

SERFF Tracking Number: PHLX-125610632 State: Arkansas  
Filing Company: Philadelphia Indemnity Insurance Company State Tracking Number: #43212 \$50  
Company Tracking Number: PR AR0034902F01  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions Liability  
Product Name: Fitness Wellness PG  
Project Name/Number: Fitness Wellness PG/PR AR0034902F01

## Filing at a Glance

Company: Philadelphia Indemnity Insurance Company

Product Name: Fitness Wellness PG

SERFF Tr Num: PHLX-125610632 State: Arkansas

TOI: 17.0 Other Liability - Claims  
Made/Occurrence

SERFF Status: Closed

State Tr Num: #43212 \$50

Sub-TOI: 17.0019 Professional Errors &  
Omissions Liability

Co Tr Num: PR AR0034902F01

State Status: Fees verified and  
received

Filing Type: Form

Co Status:

Reviewer(s): Betty Montesi, Edith  
Roberts, Brittany Yielding

Author: SPI PhiladelphiaIndemnity

Disposition Date: 04/28/2008

Date Submitted: 04/15/2008

Disposition Status: Approved

Effective Date Requested (New): 05/15/2008

Effective Date (New):

Effective Date Requested (Renewal):

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: Fitness Wellness PG

Status of Filing in Domicile:

Project Number: PR AR0034902F01

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 04/28/2008

Deemer Date:

State Status Changed: 04/28/2008

Corresponding Filing Tracking Number:

Filing Description:

The Philadelphia Indemnity Insurance Company files for your review, and where required approval, the enclosed forms that are part of our new Day Spa and Tanning Professional Liability program. This program will be made available on a package basis for risks with day spa or tanning exposures that are members of our Fitness and Wellness Liability Purchasing Group Insurance Program.

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Enclosed are Day Spa and Tanning Professional Liability Coverage Forms PI-DS-003 (11/07) and PI-DS-004 (11/07) and corresponding Declarations Pages PI-DS-003D (12/07) and PI-DS-004D (12/07). These forms provide coverage of damages caused by professional incidents arising out of an insured's day spa or tanning exposure. Coverage form PI-DS-003 provides coverage on an occurrence basis while Coverage Form PI-DS-004 provides coverage on a claims-made basis.

We have included any state amendatory needed for making changes required by your state to either coverage form as well as a Forms Explanatory Memorandum that provides additional details about the forms being filed.

The above referenced forms are new and do not replace any existing forms.

Corresponding rates and rules for this program are being filed under separate cover.

## Company and Contact

### Filing Contact Information

Gary Corbi, Senior Compliance Analyst  
 One Bala Plaza (610) 617-5980 [Phone]  
 Bala Cynwyd, PA 19004 (866) 374-1070[FAX]

### Filing Company Information

Philadelphia Indemnity Insurance Company	CoCode: 18058	State of Domicile: Pennsylvania
One Bala Plaza	Group Code: 677	Company Type:
Suite 100		
Bala Cynwyd, PA 19004	Group Name: Philadelphia Insurance Companies	State ID Number:
(610) 617-7900 ext. [Phone]	FEIN Number: 231738402	
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## Filing Fees

SERFF Tracking Number: PHLX-125610632 State: Arkansas  
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Product Name: Fitness Wellness PG  
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Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
43212	\$50.00	04/09/2008

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Edith Roberts	04/28/2008	04/28/2008

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TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions  
Liability  
Product Name: Fitness Wellness PG  
Project Name/Number: Fitness Wellness PG/PR AR0034902F01

## Disposition

Disposition Date: 04/28/2008

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	AR Forms Cover Letter, Explanatory Memo	Approved	Yes
Form	Day Spa and Tanning Professional Liability Coverage Form	Approved	Yes
Form	Declarations	Approved	Yes
Form	Day Spa and Tanning Professional Liability Claims Made Coverage Form	Approved	Yes
Form	Declarations	Approved	Yes
Form	Arkansas Amendatory Endorsement	Approved	Yes
Form	Arkansas Amendatory Endorsement	Approved	Yes

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type	Action	Action Specific Data	Readability	Attachment
Approved	Day Spa and Tanning Professional Liability Coverage Form	PI-DS-003	(11/07)	Policy/Cove	New rage Form		0.00	PI-DS-003.PDF
Approved	Declarations	PI-DS-003D	(12/07)	Declaration	New s/Schedule		0.00	PI-DS-003D.PDF
Approved	Day Spa and Tanning Professional Liability Claims Made Coverage Form	PI-DS-004	(11/07)	Policy/Cove	New rage Form		0.00	PI-DS-004.PDF
Approved	Declarations	PI-DS-004D	(12/07)	Declaration	New s/Schedule		0.00	PI-DS-004D.PDF
Approved	Arkansas Amendatory Endorsement 1	PI-DS-AR-1	(01/08)	Other	New		0.00	PI-DS-AR-1.PDF
Approved	Arkansas Amendatory Endorsement 2	PI-DS-AR-2	(02/08)	Other	New		0.00	PI-DS-AR-2.PDF

## DAY SPA AND TANNING PROFESSIONAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words “we,” “us” and “our” refer to the company providing this insurance.

The word “insured” means any person or organization qualifying as such under **SECTION II – WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. **Refer to SECTION V – DEFINITIONS**.

### SECTION I – COVERAGE

#### DAY SPA AND TANNING PROFESSIONAL LIABILITY

##### A. Insuring Agreement

1. We will pay those sums that the insured becomes legally obligated to pay as “damages” arising out of a “professional incident” in the course of performing professional services for, or on behalf of, the organization to which this insurance applies. We have the right and duty to defend any “suit” seeking those “damages”. We may at our discretion investigate and settle any “professional incident”, subject to **SECTION IV – CONDITION K.**, any claim or “suit”. But:
  - a. The amount we will pay for “damages” is limited as described in **SECTION III – LIMITS OF INSURANCE**; and
  - b. Our right and duty to defend ends when we have used up our applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS** set forth below.

2. This insurance applies to “damages” only if:
  - a. The “damages” result from a “professional incident” that takes place in the “coverage territory”; and
  - b. The “professional incident” occurs during the policy period.

##### B. Exclusions

This insurance does not apply to “damages”:

1. Expected or intended from the standpoint of the insured.
2. For any actual or alleged breach of contract or agreement. This exclusion does not apply to liability for “damages” that the insured would have in the absence of the contract or agreement.
3. Arising out of any training for or provision of micropigmentation, body piercing or body art such as tattooing or implants or botox, collagen or any other injections.
4. Arising out of any type laser treatments, however, this exclusion does not apply to any teeth whitening treatments

using non-laser LEDs..

5. Arising out of the sale of products you manufacture or which are sold under your brand or label.
6. Arising out of hair removal by X-ray or laser or photocoagulation.
7. Arising out of dying of eyelashes or eyebrows with dyes not approved by the Food and Drug Administration.
8. Arising out of chemical peels with a concentration above 30% of active ingredients.
9. Arising out of any invasive treatments including, but not limited to:
  - a. removal of moles, warts or other growth;
  - b. plastic surgery; or
  - c. sclerotherapy or other procedures to minimize the appearance of veins.
10. Arising out of the operation of any hospital, sanatorium or any other medical facility or laboratory other than a day spa.
11. Arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto", or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".
12. Arising out of the prescription, utilization, furnishing, or dispensing of drugs or medical, dental, or nursing supplies or appliances.
13. Arising out of the furnishing or failure to furnish professional services by an attorney, architect, engineer, accountant, real estate or investment manager, physician, dentist, anesthesiologist, nurse anesthetist, nurse midwife, x-ray therapist, radiologist, psychiatrist, psychologist, chiropodist, chiropractor, physical therapist, acupuncturist or optometrist.
14. Arising out of membership in a formal accreditation or similar professional board or committee or any hospital or professional society.
15. Arising out of injury to any insured, or any consequential injury to the spouse, child, parent, brother or sister of that insured.

This exclusion applies:

- a. Whether the insured may be liable as an employer or in any other capacity; and
  - b. To any obligation to share "damages" with or repay someone else who must pay "damages" because of the injury.
16. Arising out of any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
  17. Arising out of any claim made by:
    - a. A person because of any:
      - (1) Refusal to employ that person;
      - (2) Termination of that person's employment; or

- (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- b. The spouse, child, parent, brother or sister of that person as a consequence of any “damages” or injury to that person at whom any of the employment-related practices described in paragraphs (1), (2), or (3) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share “damages” with or repay someone else who must pay “damages”.

18. Arising out of “advertising injury” or “personal injury”.

However, this exclusion does not apply to “personal injury” when the offense is directly resulting from a “professional incident” and the “personal injury” does not arise out of:

- a. Oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- b. Oral or written publication of material, whose first publication took place before the beginning of the policy period; or
- c. The willful violation of a penal statute or ordinance committed by or with the consent of the insured.

19. Arising out of damage to or theft of property:

- a. Owned, occupied or used by any insured;
- b. Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by any insured;
- c. Which is or was in the possession of any insured or any person acting on behalf of any insured; or
- d. That is real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are or were performing operations.

20. Arising out of any:

- a. “Pollution hazard”;
- b. “Nuclear hazard”;
- c. “Asbestos hazard”; or
- d. “Lead hazard”.

21. Arising out of actual or alleged discrimination.

22. Arising out of unfair competition or violation of any anti-trust laws.

23. Arising out of the inability or failure of the insured or others to collect or pay money.

24. Arising out of an insured gaining any personal profit or advantage to which they are not legally entitled.

25. Arising out of liability under the Employment Retirement Income Security Act of 1974 and any amendments to that

law, or any similar federal or state law.

26. Arising out of any criminal, dishonest, fraudulent or malicious act or omission. This exclusion does not apply to any insured who did not:
  - a. Personally participate in committing any such act; or
  - b. Remain passive after having personal knowledge of any such act or omission.
27. Arising out of any claim made or "suit" brought against an insured by another insured.
28. Arising out of acts, errors or omissions of a managerial or administrative nature.
29. Arising out of:
  - a. The actual or threatened physical or sexual abuse or molestation by anyone or any person; or
  - b. The negligent:
    - (1) employment;
    - (2) investigation;
    - (3) supervision;
    - (4) reporting to the proper authorities, or failure to so report; or
    - (5) retention

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by a. above.
  - c. The negligent failure to provide professional services or neglect of the therapeutic needs of a customer or other person because of the conduct which would be excluded by paragraph a. above.

## **SUPPLEMENTARY PAYMENTS**

- A. We will pay, with respect to any claim or "suit" we defend:
  1. All expenses we incur including defense costs.
  2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$750 a day because of time off from work.
  4. All costs taxed against the insured in the "suit".
  5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
  6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

- B. We will reimburse you for reasonable legal services charged by a lawyer we agree to and other expenses you may incur in the investigation and defense of “disciplinary proceeding(s)” brought against you arising out of a “professional incident” that is otherwise covered by this policy. This Coverage is limited to \$10,000 per “professional incident”.

These payments will not reduce the limits of insurance.

**SECTION II – WHO IS AN INSURED**

- A. You the organization(s) so designated in the Declarations, are an insured.
- B. Each of the following is also an insured:
  - 1. Your “employees”, including any “leased workers” or “temporary workers” but only for acts within the scope of their employment by you or while performing duties related to the provision of your professional services.
  - 2. Independent contractors, but only for acts within the scope of their duties related to the provision of your professional services.
  - 3. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be a Named Insured if there is no other similar insurance available to that organization.

However:

- a. Coverage under this provision is afforded only until the 90<sup>th</sup> day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
- b. Professional Liability Coverage does not apply to a “professional incident” that occurred before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

**SECTION III – LIMITS OF INSURANCE**

- A. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - 1. Insureds;
  - 2. Claims made or “suits” brought; or
  - 3. Persons or organizations making claims or bringing “suits.”
- B. The Aggregate Limit is the most we will pay for all “damages” to which this insurance applies.
- C. Subject to B. above, the Each Professional Incident Limit is the most we will pay for the sum of all “damages” arising out of any one “professional incident” to which this insurance applies.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

**SECTION IV – CONDITIONS**

**A. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

**B. Your Authority And Duties**

The first Named Insured shown in the Declarations agrees to act on behalf of all insureds with respect to cancellation, notice of any "professional incident" claim or "suit," payment or return of any premium, or consent to a claim settlement that we recommend. Each insured, by accepting this insurance, agrees to:

1. Have the first Named Insured act for them in such matters; and
2. Promptly notify the first Named Insured, in writing, of any "professional incident" which may result in a claim, or any claim or "suit" brought against them.

**C. Duties In The Event Of Professional Incident, Claim Or Suit**

1. You must see to it that we are notified as soon as practicable of a "professional incident" which may result in a claim. To the extent possible, notice should include:
  - a. All available information about the circumstances concerning the "professional incident" including:
    - (1) How, when and where it took place; and
    - (2) The names and addresses of any witnesses and persons seeking "damages"; and
  - b. What claim you think may result.

However, even when you notify us of a "professional incident," this does not relieve you of your obligation to also notify us of any resulting claim or "suit."

2. If a claim is made or "suit" is brought against any insured, you must:
  - a. Immediately record the specifics of the claim or "suit" and the date received; and
  - b. Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

3. You and any other involved insured must:
  - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
  - b. Authorize us to obtain records and other information;
  - c. Cooperate with us in the investigation, settlement or defense of the claim or "suit";
  - d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply; and
  - e. In no way jeopardize our rights after a "professional incident."

4. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

#### **D. Legal Action Against Us**

No person or organization has a right under this Coverage Part:

1. To join us as a party or otherwise bring us into a "suit" asking for "damages" from an insured; or
2. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for "damages" that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### **E. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

##### 1. Primary Insurance

This insurance is primary except when 2. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in 3. below.

##### 2. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis if:

- a. Your "employee" or volunteer has other insurance covering his or her professional liability.
- b. You have purchased insurance from a company other than us or a company affiliated with us which is more specific than this insurance.

When this insurance is excess, we will have no duty to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- a. The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- b. The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

##### 3. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss

remains, whichever comes first.

If the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### **F. Premium Audit**

1. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
2. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we have the right to compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### **G. Representations**

By accepting this policy, you agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.

#### **H. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each insured against whom claim is made or "suit" is brought.

#### **I. Transfer of Rights Of Recovery Against Others To Us**

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

#### **J. Governmental Immunity**

If you are a public institution, you may be entitled to Governmental Immunity. This Coverage Part does not constitute a waiver of any charitable or governmental immunity to which you are entitled.

#### **K. Settlement**

If the first Named Insured refuses to consent, within a reasonable period of time, to any settlement offer we recommend and elects to contest the claim or continue any legal proceedings in connection with such claim then, subject to the provisions of **SECTION III – LIMITS OF INSURANCE**, our liability for the claim will not exceed the amount for which the claim could have been settled, plus the cost of defense incurred by us up to the date of such refusal.

**L. Two or More Coverage Parts Or Policies Issued  
By Us**

It is our stated intention that the various coverage parts or policy issued to you by us, or any company affiliated with us, do not provide any duplication or overlap of coverage for the same claim or "suit". If this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same "professional incident", occurrence, offense, wrongful act, accident or loss, the maximum Limit of Insurance under all such coverage parts or policies combined shall not exceed the highest applicable Limit of Insurance under any one coverage part or policy.

This condition does not apply to any Excess or Umbrella Policy issued by us specifically to apply as excess insurance over this policy.

**M. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the non-renewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

**SECTION V – DEFINITIONS**

**A. "Advertising injury"** means injury arising out of one or more of the following offenses committed in the course of advertising your goods, products or services:

1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
2. Oral or written publication of material that violates a person's right of privacy;
3. Misappropriation of advertising ideas or style of doing business; or
4. Infringement of copyright, title or slogan.

**B. "Asbestos hazard"** means:

1. a. Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos;
- b. The use of asbestos in constructing or manufacturing any good, product or structure;
- c. The removal of asbestos from any good, product or structure;
- d. Any request, demand or order for the removal of asbestos from any good, product or structure; or
- e. The manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos.
2. The investigation, settlement or defense of any claim, "suit," proceeding, "damages," loss, cost or expense arising out of, alleging or in connection with any of the terms of 1. above.

**C. "Auto"** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment.

**D. "Coverage territory"** means:

1. The United States of America (including its territories and possessions), Puerto Rico, and Canada;

2. All parts of the world if:
  - a. The injury or damage arises out of the activities of a person whose home is in the territory described in 1. above, but is away for a short time on your business; and
  - b. The insured's responsibility to pay "damages" is determined in a "suit" on the merits in the territory described in 1. above or in a settlement we agree to.

**E. "Damages"** means a monetary:

1. Judgment;
2. Award; or
3. Settlement,

but does not include fines, sanctions, penalties, punitive or exemplary damages or the multiple portion of any damages.

**F. "Disciplinary proceedings"** means any proceeding brought against you by a state regulatory or disciplinary official or agency to investigate charges alleging professional misconduct.

**G. "Employee"** includes a "leased worker." "Employee" does not include a "temporary worker."

**H. "Lead hazard"** means:

1. a. Exposure to or existence of lead, paint containing lead, or any other material or substance containing lead; or
  - b. Manufacture, distribution, sale, resale, re-branding, installation, repair, removal, encapsulation, abatement, replacement, or handling of lead, paint containing lead, or any other material or substance containing lead; whether or not the lead is or was at any time airborne as a particulate, contained in a product ingested, inhaled, transmitted in any fashion, or found in any form whatsoever.
2. a. Any testing for, monitoring, cleaning up, removing, abating, containing, treating or neutralizing lead, paint containing lead, or any other substance or material containing lead, or in any way responding to or assessing the effects of lead; or
  - b. Any request, demand, or order to test for, monitor, clean up, remove, abate, contain, treat or neutralize lead, paint containing lead, or any other substance or material containing lead, or in any way respond to or assess the effects of lead.
3. The investigation, settlement, or defense of any claim, "suit", proceeding, "damages", loss, cost or expense arising out of, alleging or in connection with any of the terms of 1. and 2. above.

**I. "Leased worker"** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker."

**J. "Loading or unloading"** means the handling of property:

1. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
2. While it is in or on an aircraft, watercraft or "auto"; or

3. While it is being moved from an aircraft, watercraft or “auto” to the place where it is finally delivered;

but “loading or unloading” does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or “auto.”

**K. “Nuclear hazard”** means the existence of any nuclear reactor or device, nuclear waste storage or disposal site or any other nuclear facility, or the transportation of nuclear material, or the hazardous properties of nuclear material.

**L. “Personal injury”** means injury, other than bodily injury, arising out of one or more of the following offenses:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
4. Oral or written publication of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services; or
5. Oral or written publication of material that violates a person’s right of privacy.

**M. “Pollution hazard”** means:

1. Any actual, alleged or threatened emission, discharge, dispersal, seepage, migration, release or escape of pollutants at any time; or
  - a. Any clean up of pollutants; or
  - b. Any request, demand or order for any clean up of pollutants.
2. The investigation, settlement or defense of any claim, “suit,” proceeding, “damages,” loss, cost or expense arising out of, alleging or in connection with any of the terms of 1. above.

Pollutants include any noise, solid, semi-solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, mists, acids, alkalis, chemicals, biological and etiologic agents or materials, electromagnetic or ionizing radiation and energy, genetically engineered materials, teratogenic, carcinogenic and mutagenic materials, waste and any other irritant or contaminant.

Waste includes any materials to be disposed, recycled, reconditioned or reclaimed.

Clean up of includes monitoring, removal, containment, treatment, detoxification or neutralization of, testing for or response in any way to, or assessment of the effects of pollutants.

**N. “Professional incident”** means any actual or alleged negligent:

1. Act;
2. Error; or
3. Omission

in the rendering of professional services to others.

Any or all “professional incidents” arising from interrelated or series of acts, errors or omissions shall be deemed to be one “professional incident” taking place at the time of the earliest “professional incident.”

- O. "Suit"** means a civil proceeding in which "damages" are claimed and to which this insurance applies. "Suit" also includes:
1. An arbitration proceeding in which such "damages" are claimed and to which you must submit or do submit with our consent; or
  2. Any other alternative dispute resolution proceeding in which such "damages" are claimed and to which you submit with our consent.
- P. "Temporary worker"** means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**PHILADELPHIA INDEMNITY INSURANCE COMPANY**  
**DAY SPA AND TANNING PROFESSIONAL LIABILITY COVERAGE PART**  
**DECLARATIONS**

POLICY NO.

Effective Date:  
 12:01 A.M. Standard Time

<b>LIMITS OF INSURANCE</b>	
AGGREGATE LIMIT	\$
EACH PROFESSIONAL INCIDENT LIMIT	\$
<b>BUSINESS DESCRIPTION</b>	
Form of Business:	
Business Description:	
PREMIUM: \$	
<b>FORMS AND ENDORSEMENTS (Other than Applicable Forms and Endorsements Shown Elsewhere in the Policy)</b>	
Forms and Endorsements Applying to this Coverage Part and Made Part of this Policy at Time of Issue:	
THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.	

## DAY SPA AND TANNING PROFESSIONAL LIABILITY CLAIMS MADE COVERAGE FORM

THIS IS A CLAIMS MADE POLICY – PLEASE READ THE ENTIRE POLICY CAREFULLY

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words “we,” “us” and “our” refer to the company providing this insurance.

The word “insured” means any person or organization qualifying as such under **SECTION II – WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. **Refer to SECTION V – DEFINITIONS**.

### SECTION I – COVERAGE

#### DAY SPA AND TANNING PROFESSIONAL LIABILITY

##### A. Insuring Agreement

1. We will pay those sums that the insured becomes legally obligated to pay as “damages” arising out of a “professional incident” in the course of performing professional services for, or on behalf of, the organization to which this insurance applies. We have the right and duty to defend any “suit” seeking those “damages”. We may at our discretion investigate and settle any “professional incident”, subject to **SECTION IV – CONDITION K.**, any claim or “suit”. But:

- a. The amount we will pay for “damages” is limited as described in **SECTION III – LIMITS OF INSURANCE**; and
- b. Our right and duty to defend ends when we have used up our applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS** set forth below.

2. This insurance applies to “damages” only if:
  - a. The “damages” result from a “professional incident” that takes place in the “coverage territory”; and
  - b. The “professional incident” did not occur before the Retroactive Date, if any, shown in the Declarations or after the end of the policy period; and
  - c. A claim for “damages” because of the “professional incident” is first made against any insured, in accordance with paragraph C. of **Section IV, Conditions**, below, during the policy period or any Extended Reporting Period we provide under **Section V, Extended Reporting Period**.

##### B. Exclusions

This insurance does not apply to “damages”:

1. Expected or intended from the standpoint of the insured.

2. For any actual or alleged breach of contract or agreement. This exclusion does not apply to liability for “damages” that the insured would have in the absence of the contract or agreement.
3. Arising out of any training for or provision of micropigmentation, body piercing or body art such as tattooing or implants, or botox, collagen, body fat or any other type of injections.
4. Arising out of any type of laser treatments, however, this exclusion does not apply to any teeth whitening treatments using non-laser LEDs.
5. Arising out of the sale of products you manufacture or which are sold under your brand or label.
6. Arising out of hair removal by X-ray or laser or photocoagulation.
7. Arising out of dying of eyelashes or eyebrows with dyes not approved by the Food and Drug Administration.
8. Arising out of chemical peels with a concentration above 30% of active ingredients.
9. Arising out of any invasive treatments including, but not limited to:
  - a. removal of moles, warts or other growth;
  - b. plastic surgery; or
  - c. sclerotherapy or other procedures to minimize the appearance of veins.
10. Arising out of the operation of any hospital, sanatorium or any other medical facility or laboratory other than a day spa.
11. Arising out of the ownership, maintenance, use or entrustment to others of any aircraft, “auto”, or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and “loading or unloading”.
12. Arising out of the prescription, utilization, furnishing, or dispensing of drugs or medical, dental, or nursing supplies or appliances.
13. Arising out of the furnishing or failure to furnish professional services by an attorney, architect, engineer, accountant, real estate or investment manager, physician, dentist, anesthesiologist, nurse anesthetist, nurse midwife, x-ray therapist, radiologist, psychiatrist, psychologist, chiropract, chiropractor, physical therapist, acupuncturist or optometrist.
14. Arising out of membership in a formal accreditation or similar professional board or committee or any hospital or professional society.
15. Arising out of injury to any insured, or any consequential injury to the spouse, child, parent, brother or sister of that insured.

This exclusion applies:

- a. Whether the insured may be liable as an employer or in any other capacity; and
  - b. To any obligation to share “damages” with or repay someone else who must pay “damages” because of the injury.
16. Arising out of any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
  17. Arising out of any claim made by:

- a. A person because of any:
  - (1) Refusal to employ that person;
  - (2) Termination of that person's employment; or
  - (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- b. The spouse, child, parent, brother or sister of that person as a consequence of any "damages" or injury to that person at whom any of the employment-related practices described in paragraphs (1), (2), or (3) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share "damages" with or repay someone else who must pay "damages".

18. Arising out of "advertising injury" or "personal injury".

However, this exclusion does not apply to "personal injury" when the offense is directly resulting from a "professional incident" and the "personal injury" does not arise out of:

- a. Oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- b. Oral or written publication of material, whose first publication took place before the beginning of the policy period; or
- c. The willful violation of a penal statute or ordinance committed by or with the consent of the insured.

19. Arising out of damage to or theft of property:

- a. Owned, occupied or used by any insured;
- b. Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by any insured;
- c. Which is or was in the possession of any insured or any person acting on behalf of any insured; or
- d. That is real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are or were performing operations.

20. Arising out of any:

- a. "Pollution hazard";
- b. "Nuclear hazard";
- c. "Asbestos hazard"; or
- d. "Lead hazard".

21. Arising out of actual or alleged discrimination.

22. Arising out of unfair competition or violation of any anti-trust laws.
23. Arising out of the inability or failure of the insured or others to collect or pay money.
24. Arising out of an insured gaining any personal profit or advantage to which they are not legally entitled.
25. Arising out of liability under the Employment Retirement Income Security Act of 1974 and any amendments to that law, or any similar federal or state law.
26. Arising out of any criminal, dishonest, fraudulent or malicious act or omission. This exclusion does not apply to any insured who did not:
  - a. Personally participate in committing any such act; or
  - b. Remain passive after having personal knowledge of any such act or omission.
27. Arising out of any claim made or "suit" brought against an insured by another insured.
28. Arising out of acts, errors or omissions of a managerial or administrative nature.
29. Arising out of:
  - a. The actual or threatened physical or sexual abuse or molestation by anyone or any person; or
  - b. The negligent:
    - (1) employment;
    - (2) investigation;
    - (3) supervision;
    - (4) reporting to the proper authorities, or failure to so report; or
    - (5) retention

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by a. above.
  - c. The negligent failure to provide professional services or neglect of the therapeutic needs of a customer or other person because of the conduct which would be excluded by paragraph a. above.

#### **SUPPLEMENTARY PAYMENTS**

- A.** We will pay, with respect to any claim or "suit" we defend:
  1. All expenses we incur including defense costs.
  2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$750 a day because of time off from work.
  4. All costs taxed against the insured in the "suit".

5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

**B.** We will reimburse you for reasonable legal services charged by a lawyer we agree to and other expenses you may incur in the investigation and defense of “disciplinary proceeding(s)” brought against you arising out of a “professional incident” that is otherwise covered by this policy. This Coverage is limited to \$10,000 per “professional incident”.

These payments will not reduce the limits of insurance.

## **SECTION II – WHO IS AN INSURED**

**A.** You the organization(s) so designated in the Declarations, are an insured.

**B.** Each of the following is also an insured:

1. Your “employees”, including any “leased workers” or “temporary workers” but only for acts within the scope of their employment by you or while performing duties related to the provision of your professional services.
2. Independent contractors, but only for acts within the scope of their duties related to the provision of your professional services.
3. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be a Named Insured if there is no other similar insurance available to that organization.

However:

- a. Coverage under this provision is afforded only until the 90<sup>th</sup> day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
- b. Professional Liability Coverage does not apply to a “professional incident” that occurred before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

## **SECTION III – LIMITS OF INSURANCE**

**A.** The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

1. Insureds;
2. Claims made or “suits” brought; or
3. Persons or organizations making claims or bringing “suits.”

**B.** The Aggregate Limit is the most we will pay for all “damages” to which this insurance applies.

**C.** Subject to B. above, the Each Professional Incident Limit is the most we will pay for the sum of all “damages” arising out of any one “professional incident” to which this insurance applies.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

## **SECTION IV – CONDITIONS**

### **A. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

### **B. Your Authority And Duties**

The first Named Insured shown in the Declarations agrees to act on behalf of all insureds with respect to cancellation, notice of any "professional incident" claim or "suit," payment or return of any premium, or consent to a claim settlement that we recommend. Each insured, by accepting this insurance, agrees to:

1. Have the first Named Insured act for them in such matters; and
2. Promptly notify the first Named Insured, in writing, of any "professional incident" which may result in a claim, or any claim or "suit" brought against them.

### **C. Duties In The Event Of Professional Incident, Claim Or Suit**

1. You must see to it that we are notified as soon as practicable of a "professional incident" which may result in a claim. To the extent possible, notice should include:
  - a. All available information about the circumstances concerning the "professional incident" including:
    - (1) How, when and where it took place; and
    - (2) The names and addresses of any witnesses and persons seeking "damages"; and
  - b. What claim you think may result.

However, even when you notify us of a "professional incident," this does not relieve you of your obligation to also notify us of any resulting claim or "suit."

2. If a claim is made or "suit" is brought against any insured, you must:
  - a. Immediately record the specifics of the claim or "suit" and the date received; and
  - b. Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

3. You and any other involved insured must:
  - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
  - b. Authorize us to obtain records and other information;

- c. Cooperate with us in the investigation, settlement or defense of the claim or "suit";
  - d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply; and
  - e. In no way jeopardize our rights after a "professional incident."
4. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

#### **D. Legal Action Against Us**

No person or organization has a right under this Coverage Part:

- 1. To join us as a party or otherwise bring us into a "suit" asking for "damages" from an insured; or
- 2. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for "damages" that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### **E. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

##### 1. Primary Insurance

This insurance is primary except when 2. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in 3. below.

##### 2. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis if:

- a. Your "employee" or volunteer has other insurance covering his or her professional liability.
- b. You have purchased insurance from a company other than us or a company affiliated with us which is more specific than this insurance.

When this insurance is excess, we will have no duty to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- a. The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- b. The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance

provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

### 3. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

## F. Premium Audit

1. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
2. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we have the right to compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

## G. Representations

By accepting this policy, you agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.

## H. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each insured against whom claim is made or "suit" is brought.

## I. Transfer of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

## J. Governmental Immunity

If you are a public institution, you may be entitled to Governmental Immunity. This Coverage Part does not constitute a waiver of any charitable or governmental immunity to which you are entitled.

**K. Settlement**

If the first Named Insured refuses to consent, within a reasonable period of time, to any settlement offer we recommend and elects to contest the claim or continue any legal proceedings in connection with such claim then, subject to the provisions of **SECTION III – LIMITS OF INSURANCE**, our liability for the claim will not exceed the amount for which the claim could have been settled, plus the cost of defense incurred by us up to the date of such refusal.

**L. Two or More Coverage Parts Or Policies Issued By Us**

It is our stated intention that the various coverage parts or policy issued to you by us, or any company affiliated with us, do not provide any duplication or overlap of coverage for the same claim or "suit". If this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same "professional incident", occurrence, offense, wrongful act, accident or loss, the maximum Limit of Insurance under all such coverage parts or policies combined shall not exceed the highest applicable Limit of Insurance under any one coverage part or policy.

This condition does not apply to any Excess or Umbrella Policy issued by us specifically to apply as excess insurance over this policy.

**M. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the non-renewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

**SECTION V – EXTENDED REPORTING PERIOD**

- A. Extended Reporting Periods** do not extend the policy period or change the scope of coverage provided. They provide for a specified period of time after the expiration or cancellation date in which the coverage provided by this policy will continue to apply to claims made against you because of "professional incidents" that occurred before the end of the policy period, but not before the Retroactive Date, if any, shown in the Declarations. Extended Reporting Period do not reinstate or increase the Limits of Insurance. Once in effect Extended Reporting Periods may not be cancelled.
- B.**
1. If we cancel or do not renew for any reason, other than nonpayment of premium, a one year Extended Reporting Period will be automatically provided without an additional premium charge. In the event of such cancellation or non-renewal, the following additional provision shall be applicable to Part 1. of **Section I - Coverage**:
  2. A claim first made within twelve (12) months after the policy period ends will be deemed to have been made on the last day of the policy period, provided the claim is for "damages" because of a "professional incident" that did not occur before the Retroactive Date, if any, shown in the Declarations or after the end of the policy period;
  3. This Extended Reporting Period does not apply to claims that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to claims.
- C.**
1. If you cancel or non-renew, or if cancellation or non-renewal is for nonpayment of premium, you shall have the right, upon payment of an additional premium of 35% of the annual premium to a one year Extended Reporting Period, provided however, that the request for this extension must be made to us in writing and payment of the additional premium must be made to us within 60 days following the date of such cancellation or non-renewal. If the cancellation or non-renewal is for nonpayment of premium, this Extended Reporting Period will not be provided unless any earned premium due is paid within 60 days after the effective date of such cancellation or expiration date.

2. In the event similar insurance is in force covering claims first made during this Extended Reporting Period, coverage provided by this Policy shall be excess over any part of any other valid and collectable insurance available to the insured, whether primary, excess, contingent or on any other basis, whose policy period begins or continues after our policy period ends

## SECTION VI – DEFINITIONS

- A. “Advertising injury”** means injury arising out of one or more of the following offenses committed in the course of advertising your goods, products or services:
1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  2. Oral or written publication of material that violates a person's right of privacy;
  3. Misappropriation of advertising ideas or style of doing business; or
  4. Infringement of copyright, title or slogan.
- B. “Asbestos hazard”** means:
1.
    - a. Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos;
    - b. The use of asbestos in constructing or manufacturing any good, product or structure;
    - c. The removal of asbestos from any good, product or structure;
    - d. Any request, demand or order for the removal of asbestos from any good, product or structure; or
    - e. The manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos.
  2. The investigation, settlement or defense of any claim, “suit,” proceeding, “damages,” loss, cost or expense arising out of, alleging or in connection with any of the terms of 1. above.
- C. “Auto”** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment.
- D. “Coverage territory”** means:
1. The United States of America (including its territories and possessions), Puerto Rico, and Canada;
  2. All parts of the world if:
    - a. The injury or damage arises out of the activities of a person whose home is in the territory described in 1. above, but is away for a short time on your business; and
    - b. The insured's responsibility to pay “damages” is determined in a “suit” on the merits in the territory described in 1. above or in a settlement we agree to.
- E. “Damages”** means a monetary:
1. Judgment;
  2. Award; or
  3. Settlement,

but does not include fines, sanctions, penalties, punitive or exemplary damages or the multiple portion of any damages.

- F. “Disciplinary proceedings”** means any proceeding brought against you by a state regulatory or disciplinary official or agency to investigate charges alleging professional misconduct.
- G. “Employee”** includes a “leased worker.” “Employee” does not include a “temporary worker.”
- H. “Lead hazard”** means:
1. a. Exposure to or existence of lead, paint containing lead, or any other material or substance containing lead; or
    - b. Manufacture, distribution, sale, resale, re-branding, installation, repair, removal, encapsulation, abatement, replacement, or handling of lead, paint containing lead, or any other material or substance containing lead; whether or not the lead is or was at any time airborne as a particulate, contained in a product ingested, inhaled, transmitted in any fashion, or found in any form whatsoever.
  2. a. Any testing for, monitoring, cleaning up, removing, abating, containing, treating or neutralizing lead, paint containing lead, or any other substance or material containing lead, or in any way responding to or assessing the effects of lead; or
    - b. Any request, demand, or order to test for, monitor, clean up, remove, abate, contain, treat or neutralize lead, paint containing lead, or any other substance or material containing lead, or in any way respond to or assess the effects of lead.
  3. The investigation, settlement, or defense of any claim, “suit”, proceeding, “damages”, loss, cost or expense arising out of, alleging or in connection with any of the terms of 1. and 2. above.
- I. “Leased worker”** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. “Leased worker” does not include a “temporary worker.”
- J. “Loading or unloading”** means the handling of property:
1. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or “auto”;
  2. While it is in or on an aircraft, watercraft or “auto”; or
  3. While it is being moved from an aircraft, watercraft or “auto” to the place where it is finally delivered;
- but “loading or unloading” does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or “auto.”
- K. “Nuclear hazard”** means the existence of any nuclear reactor or device, nuclear waste storage or disposal site or any other nuclear facility, or the transportation of nuclear material, or the hazardous properties of nuclear material.
- L. “Personal injury”** means injury, other than bodily injury, arising out of one or more of the following offenses:
1. False arrest, detention or imprisonment;
  2. Malicious prosecution;
  3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;

4. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
5. Oral or written publication of material that violates a person's right of privacy.

**M. "Pollution hazard" means:**

1. Any actual, alleged or threatened emission, discharge, dispersal, seepage, migration, release or escape of pollutants at any time; or
  - a. Any clean up of pollutants; or
  - b. Any request, demand or order for any clean up of pollutants.
2. The investigation, settlement or defense of any claim, "suit," proceeding, "damages," loss, cost or expense arising out of, alleging or in connection with any of the terms of 1. above.

Pollutants include any noise, solid, semi-solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, mists, acids, alkalis, chemicals, biological and etiologic agents or materials, electromagnetic or ionizing radiation and energy, genetically engineered materials, teratogenic, carcinogenic and mutagenic materials, waste and any other irritant or contaminant.

Waste includes any materials to be disposed, recycled, reconditioned or reclaimed.

Clean up of includes monitoring, removal, containment, treatment, detoxification or neutralization of, testing for or response in any way to, or assessment of the effects of pollutants.

**N. "Professional incident" means any actual or alleged negligent:**

1. Act;
2. Error; or
3. Omission

in the rendering of professional services to others.

Any or all "professional incidents" arising from interrelated or series of acts, errors or omissions shall be deemed to be one "professional incident" taking place at the time of the earliest "professional incident."

**O. "Suit" means a civil proceeding in which "damages" are claimed and to which this insurance applies. "Suit" also includes:**

1. An arbitration proceeding in which such "damages" are claimed and to which you must submit or do submit with our consent; or
2. Any other alternative dispute resolution proceeding in which such "damages" are claimed and to which you submit with our consent.

**P. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.**

**PHILADELPHIA INDEMNITY INSURANCE COMPANY**  
**DAY SPA AND TANNING PROFESSIONAL LIABILITY COVERAGE PART**  
**DECLARATIONS**  
**CLAIMS MADE COVERAGE**

POLICY NO.

Effective date:  
 12:01 A.M. Standard Time

<b>LIMITS OF INSURANCE</b>	
AGGREGATE LIMIT	\$ _____
EACH PROFESSIONAL INCIDENT LIMIT	\$ _____
<b>RETROACTIVE DATE:</b>	<b>PRIOR AND PENDING DATE:</b>
This Insurance Does Not Apply to "Damages" Resulting from a "Professional Incident" Which Occurred Before the Retroactive Date, If Any, Shown Here _____ (Enter Date or "None" if No Retroactive Date Applies)	
<b>BUSINESS DESCRIPTION</b>	
Form of Business:  Business Description:	
<b>PREMIUM:</b>	
<b>FORMS AND ENDORSEMENTS (Other than Applicable Forms and Endorsements Shown Elsewhere in the Policy)</b>	
Forms and Endorsements Applying to this Coverage Part and Made Part of this Policy at Time of Issue:	
THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.	

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ARKANSAS AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**DAY SPA AND TANNING PROFESSIONAL LIABILITY COVERAGE FORM (Occurrence Form)  
COMMON POLICY CONDITIONS**

- A. Paragraph 5. of the **Cancellation** provision in **COMMON POLICY CONDITIONS** is deleted in its entirety and replaced with the following:
5. a. If this policy is cancelled, we will send the first Named Insured any premium refund due.
  - b. We will refund the pro rata unearned premium if the policy is:
    - (1) Cancelled by us or at our request;
    - (2) Cancelled but rewritten with us or in our company group;
    - (3) Cancelled because you no longer have an insurable interest in the property or business operation that is the subject of this insurance; or
    - (4) Cancelled after the first year of a prepaid policy that was written for a term of more than one year.
  - c. If the policy is cancelled at the request of the first Named Insured, other than a cancellation described in b. (2),(3) or (4) above, we will refund 90% of the pro rata unearned premium. However, the refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this policy.
  - d. The cancellation will be effective even if we have not made or offered a refund.
- B. The following paragraphs are added to the **Cancellation** provision in **COMMON POLICY CONDITIONS**:
7. Cancellation Of Policies In Effect For More Than 60 Days
    - a. If this policy has been in effect for more than 60 days, or is a renewal policy, we may cancel this policy only for one or more of the following reasons:
      - (1) Nonpayment of premium;
      - (2) Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
      - (3) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;

- (4) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy;
  - (5) Nonpayment of membership dues in those cases where our by-laws, agreements or other legal instruments require payment as a condition of the issuance and maintenance of the policy; or
  - (6) A material violation of a material provision of the policy.
- b. If we cancel for:
- (1) Nonpayment of premium, we will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first Named Insured at least 10 days before the effective date of cancellation.
  - (2) Any other reason, we will mail or deliver notice of cancellation to the first Named Insured at least 20 days before the effective date of cancellation.
- C. The **When We Do Not Renew** provision in **SECTION IV - CONDITIONS** is deleted in its entirety and replaced with the following:

**When We Do Not Renew**

- 1. If we decide not to renew this policy, we will mail to the first Named Insured shown in the Declarations, written notice of nonrenewal at least 60 days before:
  - a. Its expiration date; or
  - b. Its anniversary date, if it is a policy written for a term of more than one year and with no fixed expiration date.

However, we are not required to send this notice if nonrenewal is due to the first Named Insured's failure to pay any premium required for renewal.

- 2. We will mail our notice to the first Named Insured's mailing address last known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ARKANSAS AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**DAY SPA AND TANNING PROFESSIONAL LIABILITY CLAIMS MADE COVERAGE FORM  
COMMON POLICY CONDITIONS**

- A. Paragraph 5. of the **Cancellation** provision in **COMMON POLICY CONDITIONS** is deleted in its entirety and replaced with the following:
5. a. If this policy is cancelled, we will send the first Named Insured any premium refund due.
  - b. We will refund the pro rata unearned premium if the policy is:
    - (1) Cancelled by us or at our request;
    - (2) Cancelled but rewritten with us or in our company group;
    - (3) Cancelled because you no longer have an insurable interest in the property or business operation that is the subject of this insurance; or
    - (4) Cancelled after the first year of a prepaid policy that was written for a term of more than one year.
  - c. If the policy is cancelled at the request of the first Named Insured, other than a cancellation described in b. (2),(3) or (4) above, we will refund 90% of the pro rata unearned premium. However, the refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this policy.
  - d. The cancellation will be effective even if we have not made or offered a refund.
- B. The following paragraphs are added to the **Cancellation** provision in **COMMON POLICY CONDITIONS**:
7. Cancellation Of Policies In Effect For More Than 60 Days
    - a. If this policy has been in effect for more than 60 days, or is a renewal policy, we may cancel this policy only for one or more of the following reasons:
      - (1) Nonpayment of premium;
      - (2) Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
      - (3) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;

- (4) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy;
  - (5) Nonpayment of membership dues in those cases where our by-laws, agreements or other legal instruments require payment as a condition of the issuance and maintenance of the policy; or
  - (6) A material violation of a material provision of the policy.
- b. If we cancel for:
- (1) Nonpayment of premium, we will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first Named Insured at least 10 days before the effective date of cancellation.
  - (2) Any other reason, we will mail or deliver notice of cancellation to the first Named Insured at least 20 days before the effective date of cancellation.

- C. The **When We Do Not Renew** provision in **SECTION IV - CONDITIONS** is deleted in its entirety and replaced with the following:

**When We Do Not Renew**

- 1. If we decide not to renew this policy, we will mail to the first Named Insured shown in the Declarations, written notice of nonrenewal at least 60 days before:
  - a. Its expiration date; or
  - b. Its anniversary date, if it is a policy written for a term of more than one year and with no fixed expiration date.

However, we are not required to send this notice if nonrenewal is due to the first Named Insured's failure to pay any premium required for renewal.

- 2. We will mail our notice to the first Named Insured's mailing address last known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

- D. **Section V – EXTENDED REPORTING PERIOD**, Paragraph B. 1. is deleted in its entirety and replaced with the following:

- 1. If we or you cancel or do not renew for any reason, a 60 day Extended Reporting Period will be automatically provided without an additional premium charge. This Automatic Extended Reporting Period shall not increase or amend the applicable Limits of Insurance.

- E. **Section V – EXTENDED REPORTING PERIOD**, Paragraph C. 1. is deleted in its entirety and replaced with the following:

- 1. If this policy is canceled or non-renewed for any reason, we will offer, for an additional premium of 35% of the annual premium, a one year Optional Extended Reporting Period endorsement. The Limits of Insurance for the Optional Extended Reporting Period endorsement will be the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate at policy inception.

To obtain the Optional Extended Reporting Period endorsement, you must request it from us in writing within 60 days after the policy period ends and pay us the additional premium when due. If you do so,

we may not cancel the Optional Extended Reporting Period endorsement. If we do not receive your written request and payment as required, you will have no right to buy a reporting endorsement at any later date. If the cancellation or non-renewal is for nonpayment of premium, this Optional Extended Reporting Period endorsement will not be provided unless any earned premium due is paid within 60 days after the effective date of such cancellation or expiration date.

SERFF Tracking Number: PHLX-125610632 State: Arkansas  
Filing Company: Philadelphia Indemnity Insurance Company State Tracking Number: #43212 \$50  
Company Tracking Number: PR AR0034902F01  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions  
Liability  
Product Name: Fitness Wellness PG  
Project Name/Number: Fitness Wellness PG/PR AR0034902F01

## Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: PHLX-125610632 State: Arkansas  
Filing Company: Philadelphia Indemnity Insurance Company State Tracking Number: #43212 \$50  
Company Tracking Number: PR AR0034902F01  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions  
Liability  
Product Name: Fitness Wellness PG  
Project Name/Number: Fitness Wellness PG/PR AR0034902F01

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-  
Property & Casualty **Review Status:** Approved 04/28/2008  
**Comments:**  
**Attachments:**  
ARPCTD-1.PDF  
ARFFS-1.PDF

**Satisfied -Name:** AR Forms Cover Letter,  
Explanatory Memo **Review Status:** Approved 04/28/2008  
**Comments:**  
**Attachments:**  
AR Forms Cover Letter.PDF  
Explanatory Memo.PDF

## Property & Casualty Transmittal Document

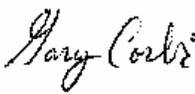
<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: f. State Filing #: g. SERFF Filing #:
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<b>3. Group Name</b>	<b>Group NAIC #</b>
Philadelphia Insurance Companies	0677

4. Company Name(s)	Domicile	NAIC #	FEIN #
Philadelphia Indemnity Insurance Company	PA	18058	23-1738402

<b>5. Company Tracking Number</b>	PR AR0034902F01
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Gary Corbi, One Bala Plaza, Suite 100 Bala Cynwyd, PA 19004	Compliance Analyst	(610) 617-5980	None	gcorbi@phlyins.com
	7. Signature of authorized filer				
	8. Please print name of authorized filer		Gary Corbi		

**Filing information** (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	17.0 Other Liability - Claims Made/Occurrence
10. Sub-Type of Insurance (Sub-TOI)	17.0019 Professional Errors & Omissions Liability
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	Day Spa and Tanning Professional Liability Program
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 5/15/2008      Renewal: 5/15/2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	April 15, 2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

## Property & Casualty Transmittal Document—

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	PR AR0034902F01
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<b>21.</b>	<b>Filing Description</b> [This area should be similar to the body of a cover letter and is free-form text]
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The Philadelphia Indemnity Insurance Company files for your review, and where required approval, the enclosed forms that are part of our new Day Spa and Tanning Professional Liability program. This program will be made available on a package basis for risks with day spa or tanning exposures that are members of our Fitness and Wellness Liability Purchasing Group Insurance Program.

Enclosed are Day Spa and Tanning Professional Liability Coverage Forms PI-DS-003 (11/07) and PI-DS-004 (11/07) and corresponding Declarations Pages PI-DS-003D (12/07) and PI-DS-004D (12/07). These forms provide coverage of damages caused by professional incidents arising out of an insured's day spa or tanning exposure. Coverage form PI-DS-003 provides coverage on an occurrence basis while Coverage Form PI-DS-004 provides coverage on a claims-made basis.

We have included two state amendatory forms. Arkansas Amendatory Endorsement PI-DS-AR-1 (01/08) is for use with Coverage Form PI-DS-003 and Arkansas Amendatory Endorsement PI-DS-AR-2 (02/08) is for use with Coverage Form PI-DS-004. These two endorsements make changes required by your state. The enclosed Forms Explanatory Memorandum provides additional details about the forms being filed.

We have included any state amendatory needed for making changes required by your state to either coverage form as well as a Forms Explanatory Memorandum that provides additional details about the forms being filed.

The above referenced forms are new and do not replace any existing forms.

Corresponding rates and rules for this program are being filed under separate cover.

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p><b>Check #:</b> 43212  <b>Amount:</b> \$50.00</p> <p><b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b></p>	

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

### FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)  
**(Do not refer to the body of the filing for the forms listing.)**

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	PR AR0034902F01			
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)	PR AR0034902R01			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Day Spa and Tanning Professional Liability Coverage Form	PI-DS-003 (11/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither	N/A	N/A
02	Day Spa Professional Liability Coverage Part Declarations	PI-DS-003D (12/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither	N/A	N/A
03	Day Spa and Tanning Professional Liability Claims Made Coverage Form	PI-DS-004 (11/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither	N/A	N/A
04	Day Spa Professional Liability Claims Made Coverage Part Declarations	PI-DS-004D (12/07)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither	N/A	N/A
05	Arkansas Amendatory Endorsement	PI-DS-AR-1 (01/08)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither	N/A	N/A
06	Arkansas Amendatory Endorsement	PI-DS-AR-2 (02/08)	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither	N/A	N/A
07			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
08			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
09			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
10			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
11			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
12			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
13			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
14			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
15			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

			<input type="checkbox"/> Neither		
16			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
17			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		

To be complete, a form filing must include the following:

1. A completed Form Filing Schedule Document (PC FFS-1) **(Do not refer to the body of the filing for the forms listing.)** and,
2. A completed Property & Casualty Transmittal Document (PC TD-1), and
3. One copy of each form to be reviewed for the reviewer's records, and
4. One copy of any other components/exhibits submitted with the filing, and
5. The appropriate state Review Requirements, if required, and
6. The appropriate filing fees, if required, and
7. A postage-paid, self-addressed envelope large enough to accommodate the return.
8. You should refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

**DESCRIPTION OF ITEMS  
IN THE PROPERTY AND CASUALTY  
FORM FILING SCHEDULE**

- 1. This filing transmittal is part of Company Tracking #:** This ties all of the pages of the transmittal to the same filing. It is helpful for the state.
- 2. This filing corresponds to rate/rule filing number:** Many states require that rates and forms be submitted separately due to different review procedures that are required by law. For those states, this will tie the form filing with the associated rate filing, if there is one.
- 3. Exhibit/Form Name/Description/Synopsis:** This is a list of forms being filed. **Do not refer to the body of the filing for a separate forms listing. This is required information and is required here.** The line numbers below this are to help the Departments that track the number of forms they receive.

# Philadelphia Indemnity Insurance Company

April 15, 2008

Commissioner of Insurance  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, AR 72201-1904

Subject: Philadelphia Indemnity Insurance Company  
NAIC# 677-18058 FEIN# 23-1738402  
Form filing of a Day Spa and Tanning Professional Liability program  
**Line 17, Other Liability**  
**Filing Number: PR AR0034902F01**

## **\$50.00 Filing Fee**

Dear Sir or Madam:

The Philadelphia Indemnity Insurance Company files for your review, and where required approval, the enclosed forms that are part of our new Day Spa and Tanning Professional Liability program. This program will be made available on a package basis for risks with day spa or tanning exposures that are members of our Fitness and Wellness Liability Purchasing Group Insurance Program.

Enclosed are Day Spa and Tanning Professional Liability Coverage Forms PI-DS-003 (11/07) and PI-DS-004 (11/07) and corresponding Declarations Pages PI-DS-003D (12/07) and PI-DS-004D (12/07). These forms provide coverage of damages caused by professional incidents arising out of an insured's day spa or tanning exposure. Coverage form PI-DS-003 provides coverage on an occurrence basis while Coverage Form PI-DS-004 provides coverage on a claims-made basis.

We have included two state amendatory forms. Arkansas Amendatory Endorsement PI-DS-AR-1 (01/08) is for use with Coverage Form PI-DS-003 and Arkansas Amendatory Endorsement PI-DS-AR-2 (02/08) is for use with Coverage Form PI-DS-004. These two endorsements make changes required by your state. The enclosed Forms Explanatory Memorandum provides additional details about the forms being filed.

We have included any state amendatory needed for making changes required by your state to either coverage form as well as a Forms Explanatory Memorandum that provides additional details about the forms being filed.

The above referenced forms are new and do not replace any existing forms.

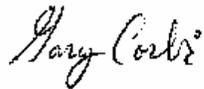
Corresponding rates and rules for this program are being filed under separate cover.

# Philadelphia Indemnity Insurance Company

We would like to implement this filing on the earlier of May 15, 2008 or the first date possible after receiving your Department's approval. We are making this filing concurrently in our domiciliary state of Pennsylvania.

Your acknowledgement and or approval will be appreciated. Please contact me at the phone number or e-mail address shown below if you have any questions or comments.

Sincerely,

A handwritten signature in cursive script that reads "Gary Corbi".

Gary Corbi  
Product Development Specialist  
PHONE: 610-617-5980  
gcorbi@phlyins.com

Philadelphia Indemnity Insurance Company  
Forms Explanatory Memorandum - Countrywide  
Professional Liability – Day Spa and Tanning Professional Liability Coverage

Philadelphia Indemnity Insurance Company is introducing Day Spa and Tanning Professional Liability Coverage Forms and Declarations pages that will be available for risks with day spa or tanning exposures that are members of our Fitness and Wellness Liability Purchasing Group Insurance Program.

A copy of the coverage forms and declaration pages are enclosed for your review.

- 1) Day Spa and Tanning Professional Liability Coverage Form PI-DS-003 (11/07) provides occurrence coverage for damages caused by professional incidents arising out of the insured's day spa or tanning exposure. Coverage applies to entities, as well as to individual employees and units of equipment.
- 2) Day Spa and Tanning Professional Liability Coverage Form Declarations PI-DS-003D (12/07) is used when the occurrence Day Spa and Tanning Professional Liability Coverage Form Declarations page is attached to the policy.
- 3) Day Spa and Tanning Professional Liability Coverage Form PI-DS-004 (11/07) provides claims made coverage for damages caused by professional incidents arising out of the insured's day spa or tanning exposure. Coverage applies to entities, as well as to individual employees and units of equipment.
- 4) Day Spa and Tanning Professional Liability Coverage Form Declarations PI-DS-004D (12/07) is used when the claims made Day Spa and Tanning Professional Liability Coverage Form Declarations page is attached to the policy.