as practicable, but in no event later than ninety (90) days after the date of such merger, consolidation or acquisition, together with such other information as the Underwriter may require. Upon receipt of such notice and information and at the request of the **Named Organization**, the Underwriter shall provide to the **Named Organization** a quotation for an extension of coverage (for such period as may be negotiated between the Underwriter and the **Named Organization**) with respect to **Claims** for **Wrongful Acts** committed or allegedly committed before such merger, consolidation or acquisition. Any coverage extension pursuant to such quotation shall be subject to such additional or different terms, conditions and limitations of coverage and payment of such additional premium as the Underwriter, in its sole discretion, may require.

(C) **Cessation of Subsidiary**

In the event an organization ceases to be a **Subsidiary** before or during the **Policy Period**, then with respect to:

(1) any **Liability Coverage Section**, other than the Employed Lawyers Professional Liability Coverage Section: coverage with respect to such former **Subsidiary** and its **Insureds** shall continue until termination of such Coverage Section, but only with respect to **Claims** for **Wrongful Acts** committed or allegedly committed while such organization was a **Subsidiary**;

(2) the Information Risk and Recovery Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage with respect to such former **Subsidiary** and its **Insureds** shall terminate with respect to any **First-Party Incident** that occurs after such organization ceased to be a **Subsidiary**;

(3) the Employed Lawyers Professional Liability Coverage Section, if purchased as stated in ITEM 3 of the Declarations: coverage with respect to the **Insureds** of such former **Subsidiary** shall continue until termination of such Coverage Section, but only with respect to **Claims** for **Wrongful Acts** committed or allegedly committed while such organization was a **Subsidiary**; or

(4) the Crime Coverage Section, if purchased as stated in ITEM 3 of the Declarations: such former **Subsidiary** and its **Insureds** shall cease to be **Insureds** as of the effective date of such cessation, and coverage under such Crime Coverage Section shall thereafter apply only as provided in such Crime Coverage Section.

XII. VALUATION AND FOREIGN CURRENCY

All premiums, limits, retentions, loss and other amounts under this Policy are expressed and payable in the currency of the United States of America. Except as otherwise provided in any Coverage Section, if a judgment is rendered, a settlement is denominated or any element of loss under this Policy is stated in a currency other than United States of America dollars, payment under this Policy shall be made in United States of America dollars at the rate of exchange published in *The Wall Street Journal* on the date the judgment becomes final, the amount of the settlement is agreed upon or any element of loss is due, respectively.

XIII. ASSISTANCE AND COOPERATION

In the event of a **Claim**, **First-Party Incident** or **Occurrence**, the **Insured** shall provide the Underwriter with all information, assistance and cooperation that the Underwriter reasonably requests. At the Underwriter's request, the **Insured** shall assist in: investigating, defending and settling **Claims**, **First-Party Incidents** or **Occurrences**; enforcing any right of contribution or indemnity against another who may be liable to any **Insured**; the conduct of actions, suits, appeals or other proceedings, including, but not limited to, attending trials, hearings and depositions; securing and giving evidence; and obtaining the attendance of witnesses. The failure of any **Insured Person** to provide the Underwriter such information, assistance or cooperation shall not impair the rights of any other **Insured Person** under this Policy.

XIV. SUBROGATION

In the event of any payment hereunder, the Underwriter shall be subrogated to the extent of any payment to all of the rights of recovery of the **Insureds**. The **Insureds** shall execute all papers and do everything necessary to secure such rights, including the execution of any documents necessary to enable the Underwriter effectively to bring suit in its name. The **Insureds** shall do nothing that may prejudice the Underwriter's position or potential or actual rights of recovery. The obligations of the **Insureds** under this Section XIV shall survive the expiration or termination of this Policy.

In no event, however, shall the Underwriter seek subrogation against any **Insured** under this Policy unless:

(A) such **Insured** has been convicted of a criminal act;

(B) it has been determined by a final and non-appealable adjudication in any judicial or administrative proceeding, other than an action or proceeding commenced by the Underwriter to determine coverage under this Policy, that such **Insured** committed a deliberately fraudulent or dishonest act or omission, or willfully violated any statute, rule or law; or

(C) it has been determined by a final and non-appealable adjudication in any judicial or administrative proceeding, other than an action or proceeding commenced by the Underwriter to determine coverage under this Policy, that such **Insured** gained any profit, remuneration or advantage to which such **Insured** was not legally entitled.

XV. NO ACTION AGAINST UNDERWRITER

(A) No action shall be taken against the Underwriter by any **Insured** unless, as conditions precedent thereto, the **Insured** has fully complied with all of the terms of this Policy and the amount of the **Insured's** obligation to pay has been finally determined either by judgment against the **Insured** after adjudicatory proceedings, or by written agreement of the **Insured**, the claimant and the Underwriter.

(B) No individual or entity shall have any right under this Policy to join the Underwriter as a party to any **Claim** to determine the liability of any **Insured**; nor shall the Underwriter be impleaded by an **Insured** or his, her or its legal representative in any such **Claim**.

XVI. NAMED ORGANIZATION RIGHTS AND OBLIGATIONS

The **Named Organization** will act on behalf of all **Insureds** with respect to: the giving or receiving of any notices under this Policy; the payment of premiums to, and receiving of return premiums from, the Underwriter; the receiving and acceptance of any endorsements issued to form a part of this Policy; and the exercising or declining to exercise any Extended Reporting Period.

XVII. CHANGES

Notice to or knowledge possessed by any agent or other person acting on behalf of the Underwriter shall not effect a waiver or change in any part of this Policy or prevent or estop the Underwriter from asserting any right(s) under this Policy. This Policy can only be altered, waived or changed by written endorsement issued to form a part of this Policy.

XVIII. ASSIGNMENT

No assignment of interest under this Policy shall bind the Underwriter without its written consent issued as a written endorsement to form a part of this Policy.

XIX. CANCELLATION/NONRENEWAL

(A) The Underwriter may not cancel this Policy except for the **Named Organization's** failure to pay a premium when due, in which case twenty (20) days' written notice will be given to the **Named Organization** by the Underwriter. Notwithstanding the foregoing, if the Underwriter receives no premium whatsoever by the premium due date and no premium whatsoever is received by the last day of such twenty (20) day notice period, the Underwriter may cancel this Policy as of the Inception Date set forth in ITEM 2(a) of the Declarations.

(B) This Policy may be cancelled by the **Named Organization** at any time by mailing written notice to the Underwriter stating when thereafter such cancellation will be effective. In such event, the earned premium will be computed *pro rata*. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

(C) The Underwriter will not be required to renew this Policy upon its expiration. The Underwriter will provide the **Named Organization** with sixty (60) days' notice of any non-renewal.

XX. TERMINATION OF PRIOR BONDS OR POLICIES

Any bonds or policies issued by the Underwriter or its affiliates and stated in ITEM 11 of the Declarations shall terminate, if not already terminated, as of the Inception Date of this Policy stated in ITEM 2(a) of the Declarations.

XXI. INSOLVENCY OF INSURED

The Underwriter will not be relieved of any of its obligations under this Policy by the bankruptcy or insolvency of any **Insured** or his/her/its estate.

XXII. RISK MANAGEMENT

The Underwriter directly or indirectly may make available risk management services in connection with this Policy for the purpose of managing and reducing the risks covered under this Policy. Such risk management services may cease or change in the Underwriter's sole discretion at any time.

XXIII. ENTIRE AGREEMENT

The **Insureds** agree that this Policy, including the **Application**, Declarations and any endorsements, constitutes the entire agreement between them and the Underwriter or any of its agents relating to this insurance.

XXIV. HEADINGS

The descriptions in the headings and sub-headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

HEALTHCARE ORGANIZATION MANAGEMENT LIABILITY POLICY **Directors, Officers & Organization Liability Coverage Section**	intact INSURANCE

In consideration of payment of the premium and subject to the Declarations, the General Terms and Conditions, and the terms, conditions and limitations of this Coverage Section, the Underwriter and the **Insureds** agree as follows:

I. INSURING AGREEMENTS

(A) **Insured Person Non-Indemnified Loss Coverage:**

The Underwriter will pay, on behalf of an **Insured Person**, **Loss** for which an **Insured Person** is not indemnified by the **Organization** from any **Claim** first made against an **Insured Person** during the **Policy Period** or applicable Extended Reporting Period for a **Wrongful Act**; provided, that such **Claim** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

(B) **Insured Person Indemnified Liability Coverage:**

The Underwriter will pay, on behalf of the **Organization**, **Loss** for which the **Organization** grants indemnification to an **Insured Person**, as permitted or required by law, from any **Claim** first made against an **Insured Person** during the **Policy Period** or applicable Extended Reporting Period for a **Wrongful Act**; provided, that such **Claim** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

(C) **Organization Liability Coverage:**

The Underwriter will pay, on behalf of the **Organization**, **Loss** from any **Claim** first made against the **Organization** during the **Policy Period** or applicable Extended Reporting Period for a **Wrongful Act**; provided, that such **Claim** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

(D) **Stakeholder Derivative Demand Coverage:**

Upon satisfactory proof of payment by the **Organization**, the Underwriter will reimburse the **Organization**, up to the Stakeholder Derivative Demand Sublimit stated in ITEM 4 of the Declarations, for **Investigative Costs** actually paid by the **Organization** in connection with any **Stakeholder Derivative Demand** first made during the **Policy Period** or applicable Extended Reporting Period; provided, that such **Stakeholder Derivative Demand** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

(E) **Crisis Management Reimbursement Coverage:**

Upon satisfactory proof of payment by the **Organization**, the Underwriter will reimburse the **Organization**, up to the D&O Crisis Management Expenses Limit stated in ITEM 4 of the Declarations, for **Crisis Management Expenses** actually paid by the **Organization** in connection with a **Crisis Management Event** that first occurs during the **Policy Period**; provided, that such **Crisis Management Event** is reported to the Underwriter in accordance with Section VII of this Coverage Section.

(F) **Additional Limit of Liability Dedicated for Executives (Optional):**

(1) The Additional Limit of Liability Dedicated for Executives, if purchased as stated in ITEM 3 of the Declarations, will be an additional limit of liability in the amount stated in ITEM 4 of the Declarations, which amount is in addition to, and not part of, the **Policy Aggregate Limit of Liability** or any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(2) The Additional Limit of Liability Dedicated for Executives is available solely for **Loss** resulting from any **Claim** made against any **Executive** covered under Insuring Agreement (A) of this Coverage Section.

(3) The Additional Limit of Liability Dedicated for Executives shall be excess of any insurance available that is specifically excess to this Policy and such excess insurance must be completely exhausted by payment of loss, damages or defense expenses thereunder before the Underwriter shall have any obligation to make any payment on account of the Additional Limit of Liability Dedicated for Executives.

II. DEFINITIONS

(A) "**Antitrust Claim**" means any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any **Antitrust Violation**.

(B) "**Antitrust Violation**" means any actual or alleged: price fixing (including horizontal or other price fixing of wages, hours, salaries, compensation, benefits or any other terms and conditions of employment); restraint of trade; monopolization; or violation of the Interstate Commerce Act of 1887, the Sherman Antitrust Act of 1890, the Clayton Act of 1914, the Robinson-Patman Act of 1936, the Cellar-Kefauver Act of 1950, the Federal Trade Commission Act of 1914, or any other federal statute involving antitrust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade activities, or of any regulations promulgated under or in connection with any of the foregoing statutes, or of any similar provision of any federal, state or local statute, ordinance, regulation or common law.

(C) "**Claim**" means:

(1)(a) a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation); or

(b) a civil, criminal, administrative, regulatory or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:

(i) the service of a complaint or similar pleading;

(ii) the return of an indictment, information or similar document (in the case of a criminal proceeding); or

(iii) the filing of a notice of charges, formal investigative order or similar document,

against an **Insured** for a **Wrongful Act**;

(2) a civil, criminal, administrative or regulatory investigation of an **Insured Person** for a **Wrongful Act** commenced by the service upon or other receipt by such **Insured Person** of a written notice from the investigating authority (including any "Wells" notice) specifically identifying such **Insured Person** as a target individual against whom a civil, criminal, administrative or regulatory proceeding may be commenced;

(3) an official request for **Extradition** against an **Insured Person** for a **Wrongful Act**;

(4) a **Regulatory Claim**; and

(5) for the purposes of coverage under Insuring Agreement (D) of this Coverage Section, a **Stakeholder Derivative Demand**;

provided, that **Claim** does not include any labor or grievance arbitration or other proceeding pursuant to a collective bargaining agreement.

(D) "**Claim Services**" means the submission, handling, investigation, adjudication, denial, payment, or adjustment of claims for benefits or coverages under health care, consumer directed health care, behavioral health, prescription drug, dental, vision, long or short term disability, automobile medical payment, or workers' compensation plans.

(E) "**Crisis Management Event**" means any of the following events which, in the good faith opinion of the **Organization,** did cause or is reasonably likely to cause material public harm to the **Organization**:

(1) the death, incapacity or criminal indictment of any **Executive**, or any **Employee** on whom the **Organization** maintains key person life insurance;

(2) the public announcement of layoffs of **Employees**;

(3) the public announcement that the **Organization** has defaulted or intends to default on its debt;

(4) the public announcement that the **Organization** intends to file for bankruptcy protection or that a third party is seeking to file for involuntary bankruptcy on behalf of the **Organization**, or the imminence of bankruptcy proceedings, whether voluntary or involuntary;

(5) the public announcement or accusation that the **Organization** has caused bodily injury, sickness, disease, or death to a group of persons, or damage to or destruction of any tangible group of properties, including the loss of use thereof;

(6) the public announcement of the commencement or threat of commencement of governmental or regulatory proceedings against the **Organization** including, but not limited to, any such proceeding alleging violation of the Federal False Claims Act, or any anti-kickback, illegal remuneration, self-referral or healthcare fraud and abuse law; or

(7) the public announcement of the termination, suspension or limitation of an **Organization's** right to participate in any program of a federal, state or local governmental, regulatory or administrative agency.

(F) "**Crisis Management Expenses**" means reasonable costs, charges, fees and expenses incurred by the **Organization** for **Crisis Management Services**. **Crisis Management Expenses** do not include any remuneration, salaries, wages, fees, overhead or benefit expenses of any **Insured**.

(G) "**Crisis Management Firm"** means any public relations, crisis management firm or law firm retained by the **Organization** or its **Executives** with the consent of the Underwriter to perform **Crisis Management Services**.

(H) **"Crisis Management Services"** means those services performed by a **Crisis Management Firm** in advising the **Organization** or any of its **Executives** on minimizing potential public harm to the **Organization** resulting from a **Crisis Management Event**.

(I) "**Disqualified Person**" means a "disqualified person" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended.

(J) "**Employee**" means any employee of the **Organization**, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any part-time, seasonal and temporary employee. **Employee** also includes:

(1) any volunteer working for the **Organization**;

(2) any individual who is leased to, and working for, the **Organization**, but only if the **Organization** provides indemnification to such leased individual in the same manner as is provided to the **Organization's** employees;

(3) any independent contractor working for the **Organization**, but only if the **Organization** provides indemnification to such independent contractor, pursuant to a written contract, in the same manner as that provided to the **Organization's** employees; and

(4) any intern working for, and under the supervision of, the **Organization**.

(K) "**Excess Benefit Transaction**" means an "excess benefit transaction" as that term is defined in Section 4958(c) of the Internal Revenue Code of 1986, as amended.

(L) "**Excess Benefit Transaction Excise Tax**" means any excise tax imposed by the Internal Revenue Service on an **Insured Person** who is an **Organization Manager** as a result of such **Insured Person's** participation in an **Excess Benefit Transaction**.

(M) "**Executive**" means any natural person who was, now is or becomes:

(1) a duly elected or appointed director, officer, trustee, trustee emeritus, executive director, member of the Board of Managers, duly constituted committee member, member of an Advisory Board, in-house general counsel or risk manager of any **Organization** chartered in the United States of America; or

(2) a holder of a position equivalent to any position described in (1) above in any **Organization** that is chartered in a **Foreign Jurisdiction**.

(N) "**Extradition**" means any formal process by which an **Insured Person** located in any country is surrendered to any other country for trial or to answer to a criminal accusation, or the execution of a warrant for the arrest of an **Insured Person** where the execution of such warrant is an element of the formal process of extradition.

(O) "**Insured**" means the **Organization** and any **Insured Person.**

(P) "**Insured Person**" means any natural person who was, now is or becomes:

(1) an **Executive**;

(2) an **Employee**; or

(3) a staff physician or faculty member of the **Organization**, or a member of, or provider of administrative support to, any duly constituted review board or committee of the **Organization**, regardless of whether or not such person is directly employed by the **Organization** or is considered to be an independent contractor.

(Q) "**Internal Revenue Code Violation**" means any actual or alleged violation by an **Insured** of any of the following sections of the Internal Revenue Code of 1986, as amended, involving any **Organization** that is exempt from taxation under the Internal Revenue Code of 1986, as amended:

Section 4911 (Taxes on Excess Expenditures to Influence Legislation);
Section 4941 (a) and (b) (Taxes on Self-Dealing);

Section 4942 (Taxes on Failure to Distribute Income);
Section 4943 (Taxes on Excess Business Holdings);
Section 4944 (Taxes on Investments which Jeopardize Charitable Purpose);
Section 4945 (Taxes on Taxable Expenditures);
Section 6652 (c) (1) (A)(B) (Penalties for Failure to File Certain Information Returns or Registration Statements);
Section 6655 (a)(1) (Penalties for Failure to Pay Estimated Income Taxes); or
Section 6656(a) and (b) (Penalties for Failure to Make Deposit of Taxes).

(R) "**Investigative Costs**" means reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses incurred by the **Organization**, including its board of directors, Board of Managers or any committee thereof, in connection with such **Organization's** investigation or evaluation of any **Stakeholder Derivative Demand**. **Investigative Costs** does not include any remuneration, salaries, wages, fees, overhead or benefit expenses of any **Insured**.

(S) "**Loss**" means:

(1) for purposes of coverage under Insuring Agreements (A), (B) and (C) of this Coverage Section, **Defense Expenses** and any monetary amount which an **Insured** is legally obligated to pay as a result of a covered **Claim**, including but not limited to:

(a) monetary damages (including punitive or exemplary damages or the multiple portion of any multiplied damage award, to the extent such damages are insurable under the law of any jurisdiction which has a substantial relationship to the **Insureds**, this Policy or the **Claim** giving rise to such damages and which is most favorable to the insurability of such damages);

(b) judgments;

(c) settlements;

(d) pre- and post-judgment interest;

(e) **Excess Benefit Transaction Excise Taxes** that an **Insured Person** is obligated to pay as a result of a **Claim**; provided that **Loss** shall not include the twenty-five percent (25%) excise tax assessed against any **Disqualified Person** or the 200% tax assessed for failure to correct an **Excess Benefit Transaction**;

(f) civil fines and penalties levied against an **Insured**:

(i) for an **Internal Revenue Code Violation**;

(ii) for violation of the Emergency Medical Treatment and Active Labor Act, as amended ("EMTALA"); or

(iii) for violation of Title II of the Health Insurance Portability and Accountability Act of 1996; and

(g) civil penalties levied against an **Insured Person** pursuant to Section 2(g)(2)(B) of the Foreign Corrupt Practices Act;

(2) for purposes of coverage under Insuring Agreement (D) of this Coverage Section, **Investigative Costs**.

Loss does not include:

(aa) any amount not insurable under the law pursuant to which this Coverage Section is construed, except as provided in paragraph (1)(a) above with respect to punitive or exemplary damages or the multiple portion of any multiplied damage award;

(bb) civil or criminal fines or penalties, except as provided in paragraph (1)(a) above with respect to punitive or exemplary damages or the multiple portion of any multiplied damage award and as provided in paragraphs (1)(f) and (1)(g) above with respect to the specified civil fines and penalties;

(cc) taxes or tax penalties (whether imposed by a federal, state, local or other governmental authority), except as provided in paragraph (1)(e) above with respect to any **Excess Benefit Transaction Excise Tax**;

(dd) any costs incurred by the **Organization** to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief; or

(ee) any fees, profits, or other revenue lost, or any costs incurred, by an **Insured** in connection with the termination, suspension or limitation of such **Insured's** right to participate in any program of a federal, state or local governmental, regulatory or administrative agency.

(T) **"Managed Care Activities"** means any of the following services or activities, whether provided on paper, in person, electronically, or in any other form and whether performed for or on behalf of the **Organization** or by the **Organization** for itself or on behalf of any other party for a fee: **Provider Selection**; **Utilization Review**; **Quality Improvement Organization Programs**; advertising, marketing, selling, or enrollment for health care, consumer directed health care, behavioral health, prescription drug, dental, vision, long or short term disability, automobile medical payment, or workers' compensation plans; **Claim Services**; establishing health care provider networks including tiered networks; provision of information with respect to tiered networks and/or consumer directed health care plans, including cost and quality information regarding specific providers, services or charges; reviewing the quality of **Medical Services** or providing quality assurance; design or implementation of financial incentive plans; design and/or implementation of Pay for Performance Programs; wellness or health promotion education; development or implementation of clinical guidelines, practice parameters or protocols; triage for payment of **Medical Services**; calculation of medical loss ratio and related distribution; and services or activities performed in the administration or management of health care, consumer directed health care, behavioral health, prescription drug, dental, vision, long or short term disability, automobile medical payment, or workers' compensation plans.

(U) "**Medical Services**" means health care, medical care, or treatment provided to any individual, including medical, surgical, dental, psychiatric, mental health, chiropractic, osteopathic, nursing or other professional health care; the use, prescription, furnishing or dispensing of medications, drugs, blood, blood products or medical, surgical, dental or psychiatric supplies, equipment or appliances in connection with such care; the furnishing of food or beverages in connection with such care; counseling or other social services in connection with such care; and the handling of, or the performance of post-mortem examinations on human bodies.

(V) "**Organization Manager**" means an "organization manager" as that term is defined in Section 4958(f) of the Internal Revenue Code, 26 U.S.C. § 4958(f).

(W) "**Outside Capacity**" means service by an **Executive** in the position of director, officer, trustee, trustee emeritus or governor of an **Outside Entity**, but only during the time that such service is at the specific request or direction of the **Organization**.

(X) "**Outside Entity**" means: (1) any not-for-profit entity that is not included in the definition of **Organization**; and (2) any for-profit entity specifically added as an **Outside Entity** by written endorsement to this Coverage Section.

(Y) "**Personal Injury Wrongful Act**" means false arrest, wrongful detention or imprisonment, malicious prosecution, libel, slander, defamation of character, wrongful entry or eviction or other invasion of the right of occupancy.

(Z) "**Pollutant**" means (1) any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, the United States Environmental Protection Agency or any state, county, municipal or local counterpart thereof, including, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials, or (2) any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products or any noise.

(AA) "**Provider Selection**" means the evaluation, selection, credentialing, contracting with or performing peer review of any provider of **Medical Services**.

(BB) "**Publisher Liability Wrongful Act**" means infringement of copyright or trademark, unauthorized use of title, plagiarism or misappropriation of ideas.

(CC) "**Quality Improvement Organization Programs**" means services and activities to improve the effectiveness, efficiency, economy, and quality of care for beneficiaries under any government sponsored health care plan.

(DD) "**Regulatory Claim**" means:

(1) a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation);

(2) a search warrant, subpoena, notice of investigation or contact letter (including but not limited to any notice or letter received from a Recovery Audit Contractor (RAC)); or

(3) a civil, criminal, administrative, regulatory or arbitration proceeding (including but not limited to any qui tam action or relator lawsuit) for monetary, non-monetary or injunctive relief commenced by:

(a) the service of a complaint or similar pleading;

(b) the return of an indictment, information or similar document (in the case of a criminal proceeding); or

(c) the filing of a notice of charges, formal investigative order or similar document,

brought by or on behalf of a federal, state or local governmental, regulatory or administrative agency or entity against an **Insured** for a **Regulatory Wrongful Act**; provided, that **Regulatory Claim** does not include any customary or routine audit or reconciliation involving an **Insured** by any federal, state or local governmental, regulatory or administrative agency or entity.

(EE) "**Regulatory Wrongful Act**" means any actual or alleged violation of: the Federal False Claims Act or any similar federal, state or local statute or common law; any federal, state or local anti-kickback, illegal remuneration, self-referral or healthcare fraud and abuse law; or amendments to or regulations promulgated under any such law.

(FF) "**Stakeholder**" means:

(1) with respect to any not-for-profit **Organization**, any natural person member of such **Organization** who has an active interest that such **Organization** fulfill its mission;

(2) with respect to any for-profit **Organization**, any securityholder of such **Organization**.

(GG) "**Stakeholder Derivative Demand**" means any written demand, by one or more **Stakeholders** of the **Organization** without the solicitation, assistance, active participation or intervention of any **Executive**, upon the board of directors or Board of Managers of such **Organization** to bring a civil proceeding in a court of law against any **Executive** for a **Wrongful Act** by such **Executive**.

(HH) "**Utilization Review**" means the process of evaluating the appropriateness, necessity or cost of **Medical Services** for purposes of determining whether payment or coverage for such **Medical Services** will be authorized or paid for under any health care, consumer directed health care, behavioral health, prescription drug, dental, vision, long or short term disability, automobile medical payment or workers' compensation plans. **Utilization Review** shall include prospective review of proposed **Medical Services**; concurrent review of ongoing **Medical Services**; retrospective review of already rendered **Medical Services** or already incurred costs; disease management; case management; and the use of predictive modeling to identify individuals or populations for disease management or case management programs.

(II) "**Wrongful Act**" means:

(1) any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty by any **Insured Person** in his or her capacity as such, or any matter asserted against any **Insured Person** solely by reason of his or her status as such;

(2) for the purposes of Insuring Agreement (C) of this Coverage Section, any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty by the **Organization**;

(3) any actual or alleged act, error, omission, misstatement, misleading statement or breach of duty by any **Executive** in his or her **Outside Capacity**; or

(4) with respect to both **Insured Persons** and the **Organization**, and subject to paragraphs (1), (2) and (3) above, any:

(a) **Antitrust Violation**;

(b) **Regulatory Wrongful Act**;

(c) act, error or omission in connection with the performance of, or failure to perform, **Provider Selection**;

(d) **Personal Injury Wrongful Act**; and

(e) **Publisher Liability Wrongful Act**.

III. EXCLUSIONS

(A) This Coverage Section does not apply to, and no coverage will be available under this Coverage Section for, **Loss** from any **Claim**:

(1) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the Inception Date of this Policy stated in ITEM 2(a) of the Declarations, was the subject of any notice given and accepted under any directors and officers liability or other similar management liability policy or coverage section of which this Coverage Section is a direct or indirect renewal or replacement;

(2) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any prior and/or pending litigation or administrative, regulatory or arbitration proceeding against any **Insured** as of the applicable Pending or Prior Date stated in ITEM 3 of

the Declarations, or the same or substantially the same fact, circumstance, situation, transaction, event or **Wrongful Act** underlying or alleged therein;

(3) brought by or on behalf of the **Organization** or any **Insured Person**; provided, that this EXCLUSION (A)(3) shall not apply to:

(a) any **Stakeholder Derivative Demand**;

(b) any **Claim** brought or maintained derivatively on behalf of the **Organization** by a member, an attorney general, a securityholder or any other such representative party, provided such **Claim** is brought and maintained independently of, and without the solicitation, assistance, active participation or intervention of, any **Executive**, the **Organization** or any **Affiliate**;

(c) any **Claim** in the form of a cross-claim, third party claim or other claim for contribution or indemnity by any **Insured Person** which is part of or results directly from a **Claim** which is not otherwise excluded by the terms of this Coverage Section;

(d) in any bankruptcy proceeding by or against the **Organization**, any **Claim** brought by the examiner, creditors' committee, trustee, receiver, liquidator or rehabilitator (or any assignee thereof) of such **Organization**;

(e) any **Claim** brought or maintained by an **Executive** who has not served as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the management board, general counsel or risk manager (or equivalent position) of, or consultant for, the **Organization** for at least two (2) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** independently of, and without the solicitation, assistance, active participation or intervention of, the **Organization** or any other **Executive** who is serving or has served in any of the listed capacities within such two (2) year period;

(f) any **Claim** brought or maintained by an **Employee** who is not a past or present **Executive** if such **Claim** is brought and maintained independently of, and without the solicitation, assistance, active participation or intervention of, any **Executive**;

(g) any **Claim** brought or maintained by any provider of **Medical Services** relating to any **Provider Selection**;

(h) any **Claim** brought or maintained by any **Executive** of an **Organization** formed and operating in a **Foreign Jurisdiction** against such **Organization** or any other **Executive** thereof, provided such **Claim** is brought and maintained outside the United States of America, Canada or any other common law country (including any territories thereof); or

(i) any **Claim** brought or maintained as a result of the solicitation, assistance, active participation or intervention of an **Insured Person** where such solicitation, assistance, active participation or intervention is protected under 18 U.S.C. 1514A ("whistleblower" protection provided under the Sarbanes-Oxley Act of 2002) or any similar "whistleblower" protection provision of any federal, state or local statute, ordinance, regulation or common law;

(4) for any **Wrongful Act** of an **Executive** in his or her **Outside Capacity**, if such **Claim** is brought by or on behalf of (a) the **Outside Entity** with which such **Executive** is serving or has served in an **Outside Capacity** or (b) any director, officer, trustee, governor or equivalent executive of such **Outside Entity**; provided, that this EXCLUSION (A)(4) shall not apply to:

(i) any **Claim** brought or maintained derivatively on behalf of the **Outside Entity** by one or more securityholders or members of the **Outside Entity** who are not **Insured Persons** and are not directors, officers, trustees, governors or equivalent executives of the **Outside Entity** and who bring and maintain such **Claim** independently of, and without the solicitation, assistance or active participation of any **Insured Person** or of any director, officer, trustee, governor or equivalent executive of the **Outside Entity**;

(ii) any **Claim** in the form of a cross-claim, third party claim or other claim for contribution or indemnity by a director, officer, trustee, governor or equivalent executive of the **Outside Entity** which is part of or results directly from a **Claim** which is not otherwise excluded by the terms of this Coverage Section;

(iii) in any bankruptcy proceeding by or against the **Outside Entity**, any **Claim** brought by the examiner, creditors' committee, trustee, receiver, liquidator or rehabilitator (or any assignee thereof) of such **Outside Entity**;

(iv) any **Claim** brought or maintained by a director, officer, trustee, governor or equivalent executive of the **Outside Entity** who has not served as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the management board, general counsel or risk manager (or equivalent position) of, or consultant for, the **Outside Entity** for at least two (2) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** independently of, and without the solicitation, assistance or active participation of, any **Insured Person**, the **Outside Entity** or any other director, officer, trustee, governor or equivalent executive of the **Outside Entity** who is serving or has served in any of the listed capacities within such two (2) year period;

(v) any **Claim** brought or maintained by any director, officer, trustee, governor or equivalent executive of an **Outside Entity** formed and operating in a **Foreign Jurisdiction**, provided such **Claim** is brought and maintained outside the United States of America, Canada or any other common law country (including any territories thereof); or

(vi) any **Claim** brought or maintained as a result of the solicitation, assistance, active participation or intervention of any director, officer, trustee, governor or equivalent executive of the **Outside Entity** where such solicitation, assistance, active participation or intervention is protected under 18 U.S.C. 1514A ("whistleblower" protection provided under the Sarbanes-Oxley Act of 2002) or any similar "whistleblower" protection provision of any federal, state or local statute, ordinance, regulation or common law;

(5) for: (a) any actual, alleged, or threatened exposure to, generation, storage, transportation, discharge, emission, release, seepage, dispersal, escape, treatment, removal, handling, processing or disposal of any **Pollutants**; or (b) any order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutants**; provided, that this EXCLUSION (A)(5) shall not apply to any **Claim** to which Insuring Agreement (A) of this Coverage Section solely applies;

(6) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged nuclear reaction, nuclear radiation, radioactive contamination or radioactive substance;

(7) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed; provided, that this EXCLUSION (A)(7) shall not apply to allegations of emotional distress or mental anguish to the extent that such

allegations are made as part of a **Claim** brought or maintained by a provider of **Medical Services** relating to **Provider Selection**;

(8) for any actual or alleged violation of the responsibilities, duties or obligations imposed on fiduciaries by the Employee Retirement Income Security Act of 1974, or any amendments thereto or regulations promulgated thereunder, or any similar provisions of any federal, state or local statute, ordinance, regulation or common law;

(9) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act** of any **Insured Person** serving in any capacity, other than as an **Executive** or **Employee** or in an **Outside Capacity**;

(10) made against a **Subsidiary** or listed **Affiliate** or any **Insured Person** of such **Subsidiary** or **Affiliate** for any **Wrongful Act** committed or allegedly committed during any time when such entity was not a **Subsidiary** or **Affiliate**;

(11) made against any **Insured** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving:

(a) such **Insured** having gained any profit, remuneration or advantage to which such **Insured** is not legally entitled; or

(b) the committing of any deliberately fraudulent or dishonest act or omission, or any willful violation of any statute, rule or law, by such **Insured**;

provided, that this EXCLUSION (A)(11) shall not apply unless the gaining by such **Insured** of such profit, remuneration or advantage to which such **Insured** is not legally entitled, or the deliberately fraudulent or dishonest act or omission or willful violation of statute, rule or law, has been established by a final and non-appealable adjudication in any judicial or administrative proceeding other than an action or proceeding commenced by the Underwriter to determine coverage under this Policy;

(12) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, any state "blue sky" securities law, or any other federal, state or local securities law, or any amendments thereto or regulations promulgated under any such laws; provided, that this EXCLUSION (A)(12) shall not apply to matters involving tax exempt bonds and tax exempt bond holders;

(13) for any actual or alleged violation of the responsibilities, duties or obligations imposed under any law concerning Social Security, unemployment insurance, workers' compensation, disability insurance, or any similar provisions of any federal, state or local statute, ordinance, regulation or common law;

(14) for any actual or alleged violation of the responsibilities, duties or obligations imposed under the Worker Adjustment and Retraining Notification Act (WARN), Occupational Safety and Health Act (OSHA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the National Labor Relations Act (NLRA), or any amendments thereto or regulations promulgated thereunder, or any similar provisions of any federal, state or local statute, ordinance, regulation or common law;

(15) for any actual or alleged violation of the responsibilities, duties or obligations imposed under any federal, state or local wage and hour law, including, without limitation, the Fair Labor Standards Act (FLSA);

(16) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged:

(a) unauthorized, unlawful, or unintentional taking, obtaining, accessing, using, disclosing, distributing, disseminating, transmitting, gathering, collecting, acquiring, corrupting, damaging, destroying, deleting, or impairing of any non-public personally identifiable information; or

(b) failure or inability of any computer, computer component (including but not limited to any hardware, network, terminal device, data storage device, input and output device, or back up facility), application, program, software, code, or script of any kind (a "System") to perform or function as planned or intended, including but not limited to any failure or inability of any System to prevent any hack, virus, contaminant, worm, trojan horse, logic bomb, or unauthorized or unintended accessing or use involving any System;

provided, that this EXCLUSION (A)(16) shall not apply to any **Claim**:

(i) brought directly or derivatively by one or more securityholders of the **Organization** in their capacity as such; or

(ii) brought by a federal or state governmental or regulatory agency or entity for violation of Title II of the Health Insurance Portability and Accountability Act of 1996, as amended;

(17) for any actual or alleged liability of any **Insured** under any express contract or agreement; provided, that this EXCLUSION (A)(17) shall not apply to liability which would have attached in the absence of such express contract or agreement;

(18) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged act, error or omission in the performance of, or failure to perform, **Managed Care Activities** by any **Insured** or by any individual or entity for whose acts, errors or omissions any **Insured** is legally responsible; provided, that this EXCLUSION (A)(18) shall not apply to any **Claim** for an actual or alleged act, error or omission in connection with the performance of, or failure to perform, **Provider Selection** otherwise covered by this Coverage Section;

(19) for any actual or alleged sexual abuse, sexual assault or sexual battery;

(20) for any employment-related **Wrongful Act**;

(21) based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged discrimination against, or harassment (whether sexual or non-sexual in nature) of, any person or entity that is not an **Insured**; provided, that this EXCLUSION (A)(21) shall not apply to any **Claim** brought or maintained by any provider of **Medical Services** relating to any **Provider Selection**; or

(22) with respect to Insuring Agreement (C) of this Coverage Section only, for any actual or alleged infringement, misappropriation or violation of any patent, trade secret or any other intellectual property right; provided, that this EXCLUSION (A)(22) shall not apply to any **Claim** for a **Publisher Liability Wrongful Act**.

(B) This Coverage Section does not apply to, and no coverage will be available under this Coverage Section for, **Loss**, other than **Defense Expenses**, from any **Regulatory Claim**.

IV. SEVERABILITY OF EXCLUSIONS

(A) No fact pertaining to or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** to determine the application of EXCLUSION (A)(11) of this Coverage Section.

(B) Only facts pertaining to and knowledge possessed by any past, present or future chief executive officer or chief financial officer of the **Organization** (or equivalent positions thereof) shall be imputed to such **Organization** to determine the application of EXCLUSION (A)(11) of this Coverage Section.

V. COVERAGE SECTION SPECIFIC LIMITS OF LIABILITY, RETENTIONS AND COINSURANCE

(A) Antitrust Claim Sublimit:

The Underwriter's maximum limit of liability for all **Loss** resulting from all **Antitrust Claims** shall be the amount stated in ITEM 4 of the Declarations as the Antitrust Claim Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(B) Regulatory Claim Defense Sublimit:

The Underwriter's maximum limit of liability for all **Defense Expenses** resulting from all **Regulatory Claims** shall be the amount stated in ITEM 4 of the Declarations as the Regulatory Claim Defense Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(C) HIPAA Claim Sublimit:

The Underwriter's maximum limit of liability for all **Loss**, other than **Defense Expenses**, resulting from all **Claims** for violations of Title II of the Health Insurance Portability and Accountability Act of 1996, as amended, shall be the amount stated in ITEM 4 of the Declarations as the HIPAA Claim Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(D) Excess Benefit Transaction Excise Tax Sublimit:

The Underwriter's maximum limit of liability for all **Excess Benefit Transaction Excise Taxes** resulting from all **Claims** shall be the amount stated in ITEM 4 of the Declarations as the Excess Benefit Transaction Excise Tax Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(E) Internal Revenue Code Violation Sublimit:

The Underwriter's maximum limit of liability for all civil fines and penalties resulting from all **Claims** for **Internal Revenue Code Violations** shall be the amount stated in ITEM 4 of the Declarations as the Internal Revenue Code Violation Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(F) EMTALA Claim Sublimit:

The Underwriter's maximum limit of liability for all civil fines and penalties resulting from all **Claims** for violations of EMTALA shall be the amount stated in ITEM 4 of the Declarations as the EMTALA Claim Sublimit, which amount shall be part of, and not in addition to, the **Policy Aggregate Limit of Liability** and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(G) Stakeholder Derivative Demand Sublimit:

The Underwriter's maximum limit of liability for all **Investigative Costs** resulting from all **Stakeholder Derivative Demands** shall be the amount stated in ITEM 4 of the Declarations as the Stakeholder Derivative Demand Sublimit, which amount shall be part of, and not in addition to, the **Policy**

Aggregate Limit of Liability and any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(H) D&O Crisis Management Expenses Limit:

The Underwriter's maximum limit of liability for all **Crisis Management Expenses** resulting from all **Crisis Management Events** shall be the amount stated in ITEM 4 of the Declarations as the D&O Crisis Management Expenses Limit, which amount shall be in addition to, and not part of, the **Policy Aggregate Limit of Liability** or any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section.

(I) Retentions:

The following provisions shall apply in addition to the provisions of Section IV of the General Terms and Conditions Section:

(1) The Underwriter's obligation to pay **Loss** under this Coverage Section shall only be in excess of the applicable Retention stated in ITEM 5 of the Declarations. Such Retention shall only be eroded (or exhausted) by the **Insured's** payment of **Loss** otherwise covered under this Coverage Section, and shall be borne by the **Insureds** uninsured and at their own risk. The Underwriter shall have no obligation whatsoever, either to the **Insureds** or any other person or entity, to pay all or any portion of the applicable Retention on behalf of any **Insured**. The Underwriter shall, however, at its sole discretion, have the right and option to do so, in which event the **Insureds** will repay the Underwriter any amounts so paid. If the Underwriter and the **Insured** agree to use voluntary mediation as a dispute resolution approach with respect to a **Claim** and the Underwriter and the **Insured** consent to a full and final settlement of such **Claim** during such voluntary mediation (as evidenced by a full and final settlement agreement with respect to such **Claim**), the **Insured's** obligation to pay the applicable Retention stated in ITEM 5 of the Declarations for such **Claim** will be reduced by ten percent (10%), subject to a maximum reduction of $25,000 of the Retention for such **Claim**.

(2) If the **Organization** fails or refuses, other than for reason of **Financial Impairment**, to indemnify any **Insured Person** for **Loss**, or to advance **Defense Expenses** on behalf of any **Insured Person**, to the fullest extent permitted by statutory or common law, then, notwithstanding any other terms, conditions or limitations of this Coverage Section to the contrary, any payment by the Underwriter of such **Defense Expenses** or other **Loss** shall be subject to the applicable Insuring Agreement (B) Retention stated in ITEM 5 of the Declarations.

(3) No Retention shall apply under Insuring Agreement (D) of this Coverage Section.

(J) Coinsurance:

To the extent that **Loss** resulting from any **Claim** covered under this Coverage Section is subject to a Coinsurance Percentage as stated in ITEM 6 of the Declarations and is in excess of the applicable Retention, the **Insureds** shall bear uninsured and at their own risk that percentage of such **Loss** specified as the applicable Coinsurance Percentage in ITEM 6 of the Declarations, and the Underwriter's liability shall apply only to the remaining percentage of such **Loss***.*

VI. CLAIM SETTLEMENT

No **Insured** may admit any liability for any **Claim**, settle or offer to settle any **Claim** or incur any **Defense Expenses** without the Underwriter's prior written consent, which consent shall not be unreasonably withheld. The Underwriter will have the right to make investigations and conduct negotiations and, with the consent of the **Insureds**, enter into such settlement of any **Claim** as the Underwriter deems appropriate.

VII. REPORTING OF CLAIMS AND CIRCUMSTANCES

(A) If, during the **Policy Period** or any applicable Extended Reporting Period, any **Claim** is first made against an **Insured**, the **Insureds** must, as a condition precedent to any right to coverage under this Coverage Section, give the Underwriter written notice of such **Claim** as soon as practicable after the **Organization's** risk manager or general counsel (or an equivalent position thereof) first becomes aware of such **Claim**, and in no event later than:

(1) with respect to any **Claim** first made during the **Policy Period**, ninety (90) days after the end of the **Policy Period**; or

(2) with respect to any **Claim** first made during any applicable Extended Reporting Period, ninety (90) days after the end of the Extended Reporting Period.

Timely and sufficient notice by one **Insured** of a **Claim** shall be deemed timely and sufficient notice for all **Insureds** involved in the **Claim**. Such notice shall give full particulars of the **Claim**, including, but not limited to: a description of the **Claim** and **Wrongful Act**; the identity of all potential claimants and any **Insureds** involved; a description of the injury or damages that resulted from such **Wrongful Act**; information on the time, place and nature of the **Wrongful Act**; and the manner in which the **Insureds** first became aware of such **Wrongful Act**.

(B) If, during the **Policy Period**, an **Insured** first becomes aware of a specific **Wrongful Act** which may subsequently give rise to a **Claim**, and:

(1) gives the Underwriter written notice of such **Wrongful Act** with full particulars as soon as practicable thereafter but in any event before the end of the **Policy Period**; and

(2) requests coverage under this Coverage Section for any **Claim** subsequently arising from such **Wrongful Act**;

then any **Claim** subsequently made against an **Insured** arising out of such **Wrongful Act** shall, subject to paragraph (D) below, be treated as if it had been first made during the **Policy Period**. The full particulars required in any notice given under paragraph (B)(1) above must include, without limitation, a description of the **Wrongful Act**, the identities of the potential claimants and involved **Insureds**, the injury or damages which have resulted and/or may result from such **Wrongful Act**, the manner in which the **Insureds** first became aware of such **Wrongful Act**, and the reasons why the **Insureds** believe the **Wrongful Act** is likely to result in a **Claim** being made.

(C) As a condition precedent to any right to reimbursement under Insuring Agreement (E) of this Coverage Section, the **Insureds** must give the Underwriter written notice of any **Crisis Management Event** no later than thirty (30) days after the **Organization's** risk manager or general counsel (or an equivalent position thereof) first becomes aware of such **Crisis Management Event**. Within sixty (60) days of making any payment of **Crisis Management Event Expenses**, the **Insureds** must provide the Underwriter with a detailed breakdown of all **Crisis Management Event Expenses** for which the **Organization** seeks reimbursement under Insuring Agreement (E) of this Coverage Section, together with satisfactory proof of payment and any additional information as the Underwriter may reasonably request.

(D) All **Related Claims**, whenever made, shall be deemed a single **Claim** made when the earliest of such **Related Claims** was first made, or when the earliest of such **Related Claims** is treated as having been made in accordance with paragraph (B) above, whichever is earlier.

VIII. OTHER INSURANCE

This Coverage Section is specifically excess of and will not contribute with:

(A) any other valid and collectible insurance available to any **Insured**, including but not limited to any insurance under which there is a duty to defend, unless such other insurance is written specifically in excess of this Policy; or

(B) any indemnification to which any **Insured Person** is entitled from any entity other than the **Organization**.

This Coverage Section will not be subject to the terms of any other insurance.

IX. PAYMENT OF LOSS

In the event payment of **Loss** is due under this Coverage Section but the amount of such **Loss** in the aggregate exceeds the remaining available **Separate Limit of Liability** or **Shared Limit of Liability** applicable to this Coverage Section, the Underwriter shall:

(A) first pay such **Loss** for which coverage is provided under Insuring Agreement (A) of this Coverage Section; then

(B) to the extent of any remaining amount of such **Separate Limit of Liability** or **Shared Limit of Liability** after payment under paragraph (A) above, pay such **Loss** for which coverage is provided under any other Insuring Agreement of this Coverage Section.

Except as otherwise provided in this Section IX, the Underwriter may pay covered **Loss** as it becomes due under this Coverage Section without regard to the potential for other future payment obligations under this Coverage Section.

X. REPRESENTATIONS AND SEVERABILITY; INCORPORATION OF APPLICATION

(A) The **Insureds** represent that the particulars and statements contained in the **Application** attached to this Policy are true, accurate and complete, and agree that:

(1) this Coverage Section is issued and continued in force by the Underwriter in reliance upon the truth of such representation;

(2) those particulars and statements are the basis of the coverage granted by this Coverage Section; and

(3) the **Application** and those particulars and statements are incorporated in and form a part of this Policy.

(B) The **Insureds** agree that in the event of any material untruth, misrepresentation or omission in connection with any of the particulars or statements in the **Application**, this Coverage Section shall be void *ab initio* with respect to any **Insured** who knew, as of the Inception Date stated in ITEM 2(a) of the Declarations, of such facts that were not accurately and completely disclosed in the **Application** (whether or not such **Insured** knew that such facts were not accurately and completely disclosed in the **Application**). Solely for the purposes of determining whether this Coverage Section shall be void *ab initio* with respect to an **Insured**:

(1) no knowledge possessed by any **Insured Person** will be imputed to any other **Insured Person**; and

(2) the knowledge of any past or present chief executive officer or chief financial officer (or an equivalent position thereof) of the **Organization** shall be imputed to such **Organization**.

Notwithstanding the foregoing, the Underwriter shall not be entitled under any circumstances to void, whether by rescission or otherwise, Insuring Agreement (A) of this Coverage Section.

ENDORSEMENT NO. 1

PRODUCER ENDORSEMENT

This Endorsement, effective at 12:01 a.m. on May 12, 2026, forms part of:

Policy No.	NOT-BOUND
Issued by	Atlantic Specialty Insurance Company
Issued to	Hospital District Number One of Mohave County

Section(s) GTC

In consideration of the premium charged, the Declarations of this Policy is amended to add the following:

PRODUCER (Name and Address):

CRC Insurance Services, LLC
1 Metroplex Drive, Suite 400
Birmingham, AL 35209

All other terms, conditions and limitations of this Policy shall remain unchanged.

ENDORSEMENT NO. 2

STATE AMENDATORY INCONSISTENCY ENDORSEMENT

This Endorsement, which is effective at 12:01 a.m. on May 12, 2026, forms part of:

Policy No.	NOT-BOUND
Issued by	Atlantic Specialty Insurance Company
Issued to	Hospital District Number One of Mohave County
Section(s)	GTC

In consideration of the premium charged, in the event that there is any inconsistency between a state amendatory endorsement attached to this Policy and any term, condition or limitation of this Policy, it is understood and agreed that, where permitted by law, the Underwriter shall apply those terms, conditions and limitations of either the state amendatory endorsement or this Policy which are more favorable to the **Insured**.

All other terms, conditions and limitations of this Policy shall remain unchanged.

ENDORSEMENT NO. 3

PROFESSIONAL E&O EXCLUSION ENDORSEMENT

This Endorsement, which is effective at 12:01 a.m. on May 12, 2026, forms part of:

Policy No.	NOT-BOUND
Issued by	Atlantic Specialty Insurance Company
Issued to	Hospital District Number One of Mohave County
Section(s)	D&O

In consideration of the premium charged, no coverage will be available under the Coverage Section identified above for **Loss** from any **Claim** for an **Insured's** rendering of, or actual or alleged failure to render, professional services for others for a fee.

All other terms, conditions and limitations of this Policy shall remain unchanged.

ENDORSEMENT NO. 4

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT

This Endorsement, effective at 12:01 a.m. on May 12, 2026, forms part of:

Policy No. NOT-BOUND
Issued by Atlantic Specialty Insurance Company
Issued to Hospital District Number One of Mohave County

Section(s) D&O

In consideration of the premium charged:

(1) If aggregate insured losses attributable to **Certified Acts of Terrorism** exceed $100 billion in a calendar year and the Underwriter has met its insurer deductible under the Terrorism Risk Insurance Act ("the Act"), the Underwriter shall not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

(2) For the purposes of this endorsement, Section II DEFINITIONS of the Coverage Section identified above is amended to include the following term:

Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the Terrorism Risk Insurance Act ("the Act"), to be an act of terrorism pursuant to the Act. The criteria contained in the Act for a **Certified Act Of Terrorism** include the following:

(a) the act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Act; and

(b) the act is a violent act or an act that is dangerous to human life, property or infrastructure and is 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.

(3) The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any **Loss** from any **Claim** that is otherwise excluded under the Coverage Section identified above.

All other terms, conditions and limitations of this Policy shall remain unchanged.

ENDORSEMENT NO. 5

PRIVACY BREACH REIMBURSEMENT COVERAGE ENDORSEMENT

This Endorsement, effective at 12:01 a.m. on May 12, 2026, forms part of:

Policy No. NOT-BOUND
Issued by Atlantic Specialty Insurance Company
Issued to Hospital District Number One of Mohave County

Section(s) D&O

In consideration of the premium charged:

(1) Upon satisfactory proof of payment by the **Organization**, the Underwriter will reimburse the **Organization**, up to the limit set forth in paragraph (3) of this endorsement, for any **Privacy Breach Event Expenses** actually paid by the **Organization** in connection with a **Privacy Breach Event** that first occurs during the **Policy Period**, regardless of whether or not a **Claim** is made against an **Insured** as a result of such **Privacy Breach Event**. The Underwriter will have no liability whatsoever for fines, penalties, assessments of costs or other financial awards associated with any such **Privacy Breach Event** unless such fines, penalties, assessments of costs or other financial awards are otherwise covered under the Coverage Section identified above.

(2) For the purposes of the coverage afforded under this endorsement, the following terms shall have the meaning set forth below and Section II DEFINITIONS of the Coverage Section identified above shall be deemed amended to include such terms:

"**Privacy Breach Event**" means any failure by an **Insured** to maintain the confidentiality of non-public, medical or financial personally identifiable information which is in the care, custody and control of the **Organization.**

"**Privacy Breach Event Expenses**" means:

(a) reasonable fees and costs of attorneys, experts and consultants, including third-party media consultants, incurred in the management or investigation of an actual or alleged **Privacy Breach Event**;

(b) reasonable fees and costs incurred in connection with notification of a **Privacy Breach Event** to those individuals whose information has been accessed, released or used;

(c) reasonable fees and costs of providing credit monitoring services to those individuals whose information has been accessed, released or used in connection with a **Privacy Breach Event**; and

(d) reasonable costs incurred in the management of public relations with respect to a **Privacy Breach Event**;

provided, that **Privacy Breach Event Expenses** does not include: (i) any remuneration, salaries, overhead, fees, loss of earning reimbursement or benefit expenses of any **Insured**; or (ii) any fees, costs, charges or expenses incurred in defending any claim or suit resulting from a **Privacy Breach Event**.

(3) The Underwriter's maximum limit of liability for all **Privacy Breach Event Expenses** resulting from all **Privacy Breaches** occurring during the **Policy Period** shall be $100,000, which amount shall

be in addition to, and not part of, the **Policy Aggregate Limit of Liability** or any **Separate Limit of Liability** or **Shared Limit of Liability** applicable to the Coverage Section identified above.

(4) As a condition precedent to any right to reimbursement under paragraph (1) of this endorsement, the **Insureds** must give the Underwriter written notice of any **Privacy Breach Event** no later than thirty (30) days after the **Organization's** risk manager or general counsel (or an equivalent position thereof) first becomes aware of such **Privacy Breach Event**. Within sixty (60) days of making any payment of **Privacy Breach Event Expenses**, the **Insureds** must provide the Underwriter with a detailed breakdown of all **Privacy Breach Event Expenses** for which the **Organization** seeks reimbursement under paragraph (1) of this endorsement, together with satisfactory proof of payment and any additional information as the Underwriter may reasonably request.

All other terms, conditions and limitations of this Policy shall remain unchanged.

ENDORSEMENT NO. 6

MEDICAL SERVICES EXCLUSION ENDORSEMENT

This Endorsement, which is effective at 12:01 a.m. on May 12, 2026, forms part of:

Policy No.	NOT-BOUND
Issued by	Atlantic Specialty Insurance Company
Issued to	Hospital District Number One of Mohave County
Section(s)	D&O

In consideration of the premium charged, no coverage will be available under the Coverage Section identified above for **Loss** from any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged performance of, or failure to perform, **Medical Services**.

All other terms, conditions and limitations of this Policy shall remain unchanged.

DRAFT

Title: Mohave County District 1 Hospital Board Recording Assistant

Position Summary:

Reporting to the Board Chair this position is responsible for:

- Documenting Board Meetings; this incudes distribution of agenda to appropriate public sites as required by Open Meeting Laws
- Maintaining Records: Ensuring accurate and up-to-date documentation of board actions and decisions
- Facilitating Communication: Liaison between board ensuring effective communication and information
- Meeting Logistics: Scheduling venue arrangements and ensuring all necessary materials are available, including media
- Compliance and Governance: Ensuring adherence to legal and regulatory requirements according to open meeting laws

Skills:

- Administrative -managing administrative tasks such as document preparation, meeting scheduling and record keeping for the board
- Communication – must convey information effectively through emails and telephone calls ensuring clarity and transparency
- Collaboration – must be able to build positive relationships with board members
- Proactivity – taking the initiative to address potential issues and looking for ways to improve processes without being asked
- Interpersonal – effective interpersonal skills like flexibility, active listening and openness to feedback to build and maintain positive relationships with Board

Education:

- High school diploma. Any college helpful
- Experience – proven track record for administrative experience
- Technology – proficient in office software (Microsoft office) and online meeting tools

This is a part time position with a potential of 20 hours per month. Pay will be based on experience.

Lease Structure and Operational Alignment

During discussions with hospital leadership, the Board explored how federal funds are matched and returned to the institution. Federal rules require public entities to contribute money without any return to the public entity, but board members noted that the current implementation does not operate as intended.

Heith proposed separating the District's lease payment from a new "community health investment" bucket. In this structure, lease payments would be paid for use of the hospital building, while a second pool would be available for the Board to invest in community health initiatives at its discretion.

Board members raised concerns about the need for regular facility maintenance reports, asking for quarterly or semiannual updates detailing repairs, upgrades, and capital improvements. Examples included unreported capital work like upgrades at Del Webb, underscoring the need for transparency about significant projects.

The discussion also highlighted that the Board lacks sufficient administrative support. Board members suggested hiring a full-time administrator to coordinate accountants, attorneys, and investment advisors; handle agendas and reporting; and support the Board's expanded responsibilities.

Finally, participants considered the relationship with county government. The Board has been exploring intergovernmental agreements to secure a new space or administrative support, but delays and proposals to form committees raised concerns. Some participants argued that committees can become a stalling tactic; they advocated exploring private or independent solutions, including leasing or purchasing a separate building and securing direct administrative staff.

Overall, the Board is weighing changes to the lease structure, facility reporting, and administrative support to ensure compliance, transparency, and long-term operational independence.

Evaluation of Administrative Support Options

As part of the broader discussion on lease structure and operations, Board members considered the feasibility of forming a committee to negotiate intergovernmental agreements or coordinate with county government. However, I expressed concern that forming a committee would delay needed action and could become a stalling tactic.

Given the urgency of securing adequate administrative support and operational independence, the Board needs looking at alternative options beyond county channels. These include:
- Leasing or purchasing an independent space for Board operations.
- Hiring a dedicated administrator to coordinate finances, legal counsel, and reporting.
- Evaluating the cost, timeline, and feasibility of private or independent solutions compared to intergovernmental processes.

The Board aims to identify a practical path forward that avoids unnecessary delays, ensures adequate operational support, and maintains accountability to the public.

Trainer: Attorney Jason Mitchell

Office Phone: (928)753-0770

Email: mitchj@mohave.gov

- **Has agreed to come on-site to KRMC on Tuesday, May 5th at 4:00pm to deliver a presentation and to engage in a question-and-answer session during a regularly scheduled meeting.**
- **This meeting must follow all open meeting laws and will most likely be the only thing on the agenda for the meeting.**
- **He works for the Mohave County Attorney's Office located at 315 N. 4th Street, Kingman, AZ 86401, under James M. Schoppmann.**

DRAFT

BYLAWS OF

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY

Article I

The District

The District was established by an Order of the Board of Supervisors of Mohave County, Arizona, December 20, 1982. The District was established in accordance with the provisions of Arizona Revised Statutes 48-1907.

Article II

Directors

Section 1. Powers. The management and control of the District is vested in the Board of Directors. The Board shall serve without compensation except that the members may receive reimbursement for the necessary and actual expenses incurred while on District business as approved by the Board, and a statutory per diem when away from the District on business of the District. The Board may employ personnel necessary to conduct affairs of the District.

The Board of Directors may purchase real property, and erect or rent and equip buildings or rooms necessary for the hospital. The Board of Directors shall lease the hospital as provided per statute 48-1907 provided that, when any bonded indebtedness of the District has been paid, the Board of Directors may lease the hospital and its equipment to any person or corporation for the purpose of conducting a health care facility upon such terms and conditions as the Board of Directors of the District deems to be beneficial to the District and honors the lease.

Section 2. Number and Qualifications. The number of directors shall be five. Each director must be a qualified elector (Arizona Code Title 16 Article 1) and a resident real property owner within the District prior to assuming the office; and, must not be an elected or appointed state, county or city official. All Board Members are required to have a clear understanding and knowledge of the Arizona Open Meeting Laws, Attorney General's Chapter 7, and A.R.S. Title 48-1901 to 48-1919.

Section 3. Term and Election.

a. Term. Directors shall serve a four-year term beginning on the first day of the month immediately following declaration of election to office. Removed “or until a successor has been qualified.”

b. Biennial Elections. Biennial elections and/or appointments of the Board of Directors shall be as follows:

1. Elected, Board of Director elections shall occur during the general election cycle in even numbered years.

2. Appointed, In the event there is a vacancy, the current Board of Directors shall appoint a qualified successor, as defined in these bylaws Article II Section 2, and shall serve the remaining term of the vacancy they are fulfilling.

If only one person files a nominating petition for an election to fill a position on the Board for which the term of office is to expire, the Board may cancel the election for that position and appoint the person who filed a nominating petition to fill the position.

Section 4. Vacancies. If at any time, by reason of death or resignation or failing to possess the qualifications of a director or other cause, there shall be a vacancy on the Board, a majority of the remaining directors may appoint a qualified person to fill the vacancy for the balance of the term. The individual(s) to be considered for the appointed position(s) on the Board must submit a letter of intent to the current Board of Directors. The vacant position(s) must be advertised on the Hospital District website.

Article III

Meetings

Section 1. Place of Meetings. Meetings of the Board of Directors shall be held at such places within the District as may be designated from time to time by the Board of Directors.

Section 2. Open Meeting. The Board of Directors is a public body subject to the provisions of the Arizona Open Meeting laws A.R.S. §38-431, et. seq. All official

meetings at which any legal action is taken by the Board shall be public meetings, and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings.

Section 3. Notice of Meetings. The Board of Directors shall give public notice of all regular meetings by annually filing with the Clerk of the Board of Supervisors of Mohave County a statement stating where all notices of its meetings will be posted and shall give such additional public notice as is reasonable and practicable as to the time and place of all public meetings. These notices shall be posted within the boundaries of the District and on the District's website.

Section 4. Executive Sessions. An executive session of the Board of Directors may be held pursuant to the provisions of A.RS. §38-431.03 and upon a majority vote of the members consisting of a quorum for the purpose set forth therein.

No executive session may be held for the purpose of taking any legal action involving a final vote or decision.

Minutes of executive sessions shall be kept confidential except from members of the Board of Directors or employees who are the subject of discussion or consideration at the session or as otherwise provided by law.

If an executive session is to be held, any notice of that meeting shall be given to the members of the Board and to the general public stating the specific provision of law authorizing such a session.

Section 5. Special Meetings. Meetings other than regularly scheduled meetings shall not be held without at least twenty-four hours' notice to the members of the governing body and the general public. In case of an actual emergency, a meeting may be held upon such notice as is appropriate to the circumstances.

Section 6. Quorum. A majority of the sitting Board of Directors shall constitute a quorum for the transaction of business.

Section 7. Waiver of Notice. Attendance of a Director at any meeting shall constitute a waiver of notice of that meeting, except when the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any Director can waive notice of a meeting by signing a written waiver or consent. All such waivers or consents shall be filed with the District records.

Section 8. Agenda Authority Clarification. All meetings shall be conducted with an agenda, properly noticed as required by the Arizona Open Meeting Laws. The agenda shall list the specific matters to be discussed, considered or decided at the meeting. The public body may discuss, consider or make decisions only on matters listed on the agenda and other matters related thereto. The procedure submitting items for the agenda shall be as follows:

1. Except as outlined herein, only elected officials and county employees (through their department supervisors) may submit items for consideration on the Board's agenda. All items, regular and consent, to be included on the agenda at regular board meeting, shall be filed in the Clerk of the Board of Supervisors office at least ten (10) days prior to the meeting. Items submitted after the ten (10) day deadline may be rejected for addition to the upcoming agenda in the sole discretion of the Chairperson. Citizens wishing to submit agenda requests must submit them through their respective Board members. Board members have the sole discretion whether to submit or deny submission of a citizen's agenda request.

2. For special meetings, only elected officials and county employees (through their department supervisors) may submit items for consideration on the Board's agenda, and such items shall be submitted no later than forty-eight (48) hours prior to the special meeting.

Article IV

Officers

Section 1. Officers. The officers of the District shall consist of a Chairman and a Vice-Chairman, who shall each serve in such a capacity for 2 years. Not later than sixty (60) days at the end of each officer's 2-year term, which shall occur at the first meeting of the new year, the Board shall meet and elect, from its membership, a chairman and vice chairman.

Section 2. Removal. All officers (Removed “agents and employees”) of Hospital District Number One of Mohave County are at will, subject to removal at any time by the affirmative vote of a majority of the Board of Directors.

Section 3. Chairman. The Chairman may consult legal counsel. The Chairman shall preside at all meetings for the directors. He or she may sign and execute all authorized contracts, agreements, documents legal consultation or other instruments or applications in the name of the District. Subject to the direction of the Board of Directors, he or she shall have general charge of the business and affairs of the District. The Chairman shall do and perform such other duties and have such other power as from time to time may be assigned by the Board of Directors.

Section 4. Vice-Chairman. The Vice-Chairman shall, in the absence or disability of the Chairman, perform the duties and exercise the powers of the Chairman and shall perform such other duties as the Board of Directors shall prescribe.

Article V

Ancillary Positions

Section 1. Secretary/Custodian of Records. The Secretary shall keep minutes of all Board meetings, which shall be open to public inspection three (3) working days after the meeting except as otherwise specifically provided by law. The Secretary shall attend to the giving and service of all notices of the District. The Secretary shall attest all contracts authorized by the Board of Directors and shall perform specific Board-related secretarial duties and powers as may be assigned from time to time by the Board of Directors. The Secretary may be a member of the Board of Directors. However, the Board may appoint a Secretary who shall not be a member of the board but may be paid a salary fixed by the board. The Secretary is the custodian of all District related emails.

Section 2. Treasurer. The treasurer of Mohave County shall, by virtue of that office, be the treasurer of the District and a non-voting member of the Board. The Treasurer shall keep all monies of the District in a separate fund, or upon direction of the Directors, in more than one separate fund, as provided by statute, and shall pay from such fund or

funds on warrants drawn on the fund or funds. All monies collected on behalf of the District shall be remitted promptly to the Mohave County Treasurer for the account of the District.

Article VI

General Provisions

Section 1. Conflict of Interest. The Board of Directors, officers and employees of the District shall be subject to the Arizona Conflict of Interest Statutes, A.R.S. §38-501, et. seq.

No contract or other transactions between the District and its directors or officers or any other corporation, firm, association or entity in which its directors or officers are members, trustees or officers or are financially interested is either void or avoidable because of the relationship or interest or because the director or officer is present at the meeting of the Board of Directors which authorizes, approves or ratifies such contract or transaction or because his or her votes are counted for such purpose, if any of the following apply:

(a) The fact of such relationship or interest is disclosed or known to the Board of Directors which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of those interested Directors.

(b) The fact of such relationship is disclosed or known to the members entitled to vote on the matter, and they authorize, approve or ratify the contract or transaction by vote or written consent.

(c) The contract or transaction is fair and reasonable to the corporation at the time the contract or transaction is authorized, approved or ratified in the light of circumstances known to those entitled to vote on the matter at that time.

(d) Interested directors or officers may be counted in determining the presence of a quorum at a meeting of the Board of Directors, or a committee of directors or members, which authorized, approved or ratified the contract or transaction.

Section 2. Books and Records. The District shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Board of Directors. Books, records and minutes shall be in written form or in any other form capable of being converted into written form within five (5) business days.

Section 3. Budget Report. Not later than July 10 of each year the Board of Directors shall furnish to the Mohave County Board of Supervisors a report of the operation of the District for the past year, together with an estimate in writing of the amount of money needed to be raised by taxation for all purposes required or authorized by law during the next fiscal year.

Section 4. Annual Report. The secretary or other officer of the District Board shall submit an annual report within two hundred forty days (240) of the close of the District's fiscal year to the clerk of the Board of Supervisors in which the District is located.

In addition, the Board of Directors shall cause to be timely filed with required officials such annual reports, budgets and audits as are required by state statute.

Section 5. Warrants, Contracts and Instruments. All warrants, contracts and instruments involving the payment of money, by or creating any obligation binding upon the District shall be signed by at least two members of the Board.

Section 6. Bonds. Bonds may be issued by the District to provide for the carrying out of any of the powers or purposes granted the District by law. The District shall not incur a bonded indebtedness exceeding ten percent of the assessed value of all taxable property in the District as shown by the latest assessment roll of Mohave County.

Article VII

Indemnification

Section 1. Indemnification in Actions by Third Parties. The District shall indemnify and hold harmless any director, officer, or employee of the District who was or is a party or is threatened to be made a party to any claims, cause of action, suit or proceeding, other

than an action by or in the right of the District, by reason of the fact that he or she is or was a director, officer or employee of the District. This indemnification applies to all costs including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding. No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful and wanton or gross negligence or misconduct in the performance of his or her duty to the District, unless and only to the extent that the court in which such action or suit was brought shall determine that such person is fairly and reasonably entitled to indemnity. The court in which any such action or suit was brought may determine that, in view of all circumstances of the case, indemnity for the amounts so paid in settlement is proper and may order indemnity for amounts so paid in settlement and for the expenses, including attorneys' fees, actually and reasonably paid in connection with such application.

Section 2. Indemnification Against Expenses. To the extent that a director, officer or employee of the District has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 of Article VI of these bylaws, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses, including costs, and attorneys' fees, incurred by him or her in connection therewith.

Section 3. Required Determinations. Any indemnification under Section 1 or 2 of Article VII of these bylaws, unless ordered by a court, shall be made by the District only as authorized in the specific case upon a determination that indemnification of a director, officer or employee is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 and 2 of Article VII of these bylaws. Such determination shall be made by any of the following:

(a) By the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding.

(b) If such quorum is not obtainable, then in a written opinion of independent legal counsel appointed by a majority of the disinterested directors for that purpose.

(c) If there are no disinterested directors, by the court or other body before which the action, suit or proceeding was brought or any court of competent jurisdiction upon the approval of an application by any person seeking indemnification, in

which case indemnification may include the expenses, including costs and attorneys' fees, paid in connection with such application.

(d) By the registered voters of the District.

Section 4. Advance of Expenses. Expenses, including attorneys' fees, incurred in defending a civil or criminal action, suit or proceeding may be paid by the District in advance of the final disposition of the action, suit or proceeding as authorized in the manner provided in Section 3 of Article VII of these bylaws.

Section 5. Other Indemnification. The intent of these bylaws is to provide the maximum indemnification to an officer and director or employee of the District as is possible. The indemnification provided in Article VII of these bylaws is not exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors, and administrators of such person. It is not the intent of these bylaws to limit the scope or applicability of the provisions of ARS 48-187, which provides immunity from civil liability to a person who, serves on the governing body of this District.

Section 6. Insurance. The District shall have power to purchase and maintain insurance on behalf of any person who is or was director, officer or employee of the District against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under Article VII of these bylaws.

Article VIII

Dissolution

The District may be dissolved by the majority vote of all district taxpaying electors voting on the question of dissolution at a special election called to vote on the question. The election shall be called by the Mohave County Board of Supervisors upon application of the Board of Directors of the District or upon the filing of a petition signed

by twenty-five percent of the electors of the District. If a district is dissolved, all property, buildings, equipment and other items owned by the district shall thereupon become the property of Mohave County.

Article IX

Gift Policy

No elected and/or appointed member of the District Board shall accept any gift or remuneration of any type, from any party, other than meals served as part of their official duties or logo marketing items from Kingman Regional Medical Center. Nothing herein, however, shall preclude Board members from attending parties, picnics or similar occasions sponsored by Kingman Regional Medical Center or its employees, in recognition of the importance of a close and congenial working relationship between Kingman Healthcare, Inc/Kingman Regional Medical Center.

Article X

Amendment

These bylaws may be altered, amended or repealed by an affirmative vote of three-fifths (3/5) of the Directors then in office, as long as any such amendment would conform to the laws of the State of Arizona. Review and/or revision of these bylaws shall occur biennially.

APPENDIX A – DEFINITIONS

The following definitions shall apply solely for purposes of interpretation and governance under the Bylaws of Hospital District Number One of Mohave County. These definitions are intended to be consistent with and aligned to the governing Lease and Security Agreement between the District and its lessee.

A.1 Real Property

"Real Property" means all real property owned by Hospital District Number One of Mohave County, Arizona, including but not limited to:

The Project Site, as described in the Lease and depicted in the exhibits thereto;

All land parcels, buildings, structures, and improvements now existing or hereafter constructed on such land, including hospital facilities, medical office buildings, wellness centers, day care facilities, storage buildings, parking areas, driveways, landscaping, and other improvements;

Any future additions, renovations, expansions, or constructions placed upon the Project Site during the term of the Lease.

This definition is intended to be consistent with the definition of "Project Site" and "Hospital Facilities" as set forth in Section 1 (Defined Terms) and Section 2 (Description of Premises) of the Lease and Security Agreement dated July 1, 2000, as amended.

A.2 Equipment

"Equipment" means all equipment and personal property used in connection with the operation of hospital and healthcare facilities on District-owned real property, including but not limited to:

Medical, diagnostic, treatment, and clinical equipment;

Furniture, fixtures, furnishings, information technology systems, and operational equipment;

All equipment identified on the property list maintained by the lessee's Authorized Representative pursuant to the Lease;

Replacement equipment and newly acquired equipment used for hospital operations.

The ownership, replacement, disposition, and ultimate vesting of such equipment shall be governed by the terms of the Lease and Security Agreement, including Section 1 (Defined Terms) and Section 9 (Alterations and Improvements; Replacement of Equipment).

A.3 Controlling Document

In the event of any inconsistency between these By-Laws and the Lease and Security Agreement regarding real property or equipment, the Lease and Security Agreement shall control, as it governs the legal ownership, use, and disposition of District property.

Notification of Warning

Date of Corrective Action: _____

Date Voted off the Board: _____

Board Members/Agent/Employees Name: _____

Title: _____

Reason for Corrective Action:

Documentation/Details/Dates:

The following steps need to be taken to correct deficiencies:

Consequences of further behavior/performance:

Board Member/Agent/Employees Comments:

Signature: _____ Date: _____

Chairman Name: _____ Date: _____

Chairman Signature: _____

Signature of Board Member, Agent and/or employee signifies that the warning has been read and does not necessarily indicate agreement with its contents. Comments may be continued on the reverse side of on an additional piece of paper.

CERTIFICATE OF SECRETARY REGARDING BYLAWS

The undersigned hereby certifies that he or she is the duly appointed and acting secretary of Hospital District Number One of Mohave, and that the foregoing bylaws, consisting of eight (8) pages (exclusive of cover sheet, table of contents and this certification) were duly reviewed as of January 23, 2026 and that they constitute the bylaws of said District in effect as of this date.

Dated this _____ day of _____ , _____ .

Secretary Hospital District Number One of Mohave County

Previously reviewed and/revised: February 2026; July 2012; May, 2011; May, 2008; July 2007, July, 2006, May 3, 2005, March 2, 2004.

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY

3269 Stockton Hill Road

Kingman, Arizona 86409

Minutes March 10, 2026

The Governing Board of Hospital District Number One of Mohave County met in Regular Session on March 10, 2026, at 4:00 p.m. The meeting was held at the Kingman Regional Medical Center Mohave A Conference Room at 3269 Stockton Hill Road, Kingman, Arizona.

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY

REGULAR SESSION BOARD MEETING MINUTES
March 10, 2026

Location: Kingman Regional Medical Center, Mohave A Conference Room
Time Convened: 4:00 PM

1. Call to Order

The Regular Session meeting of the Hospital District Number One of Mohave County Board was called to order at 4:00 PM by Chair Katie Tacheron. A quorum was present.

2. Roll Call

Hospital District Board Members Present:

Katie Tacheron, Chairperson

Dr. Carol Newmyer, Board Member

Logan Marsh, Board Member

Teresa Boegler, Board Member

Staff and Others Present:

Billy Neal, Recording Secretary

Tom Price, Hospital District Board Attorney

KRMC staff and members of the public

3. Approval of Minutes

A motion was made and seconded to approve the Regular Session Meeting Minutes from February 10, 2026. The motion carried unanimously.

4. Independent Audit Review

The Hospital District Board reviewed the Fiscal Year 2025 audit results following a presentation by Baker Tilly/Moss Adams. A motion was made and seconded to approve the audit results. The motion carried unanimously.

5. Financial Report

The Hospital District Board reviewed the Hospital District financial report and balance sheet through January 31, 2026. A motion was made and seconded to accept the financial report as presented. The motion carried unanimously.

6. Lease Review and Administrative Responsibilities

The Hospital District Board received an update regarding ongoing review of the existing lease structure and related administrative responsibilities. A motion was made and approved to continue consultation with KRMC leadership and include additional Hospital District Board participation in future discussions.

7. Administrative Support Options

The Hospital District Board discussed options for transitioning selected administrative and support functions to county-managed systems or private resources. A motion was made and approved to table the item pending further research.

8. Hospital District Board Communications and Technology

The Hospital District Board discussed updating the contact email displayed on the Hospital District Board's webpage. A motion was made and approved for the Chairperson to create a new interim email address.

9. Independent Auditor

The Hospital District Board discussed establishing an independent audit relationship separate from KRMC/KHI. A motion was made and approved authorizing the Chairperson to develop a plan for selecting a new audit firm.

10. Hospital District Board Liability Insurance

The Hospital District Board discussed liability insurance options for Hospital District Board members. A motion was made and approved to expedite the process and present options at the next meeting.

11. Hospital District Board Secretary Position

The Hospital District Board discussed a trial period for a new Hospital District Board Secretary. A motion was made and approved to allow a temporary training arrangement, with compensation and final terms to be determined at a future meeting.

12. Open Meeting Law Training

The Hospital District Board discussed training options related to Arizona Open Meeting Law compliance. A motion was made and approved to develop training options for presentation at the next meeting.

13. Financial Controls

The Hospital District Board discussed enforcement of the two-signature requirement for warrant checks. A motion was made and approved to notify the bank of the Hospital District Board's policy requirements.

14. Payment of Legal Invoice

The Hospital District Board reviewed outstanding legal invoices. A motion was made and seconded to approve payment of the remaining balance. The motion carried unanimously.

15. Executive Session

The Hospital District Board voted to enter Executive Session pursuant to A.R.S. § 38-431.03(A)(3) and (A)(4) at 5:37 PM to discuss a Hospital District Board vacancy.

16. Return to Open Session / Hospital District Board Appointment

The Hospital District Board returned to Regular Session at 5:47 PM. Following discussion and consideration, the Hospital District Board conducted a vote to fill the vacant Hospital District Board position. Leanne Smith was selected to fill the vacancy.

17. Call to the Public

Members of the public were afforded the opportunity to address the Hospital District Board. No action was taken.

18. Adjournment

A motion to adjourn was made and seconded. The meeting adjourned at 6:02 PM.

Respectfully submitted by,

Billy Neal Recording Secretary on behalf of:

Katie Tacheron

Chairman Hospital District Number One of Mohave County

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY

3269 Stockton Hill Road

Kingman, Arizona 86409

Minutes March 26, 2026

The Governing Board of Hospital District Number One of Mohave County met in Regular Session on March 26, 2026, at 2:00 PM. The meeting was held at the Kingman Regional Medical Center Neal Conference Room, located at 3269 Stockton Hill Road, Kingman, Arizona 86409.

HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY

REGULAR SESSION BOARD MEETING MINUTES – March 26, 2026

Location: Kingman Regional Medical Center, Neal Conference Room
Time Convened: 2:00 PM

1. Call to Order

The Regular Session meeting of the Hospital District Number One of Mohave County Board was called to order at 2:00 PM by Chairman Katie Tacheron. A quorum was present.

2. Roll Call

Hospital District Board Members Present:

Katie Tacheron, Chairperson

Dr. Carol Newmyer, Board Member

Logan Marsh, Board Member

Leanne Smith, Board Member

Hospital District Board Members Absent:

Teresa Boegler, Board Member

Staff and Others Present:

Billy Neal, Hospital District Board Recording Secretary

Josh Hoffman, KRMC CFO

Thomas Price, Hospital District Board Attorney

Margie Hoff

3. Hospital District Board Liability Insurance Discussion

The Hospital District Board discussed a proposed $5 million Directors and Officers (D&O) liability insurance quote from Intact. Discussion included increasing the stakeholder derivative demand sublimit from $250,000 to $500,000, increasing the privacy breach reimbursement D&O sublimit from $50,000 to $100,000, and adding a medical services exclusion. The proposed coverage would provide liability insurance protection for Hospital District Board members and the Recording Secretary. Chair Katie Tacheron presented the item.

A motion was made by Dr. Newmyer directing each Hospital District Board member to compile a list of questions for the insurance agent. Dr. Newmyer will consolidate the questions, and the Recording Secretary will obtain the insurance agent's contact information so the questions may be addressed at the next Hospital District Board meeting via Zoom. The motion was seconded by Logan Marsh. The motion carried unanimously, 4/0.

A subsequent motion was made by Logan Marsh requiring Hospital District Board members to submit their insurance-related questions by the Tuesday following this meeting. The motion was seconded by Leanne Smith and carried unanimously, 4/0.

A final motion was made by Logan Marsh to amend the communication process so that all Board member insurance questions be emailed directly to the Recording Secretary, Billy Neal, who will then forward the compiled list to Dr. Newmyer. The motion was seconded by Dr. Newmyer and carried unanimously, 4/0.

4. Adjournment

A motion to adjourn the Regular Session meeting was made by Leanne Smith and seconded by Logan Marsh. The motion carried unanimously. The meeting adjourned at 2:27 PM.

Respectfully submitted by,

Billy Neal Recording Secretary on behalf of:

Katie Tacheron
Chairman Hospital District Number One of Mohave County

Hospital District 1 of Mohave County
Balance Sheet Summary
For Period End 2/28/2026

	Prior Fiscal Year Begin Balance	1/31/2026 Balance to Date	2/28/2026 Balance to Date	Fiscal Year Net Change	Last Year Year to Date
CURRENT ASSETS					
CASH	2,475,819	1,865,804	1,965,804	(510,015)	622,665
SHORT TERM INVESTMENTS	0	0	0	0	0
ALLOWANCE ON TREAS INVESTMENTS	0	0	0	0	0
PREPAID EXPENSES	0	0	0	0	0
PREPAID IGA	0	0	0	0	1,815,400
OTHER CURRENT ASSETS	33,132	32,997	32,760	(372)	2,512
TOTAL CURRENT ASSETS	**2,508,951**	**1,898,801**	**1,998,564**	**(510,387)**	**2,440,577**
PROPERTY PLANT AND EQUIPMENT					
LAND	49,348	49,348	49,348	0	0
LAND IMPROVEMENTS	755,360	755,360	755,360	0	0
BUILDINGS	0	0	0	0	0
BUILDING IMPROVEMENTS	8,393,327	8,393,327	8,393,327	0	0
EQUIPMENT	8,456,239	8,456,239	8,456,239	0	0
CONSTRUCTION IN PROGRESS	0	0	0	0	0
LESS: ACCUM DEPRECIATION	(16,989,434)	(17,045,903)	(17,053,199)	(63,765)	(68,474)
PP&E NET	**664,840**	**608,371**	**601,075**	**(63,765)**	**(68,474)**
OTHER ASSETS					
RENT RECEIVABLE-KRMC	0	0	0	0	(21,110)
LEASE RECEIVABLES	9,758,994	9,295,059	9,228,056	(530,938)	(1,300,711)
TOTAL OTHER ASSETS	**9,758,994**	**9,295,059**	**9,228,056**	**(530,938)**	**(1,321,821)**
TOTAL ASSETS	**12,932,785**	**11,802,231**	**11,827,695**	**(1,105,090)**	**1,050,282**
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	0	0	0	0	0
ACCOUNTS PAYBLE IGA	1,976,093	2,296,838	2,296,838	320,746	1,361,550
CURR PORTION DEFERRED INCOME	0	0	0	0	0
DEFERRED INFLOW OF RESOURCES	13,350,641	12,571,853	12,460,598	(890,043)	(923,428)
TOTAL CURRENT LIABILITIES	**15,326,734**	**14,868,691**	**14,757,436**	**(569,297)**	**438,122**
OTHER LIABILITIES AND FUND BALANCE					
DEFERRED RENTAL INCOME	0	0	0	0	0
CONTRIBUTED CAPITAL	208,613	208,613	208,613	0	0
CHANGE IN NET ASSETS	0	672,513	535,793	535,793	(612,160)
RETAINED EARNINGS	(2,602,561)	(2,602,561)	(2,602,561)	0	0
TOTAL LIABILITIES AND FUND BALANCE	**12,932,786**	**11,802,230**	**11,827,695**	**(1,105,090)**	**1,050,282**

Hospital District 1 of Mohave County
Statement of Revenue and Expenses
AS OF PERIOD END 2/28/2026

	2/28/2026 CURR MONTH	1/31/2026 PRIOR MONTH	CHANGE	CURRENT YEAR YTD	PRIOR YEAR YTD	YEAR TO DATE CHANGE
INCOME						
LEASE INCOME	111,255	111,255	0	890,043	923,428	(33,386)
MISCELLANEOUS INCOME	0	0	0	0	0	0
TOTAL INCOME	**111,255**	**111,255**	**0**	**890,043**	**923,428**	**(33,386)**
EXPENSES						
FEES-SECRETARY	0	0	0	0	0	0
FEES-LEGAL	0	0	0	8,246	416	7,830
FEES-AUDIT	0	0	0	0	0	0
ELECTIONS	0	0	0	115	0	115
OTHER PROFESSIONAL SERVICES	0	0	0	0	0	0
DEPRECIATION	7,296	8,067	(771)	63,765	68,474	(4,709)
COMMUNITY DONATIONS	0	0	0	1,630,795	544,610	1,086,185
OFFICE SUPPLIES	0	0	0	0	0	0
WEBSITE EXPENSES	0	0	0	0	0	0
TOTAL EXPENSES	**7,296**	**8,067**	**(771)**	**1,702,921**	**613,500**	**1,089,421**
OTHER INCOME						
LEASE INTEREST INCOME	32,760	32,997	(238)	268,690	301,801	(33,111)
INTEREST INCOME-INVESTMENT	0	0	0	0	0	0
EXPENSE REIMBURSEMENT-KRMC	0	0	0	8,361	416	7,945
GAIN/LOSS ON SALE OF ASSET	0	0	0	0	0	0
TOTAL OTHER INCOME	**32,760**	**32,997**	**(238)**	**277,051**	**302,217**	**(25,166)**
REALIZED GAIN/LOSS ON INVESTMENT	0	0	0	34	15	19
UNREALIZED GN/LS ON INVESTMENT	0	0	0	0	0	0
NET INCOME	**136,719**	**136,185**	**533**	**(535,793)**	**612,160**	**(1,147,954)**

LAW OFFICE OF THOMAS E. PRICE, P.C.
501 E. Oak St.
Kingman, AZ 86401-5930

Invoice
submitted to:

Hospital District Number One of Mohave County
Attn: Billy Neal ** send via email
billy.neal@azkrmc.org
3269 N. Stockton Hill Rd.
Kingman, AZ 86409

April 9, 2026
In Reference To: Miscellaneous

Professional Services

		Hrs/Rate	Amount
3/23/2026	Left message for Jason Mitchell. Teleconference with Katie in regards to auditor's request for copy of invoices; meeting with Jsaon Mitchell and Don Martin; discrepancy between open meeting laws and the Robert's Rules of Order.	0.40 380.00/hr	152.00
3/24/2026	Teleconference with Attorney Mitchell. Teleconference with Katie regarding same.	0.30 380.00/hr	114.00
3/25/2026	Exchanged texts with Katie in regards to Mark Berry's complaint. Teleconference with Katie regarding complaint and tomorrow's meeting.	0.40 380.00/hr	152.00
3/26/2026	Reviewed Mark Berry's complaint. Reviewed insurance policy. Travel to and from hospital; attended meeting; teleconference with Cheryl Porter; met with KRMC counsel, Martha Lewis.	2.10 380.00/hr	798.00
3/27/2026	Reviewed Logan's March 26th email.	0.10 380.00/hr	38.00
3/30/2026	Prepared two separate emails to Logan in regards to the upcoming meeting with the County and John Berry's complaint.	0.50 380.00/hr	190.00
4/2/2026	Met with Board Member Logan Marsh, Deputy County Attorney Josh Mitchell, County Supervisor Don Martin, and County Manager David Strahl.	1.30 380.00/hr	494.00
	For professional services rendered	5.10	$1,938.00
	Previous balance		$2,964.00

	Amount
Balance due	$4,902.00

The balance is due upon receipt of this statement. Unless other arrangments have been made.

We appreciate your business. Thank you!

We accept VISA, Mastercard, American Express, and Discover.

If you have any questions regarding this billing statement, please contact our staff at (928) 753-1112.