MEDICAL EXECUTIVE COMMITTEE
POLICY #002
PROFESSIONAL LIABILITY INSURANCE REQUIREMENTS

The Medical Executive Committee and the Board of Directors of Piedmont Hospital, Inc. have established the following requirements for eligibility for medical staff membership and clinical privileges:

Insurer Requirements. Each professional granted staff status and clinical privileges in the Hospital shall maintain in force professional liability insurance with minimum annual policy limits of $1,000,000 per occurrence and $3,000,000 in the aggregate written by an insurer meeting the following requirements:

A. An insurer authorized under the laws of the State of Georgia to issue the professional liability insurance, which has been in business for at least five (5) years and contributes to the state insurance guaranty fund. The insurer must maintain a financial rating by A.M. Best of "A-VII" or better; **or**

B. A self-insurance, captive insurance program or risk retention group which the Hospital determines, in its sole discretion, to meet acceptable business and financial standards, including maintaining acceptable surplus and loss ratios, loss funding levels and reinsurance. Any professional liability insurance that falls within this category of self-insurance, captive insurance or risk retention group must be specifically reviewed and approved by the Hospital prior to its acceptance.

   For self-insurance, the program must be funded at a minimum 75% confidence level and maintain adequate excess insurance from an insurer authorized to do business in the state of Georgia and which maintains a financial rating by A.M. Best of “A- VII” or better.

   For captives or risk retention groups:

   - The captive must be licensed in a jurisdiction with an established history of captive regulation;
   - The captive must utilize recognized or experienced advisors, particularly for actuarial services;
   - The captive must have a minimum of three (3) years of operating history;
   - The captive must meet the following minimum financial solvency ratios:

o Premium to Surplus	1:1 to 4:1
o Loss Reserves to Surplus	<3:1
o Retention to Surplus	up to 50%
o Combined Ratio	<110%

   Appeal Process: Should the self-insurance, captive or risk retention group not meet the criteria above, Piedmont Hospital Board may, at its sole discretion, elect to have outside consultants of its choice review the financial strength of the proposed self-insurance, captive or risk retention group. The cost of such independent review will be the responsibility of the practitioner seeking insurer approval. Upon review of consultant findings, Piedmont Hospital Board will make the determination of acceptability of such insurance.

Such insurance must provide continuous, uninterrupted coverage for the entire period that the professional maintains staff privileges at Hospital. Should any professional change insurance carriers for any reason, one of the following must be in force:

A. Prior Acts coverage on the new policy; **or**
B. An Extended Reporting Endorsement ("Tail Coverage") on the expired policy.

Further, should a professional's privileges at Hospital terminate, voluntarily or otherwise, such professional must keep coverage in force for a minimum of six (6) years to cover any future claims arising from professional's prior activity at Hospital.

This policy applies to all new applicants and reappointments. However, any physician coverage in force on the effective date of this policy shall continue to be acceptable, provided it is renewed on an uninterrupted basis. Subsequent insurers shall be subject to the provisions and requirements of this policy.

Each such professional shall provide all information required, to provide evidence of compliance with this policy.

Approved by:_R. Allen Johns II, M.D._____ Date:__March 6, 2007_____
President of the Medical Staff

_____ Date:_____
Chairman, Board of Trustees
Piedmont Hospital, Inc.