

**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO AND  
Peninsula Pathologists Medical Group, Inc.**

THIS AGREEMENT, entered into this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_, by and between the COUNTY OF SAN MATEO, hereinafter called  
"County," and Peninsula Pathologists Medical Group, Inc., hereinafter called  
"Contractor";

**W I T N E S S E T H:**

WHEREAS, pursuant to Government Code, Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof; and

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of management, supervision, and physician services in clinical and anatomical pathology;

**NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:**

**1. Exhibits.**

The following exhibits are attached hereto and incorporated by reference herein:

Exhibit A—Services

Exhibit B—Payments and rates

Attachment I—§504 Compliance

**2. Services to be performed by Contractor.**

In consideration of the payments set forth herein and in Exhibit "B," Contractor shall perform services for County in accordance with the terms, conditions and specifications set forth herein and in Exhibit "A."

**3. Payments.**

In consideration of the services provided by Contractor in accordance with all terms, conditions and specifications set forth herein and in Exhibit "A," County shall make payment to Contractor based on the rates and in the manner specified in Exhibit "B." The County reserves the right to withhold payment if the County determines that the quantity or quality of the work performed is unacceptable. In no event shall the County's total fiscal obligation under this Agreement exceed ONE MILLION TWO HUNDRED SEVENTY EIGHT THOUSAND NINE HUNDRED EIGHTY FOUR DOLLARS. (\$1,278,984) for the contract term.

**4. Term and Termination.**

Subject to compliance with all terms and conditions, the term of this Agreement shall be for two years from April 1, 2005 through March 30, 2007.

This Agreement may be terminated by Contractor, the CEO of the San Mateo Medical Center or his/her designee at any time without a requirement of good cause upon ninety (90) days' written notice to the other party.

In the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and materials (hereafter referred to as materials) prepared by Contractor under this Agreement shall become the property of the County and shall be promptly delivered to the County. Upon termination, the Contractor may make and retain a copy of such materials. Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement, which shall be that portion of the full payment determined by comparing the work/services completed to the work/services required by the Agreement.

**5. Availability of Funds.**

The County may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon unavailability of Federal, State, or County funds, by providing written notice to Contractor as soon as is reasonably possible after the county learns of said unavailability of outside funding.

**6. Relationship of Parties.**

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent Contractor and not as an employee of the County and that Contractor acquires none of the rights, privileges, powers, or advantages of County employees.

**7. Hold Harmless.**

Contractor shall indemnify and save harmless County, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description, brought for, or on account of: (A) injuries to or death of any person, including Contractor, or (B) damage to any property of any kind whatsoever and to whomsoever belonging, (C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, or (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County, its officers, agents, employees, or servants, resulting from the performance of any work required of Contractor or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

**8. Assignability and Subcontracting.**

Contractor shall not assign this Agreement or any portion thereof to a third party or subcontract with a third party to provide services required by contractor under this Agreement without the prior written consent of County. Any such assignment or subcontract without the County's prior written consent shall give County the right to automatically and immediately terminate this Agreement.

**9. Insurance.**

The Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this paragraph has been obtained and such insurance has been approved by Risk Management, and Contractor shall use diligence to obtain such issuance and to obtain such approval. The Contractor shall furnish the Department/Division with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending the Contractor's coverage to include the contractual liability assumed by the Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to the Department/Division of any pending change in the limits of liability or of any cancellation or modification of the policy.

- (1) **Worker's Compensation and Employer's Liability Insurance.** The Contractor shall have in effect during the entire life of this Agreement Workers' Compensation and Employer's Liability Insurance providing full statutory coverage. In signing this Agreement, the Contractor certifies, as required by Section 1861 of the California Labor Code, that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply

with such provisions before commencing the performance of the work of this Agreement.

- (2) **Liability Insurance.** The Contractor shall take out and maintain during the life of this Agreement such Bodily Injury Liability and Property Damage Liability Insurance as shall protect him/her while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from contractors operations under this Agreement, whether such operations be by himself/herself or by any sub-contractor or by anyone directly or indirectly employed by either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall be not less than the amount specified below.

Such insurance shall include:

- |   |             |
|---|-------------|
| (a) Comprehensive General Liability .....   | \$1,000,000 |
| ....  |             |
| (b) Motor Vehicle Liability Insurance ..... | \$1,000,000 |
| ....  |             |
| (c) Professional Liability .....            | \$1,000,000 |
| ....  |             |

County and its officers, agents, employees and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that the insurance afforded thereby to the County, its officers, agents, employees and servants shall be primary insurance to the full limits of liability of the policy, and that if the County or its officers and employees have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, the County of San Mateo at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

**10. Compliance with laws; payment of Permits/Licenses.**

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, including, but not limited to, Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, and the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended and attached hereto and incorporated by reference herein as Attachment "I," which prohibits discrimination on the basis of handicap in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including, but not limited to, appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations.

In the event of a conflict between the terms of this agreement and State, Federal, County, or municipal law or regulations, the requirements of the applicable law will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

**11. Non-Discrimination.**

- A. *Section 504 applies only to Contractor who are providing services to members of the public.* Contractor shall comply with § 504 of the Rehabilitation Act of 1973, which provides that no otherwise qualified handicapped individual shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of this Agreement.
- B. *General non-discrimination.* No person shall, on the grounds of race, color, religion, ancestry, gender, age (over 40), national origin, medical condition (cancer), physical or mental disability, sexual orientation, pregnancy, childbirth or related medical condition, marital status, or political affiliation be denied any benefits or subject to discrimination under this Agreement.
- C. *Equal employment opportunity.* Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to County of San Mateo upon request.
- D. *Violation of Non-discrimination provisions.* Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Manager, including but not limited to
  - i) termination of this Agreement;
  - ii) disqualification of the Contractor from bidding on or being awarded a County contract for a period of up to 3 years;
  - iii) liquidated damages of \$2,500 per violation;

- iv) imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this section, the County Manager shall have the authority to examine Contractor's employment records with respect to compliance with this paragraph and/or to set off all or any portion of the amount described in this paragraph against amounts due to Contractor under the Contract or any other Contract between Contractor and County.

Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of their response to the Complaint when filed.

- E. *Compliance with Equal Benefits Ordinance.* With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance that prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.
- F. The Contractor shall comply fully with the non-discrimination requirements required by 41 CFR 60-741.5(a), which is incorporated herein as if fully set forth.

**12. Retention of Records.**

Contractor shall maintain all required records for three (3) years after the County makes final payment and all other pending matters are closed, and shall be subject to the examination and/or audit of the County, a Federal grantor agency, and the State of California.

**13. Merger Clause.**

This Agreement, including the Exhibits attached hereto and incorporated herein by reference, constitutes the sole Agreement of the parties hereto and correctly states the rights, duties, and obligations of each party as of this document's date. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications shall be in writing and signed by the parties.

**14. Controlling Law.**

The validity of this Agreement and of its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation, and performance of this Agreement shall be governed by the laws of the State of California.

**15. Notices.**

Any notice, request, demand, or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United State mail, postage prepaid, or when deposited with a public telegraph company for transmittal, charges prepaid, addressed to:

**In the case of County, to:**

San Mateo Medical Center  
222 W. 39<sup>th</sup> Avenue  
San Mateo, CA 94403  
Attn: Director, Payor and Provider Contracting

**In the case of Contractor, to:**

Peninsula Pathologists Medical Group, Inc.  
393 East Grant Avenue, Suite 1  
South San Francisco, CA 94080  
Attn: Henry J. Sellenthin

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

Peninsula Pathologists Medical  
Group, Inc.

COUNTY OF SAN MATEO

By: 

Contractor's Signature

By: \_\_\_\_\_

Richard S. Gordon, President  
Board of Supervisors, San Mateo County

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Clerk of Said Board

## Exhibit "A"

In consideration of the payments set forth in Exhibit "B", Contractor shall provide the following services:

A. Services Concerning Supervision and Management of Clinical Pathology Services (Medical Director)

1. Contractor(s) shall be responsible for operating and supervising services related to the clinical pathology unit at San Mateo Medical Center. As the Medical Director, Contractor shall assign a full-time Medical Director to be on site five days a week.
2. Contractor(s) shall be consulted for the selection, operation, and maintenance of special-purpose appliance or equipment designed for the performance of clinical pathology services.
3. Contractor(s) shall be responsible for the supervision of professional and technical personnel performing clinical laboratory services at San Mateo medical Center.
4. Contractor(s) shall make the final decisions on all clinical pathology problems whenever he/she encounters difference or opinions among the laboratory staff.
5. Contractor(s) shall serve as Chief of Pathology through appointment by the Medical Staff Committee. Contractor(s) shall also provide other administrative services not directly related to an identifiable part of the medical care of patients. Such administrative services may include, but are not limited to, teaching research, administration, supervision of professional or technical staff, quality control activities, committee work, and attending conferences.

B. Services and Supervision for Anatomical Pathology, Including Cytology

1. Contractor(s) shall have the responsibility for the supervision and performance of inpatient and outpatient anatomical pathology services, including cytology, at the San Mateo Medical Center,
2. Contractor(s) shall coordinate the medical aspects of the performance of anatomical pathology services.
3. Contractor(s) shall provide medical coverage for pathology services at night and on weekends.
4. Contractor(s) shall make the final decision on all anatomical pathology problems whenever he/she encounters difference of opinions among the laboratory staff.



C. Histology Services

Contractor shall provide histology laboratory services to patients of San Mateo medical Center. Such services shall include the technical component of services involved in the preparation of slides, but shall not include any other technical services involved in the operation of the department. Histology laboratory services include preparation of a paraffin block, cutting, staining, and coverslipping an initial H and E slide and preparation of all Necessary recut sections, deeper level sections, and special stains, together with the delivery of the block and slides to San Mateo Medical Center's pathology department

D. Point of Care Coordinator

The Point of Care Coordinator will be responsible for the following:

1. Responsible for developing policies and procedures to assure compliance with all applicable federal and state regulations, Code of Good Manufacturing Practices (CGMP), FEDE and American Association of Blood Banking (AABB) standards, JCAHO and College of American Pathologists (CAP) requirements and OSHA regulations.
2. Oversee point of care testing (POCT), including waived testing and moderately complex testing, to ensure appropriate supervision, training, competency testing, quality assurance, proficiency testing and licensure is completed/maintained within the laboratory.
3. Monitor compliance with all applicable regulations and standards as described, develop and implement corrective actions when appropriate, participate in staff orientation and training to enforce standard operating procedures compliance when applicable, and participate in departmental and hospital quality assurance program and quality improvement efforts.
4. Perform such other duties as described.

E. Transcription Services

Contractor shall provide for the transcription of all pathology reports.

F. Authorized Outside Services at Osteoporosis Center of the Peninsula

1. Contractor shall provide the reading of bone density studies as referred in writing by a member of San Mateo Medical Center's medical staff and authorized by hospital administration or the case management department.
2. County shall supply appropriate medical information to Contractor concerning patients referred to Contractor.
3. Contractor shall provide County with a written record of the procedures performed and the patient's medical condition within five (5) days of the procedure.

- G. Participate in such scheduled coverage of service as is mutually arranged by members of the Department of Medicine and the Department of Surgery, under supervision of the Chief of internal medicine and the Chief of Surgery.
- H. Fulfill those requirements for active staff membership set forth in Article IV, Section III of the San Mateo Medical Center's medical staff bylaws and maintain such active staff membership as a condition of this Agreement.
- I. Provide access to all records and reports pursuant to this Agreement.
- J. In performing all services referred to in this schedule, Contractor(s) shall have available an additional duly qualified and licensed pathologist to ensure adequate provision of services at the hospital laboratory. Contractor(s) shall also have available a pathologist at all other times for emergency calls to render anatomical and clinical pathology services at the hospital laboratory. Every one of the contract provisions shall be binding upon the additional pathologist.
- K. Perform other related duties as may be required by the Director.

Exhibit "B"

In consideration of the services provided by Contractor in Exhibit "A", County shall pay Contractor based on the following fee schedule:

A. Payment Methodology and Amount

1. For the supervision and management of clinical and anatomical pathology (Medical Director), contractor shall be paid a flat rate of \$164,800 per year. This amount will be adjusted annually to include a 3% cost of living increase.
2. For anatomical pathology services, including cytology services Contractor shall be paid a flat rate of \$22,500 per month not to exceed a total contract amount of \$540,000.
3. For Histology services, Contractor shall be paid a flat rate of \$75,000 per year payable in equal monthly installments for a total contract amount not to exceed \$150,000.
4. Contractor shall also be reimbursed for cytology technician replacement services on an as-needed basis at a rate of \$35 per hour for a total amount not to exceed \$8,400.
5. For services by the Point of Care Coordinator, Contractor shall be reimbursed at a rate of \$39 per hour for an amount not to exceed a total contract amount of \$162,240. Contractor shall also be reimbursed for administrative assistance at a rate of \$25 per hour for an amount not to exceed a total contract amount of \$50,000.
6. For transcription services, Contractor shall be reimbursed \$11,400 annually paid in equal monthly installments, for a total contract amount not to exceed \$22,800.
7. For services at the Osteoporosis Center, Contractor shall be reimbursed as follows:
  - a. \$183 per bone density study
  - b. Contractor shall provide a combined billing which details all services performed. A copy of the approved patient outside referral form must accompany the billing, along with a copy of the progress notes or procedure report.
  - c. In the event of the referral of a medical pending patient, the County shall have six (6) months to provide proof of eligibility. After this time, if the patient has not been granted MediCal, the Contractor shall be reimbursed at the agreed upon rate

- d. In the event that a patient referral to Contractor by County under this Agreement is subsequently found to be eligible for third party payment, Contractor shall claim against the third party payor and county shall bear no financial responsibility for such patient. Any reimbursement paid to Contractor shall be refunded to County within thirty (30) days of notification to Contractor.

The total amount of this contract shall not exceed ONE MILLION TWO HUNDRED SEVENTY EIGHT THOUSAND NINE HUNDRED EIGHTY FOUR DOLLARS (\$1,278,984).

COUNTY OF SAN MATEO

Equal Benefits Compliance Declaration Form

I Vendor Identification

Name of Contractor: PENINSULA PATHOLOGISTS MEDICAL GROUP  
Contact Person: HENRY J. SELLENTHIN  
Address: 393 E. GRAND AVENUE, SUITE I  
SSF CA 94080  
Phone Number: 650 616 2950  
Fax Number: 650 737 8920

II Employees

Does the Contractor have any employees?  Yes  No

Does the Contractor provide benefits to spouses of employees?  Yes  No

\*If the answer to one or both of the above is no, please skip to Section IV.\*

III Equal Benefits Compliance (Check one)

- Yes, the Contractor complies by offering equal benefits, as defined by Chapter 2.93, to its employees with spouses and its employees with domestic partners.
- Yes, the Contractor complies by offering a cash equivalent payment to eligible employees in lieu of equal benefits.
- No, the Contractor does not comply.
- The Contractor is under a collective bargaining agreement which began on \_\_\_\_\_ (date) and expires on \_\_\_\_\_ (date).

IV Declaration

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

[Signature]  
Signature

Henry J. Sellenthin  
Name (Please Print)

Director of Operations  
Title

2/9/05  
Date

Attachment I

Assurance of Compliance with Section 504 of the  
Rehabilitation Act of 1973, as Amended

The undersigned (hereinafter called the "Contractor(s)") hereby agrees that it will comply with Section 504 of the Rehabilitation Act of 1973, as amended, all requirements imposed by the applicable DHHS regulation, and all guidelines and interpretations issued pursuant thereto.

The Contractor(s) gives/give this assurance in consideration of and for the purpose of obtaining contracts after the date of this assurance. The Contractor(s) recognizes/recognize and agrees/agree that contracts will be extended in reliance on the representations and agreements made in this assurance. This assurance is binding on the Contractor(s), its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Contractor(s).

The Contractor(s): (Check a or b)

- a. ( ) has no employees.
- b. ( ) employs fewer than 15 persons.
- c. (  ) employs 15 or more persons and, pursuant to Section 84.7 (a) of the regulation (45 C.F.R. 84.7 (a)), has designated the following person(s) to coordinate its efforts to comply with the DHHS regulation.

Henry J. Sellenthin

Name of 504 Person - Type or Print

Peninsula Pathologists Mtd Gp.

Name of Contractor(s) - Type or Print

393 E. Grand Ave, Suite I

Street Address or PO Box

South San Francisco

City

CA

State

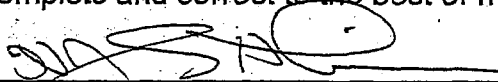
94080

Zip Code

I certify that the above information is complete and correct to the best of my knowledge.

2/9/05

Date



Signature and Title of Authorized Official

\*Exception: DHHS regulations state that:

"If a recipient with fewer than 15 employees finds that, after consultation with a handicapped person seeking its services, there is no method of complying with (the facility accessibility regulations)...other than making a significant alteration in its existing facilities, the recipient may, as an alternative, refer the handicapped person to other providers of those services that are accessible."

COUNTY OF SAN MATEO  
SAN MATEO MEDICAL CENTER

MEMORANDUM

Date: 05/04/2005  
To: Steve Rossi, Risk Management/ Pony # EPS 163 Fax # 363-4864  
From: Tere Larcina, San Mateo Medical Center/Pony # HOS316/Fax # 2267  
Subject: Contract Insurance Approval

CONTRACTOR: Peninsula Pathologists Medical Group

DO THEY TRAVEL: No.

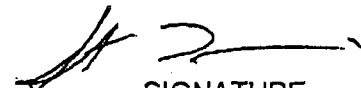
PERCENT OF TRAVEL TIME: 0

NUMBER OF EMPLOYEES: 10-20

DUTIES (SPECIFIC): Provide clinical and anatomical laboratory services for the San Mateo Medical Center.

<u>COVERAGE:</u>	Amount	Approve	Waive	Modify
Comprehensive Liability:	\$1 million	✓		
Motor Vehicle Liability:	\$1 million	✓		
Professional Liability:	\$1 million	✓		
Worker's Compensation:	STATUTORY	✓		

REMARKS/COMMENTS:

  
SIGNATURE  
Steve M. Rossi  
Risk Manager  
5/4/05



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

## FLOOD, EARTHQUAKE AND VOLCANIC ERUPTION EXCLUSION

This endorsement modifies insurance under the following:

Commercial Inland Marine Coverage Form

The following is added to the EXCLUSIONS section:

We will not pay for "loss" caused directly or indirectly by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

1. Any earth movement.

But we will pay for direct physical "loss" to Covered Property caused by resulting fire or explosion, except as otherwise excluded.

Earth movement means any earth movement, including but not limited to earthquake, landslide, mudflow, erosion, contraction or expansion, subsidence, any movement of earth resulting from water combining with the ground or soil, and any other shifting of earth, all whether or not combined with flood or volcanic eruption.

Earthquake means a shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes. An earthquake includes all related shocks and after shocks.

2. Volcanic eruption, explosion or effusion.

But we will pay for direct physical "loss" to Covered Property caused by resulting fire, building glass breakage or volcanic action, except as otherwise excluded.

Volcanic action means direct physical "loss" to Covered Property resulting from the eruption of a volcano when the "loss" is caused by.

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence. Volcanic action does not include the cost to remove ash, dust or particulate matter which does not cause direct physical "loss" to Covered Property.

- 3. a. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudslide or mudflow;
- c. Water that backs up from a sewer or drain; or
- d. Water under the ground surface pressing on, or flowing or seeping through:
  - (1) Foundations, walls, floors or paved surfaces;
  - (2) Basements, whether paved or not; or
  - (3) Doors, windows or other openings.

But we will pay for direct physical "loss" to Covered Property caused by resulting fire or explosion, except as otherwise excluded.

\*3500257GG66780101 01133







## MISCELLANEOUS PROPERTY 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. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

### A. COVERAGE

We will pay for direct physical "loss" to Covered Property caused by any of the Covered Causes of Loss.

1. **Covered Property**, as used in this Coverage Form, means property listed and described in the Declarations or Schedule.

2. **Property Not Covered**

Covered Property does not include contraband or property in the course of illegal transportation or trade.

3. **Covered Causes of Loss**

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property from any external cause except those causes of "loss" listed in the Exclusions.

### B. EXCLUSIONS

1. We will not pay for "loss" caused directly or indirectly by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction to Covered Property ordered by governmental authority and taken at the time of a fire to prevent its spread.

b. (1) Any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct physical "loss" to Covered Property caused by resulting fire.

- c. (1) War, including undeclared or civil war;  
 (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or  
 (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market, or any other causes of consequential "loss".  
 b. Wear and tear, depreciation or obsolescence.  
 c. Rust, corrosion, fungus, decay, deterioration, hidden or latent defect, or any quality in property that causes it to damage or destroy itself.  
 d. Insects, birds, rodents, or other animals.  
 e. Mechanical breakdown or failure.

But we will pay for direct physical "loss" to Covered Property caused by resulting fire or explosion, except as otherwise excluded.

f. Artificially generated electric current, including electric arcing, that disturbs electrical:

- (1) Devices;  
 (2) Equipment;  
 (3) Appliances; or  
 (4) Wires.

But we will pay for direct physical "loss" to Covered Property caused by resulting fire or explosion, except as otherwise excluded.

g. Unexplained disappearance.

h. Shortage found upon taking inventory.

i. Dishonest acts by:

- (1) You or any of your partners;  
 (2) Your directors or trustees;  
 (3) Your authorized representatives or employees; or





## COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

### LOSS CONDITIONS

#### A. Abandonment

There can be no abandonment of any property to us.

#### B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### C. Duties In The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also if feasible, set the damaged property aside and in the best possible order for examination.

5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including any insured's books and records. In the event of an examination, an insured's answers must be signed.

8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.

10. Cooperate with us in the investigation or settlement of the claim.

#### D. Insurance Under Two or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

#### E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

2. We will not pay you more than your financial interest in the Covered Property.

01129

\*3500257GG66780101



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
BUSINESSOWNERS POLICY  
COMMERCIAL AUTO COVERAGE PART  
COMMERCIAL CRIME COVERAGE PART\*  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART

\*This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P).

A. Paragraphs 2. and 3. of the **Cancellation Common Policy Condition** are replaced by the following:

**2. All Policies In Effect For 60 Days Or Less:**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

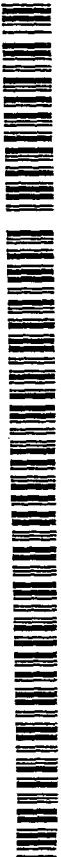
- a. 10 days before the effective date of cancellation if we cancel for:
- (1) Nonpayment of premium; or
  - (2) Discovery of fraud or material misrepresentation by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

**3. All 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 of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
- (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
  - (2) Discovery of fraud or material misrepresentation by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
  - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
  - (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you

01127

\*3500257GG66780101



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

## **CALIFORNIA CHANGES - ACTUAL CASH VALUE**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL CRIME COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and

obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage. The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

01125

\*3500257GG66780101



POLICY NUMBER: 57 MS GG6678



THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

## DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT OF 2002

### TERRORISM PREMIUM (CERTIFIED ACTS)

Coverage:	Premium (if Covered):
INLAND MARINE	\$ 0.00
TOTAL	\$ 0.00

#### A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act of 2002, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown above in this endorsement.

#### B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

01123

\*3500257GG66780101



This Marine Policy is provided by the insurance company(s) of The Hartford Insurance Group, shown below.

### COMMERCIAL INLAND MARINE DECLARATIONS



**INSURER:** HARTFORD FIRE INSURANCE COMPANY  
HARTFORD PLAZA HARTFORD, CONNECTICUT 06115

**POLICY NUMBER:** 57 MS GG6678 K2  
**RENEWAL OF:** 57 MS GG6678

**Named Insured and Mailing Address:** PENINSULA PATHOLOGIST MEDICAL  
GROUP, INC.  
393 E. GRAND AVENUE, SUITE I  
SO SAN FRANCISCO CA 94080  
(SAN MATEO COUNTY)

**Policy Period:** From 05/01/04 To 05/01/05  
12:01 a.m., standard time at your mailing address shown above.

**Agent's or Broker's Name:** INSURANCE BY ALLIED BROKERS

**Insurance Provided:**  
In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide insurance as stated in this policy.

This premium was computed based on rates in effect at the time this policy was issued. On each renewal or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

**Summary of Commercial Inland Marine Coverages and Premium:**

Type of Coverage	Advance Premium
MISCELLANEOUS PROPERTY	\$1,444.00
<b>Total Advance Premium</b>	
	<b>\$1,444.00</b>

**The following applies to coverages subject to reporting:**

**Type of Coverage:**

Deposit Premium:

Premium Base:

Computed on:

**Reporting Period:**

**Adjustment Period:**

Reporting Rate:

**Minimum Premium:**

**Type of Minimum Premium :**

We will adjust any losses with you and pay any claim to you and this Loss Payee jointly or as interests may appear.

**LOSS PAYEE:**

**Form Numbers of Coverage Forms, Schedules, Endorsements and other forms that are a part of this policy:**

MS17010997 MS00030997 IL00171198 IH09850203 IL01030699 IL01040204  
IL02700799 MS00010900 MS99070788 MS00201285 MS19011285T  
IH12001185 MINIMUM PREMIUM

\*3500257GG66780101 01121

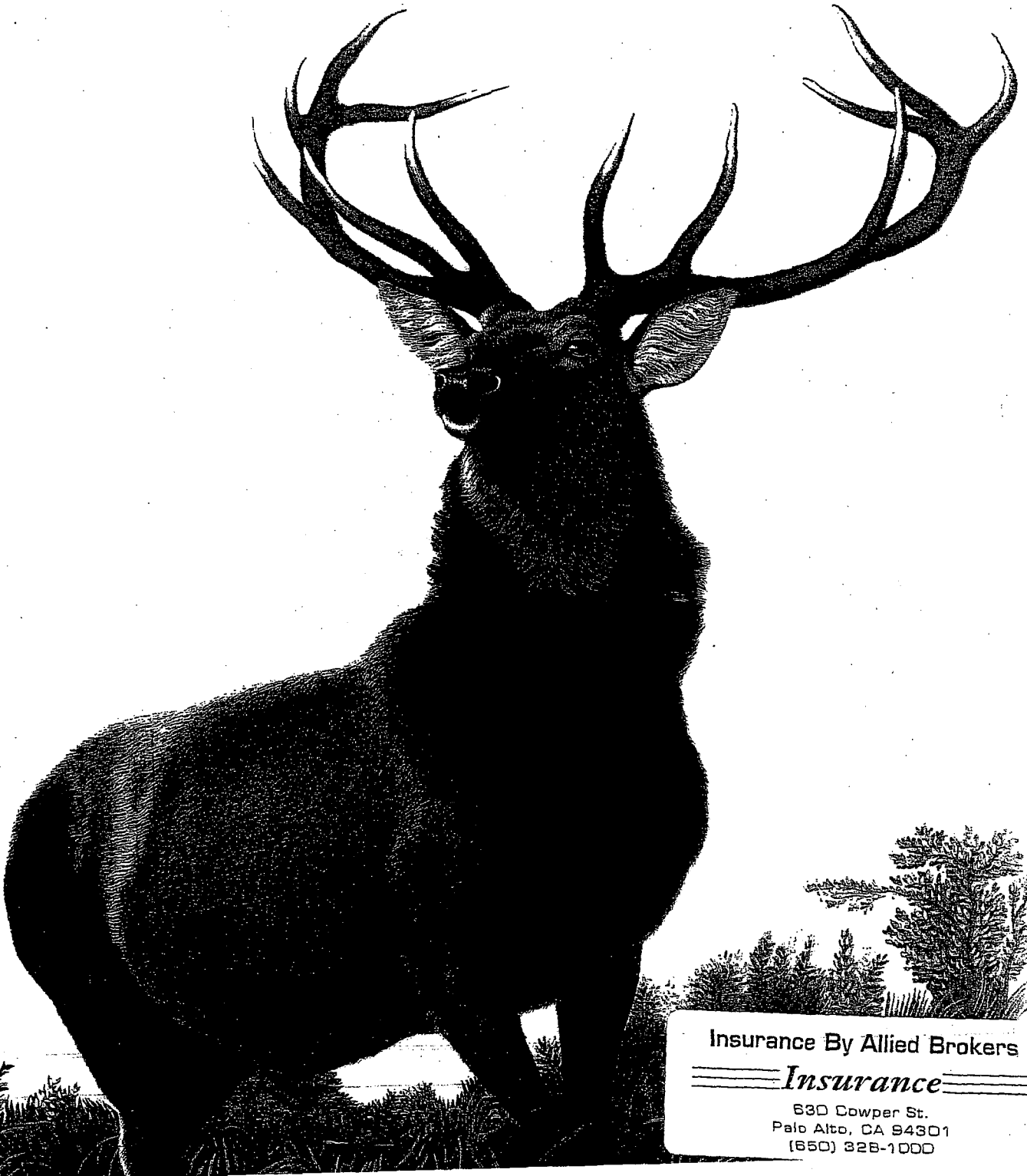


Countersigned by Alan S. Riley 5/14/04  
Authorized Representative Date

# Commercial Inland Marine

POLICY

From The Hartford



Insurance By Allied Brokers  
*Insurance*  
630 Cowper St.  
Palo Alto, CA 94301  
(650) 328-1000

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY****CALIFORNIA CANCELLATION ENDORSEMENT**

This endorsement applies only to the insurance provided by the policy because California is shown in item 3.A. of the information page.

The Final Premium condition in Part Five Section E (Conditions) of the policy is amended to include these conditions:

1. **Premium.** The premium earned in connection with the workers' compensation insurance coverage provided by the company will be computed based on the payroll or other basis of premium and in accordance with the company's authorized rates and any applicable experience modification.
2. **Premium Determination – Cancellation By the Company Including Non-Payment of Premium (or By the Employer When Retiring from Business Covered by the Policy).** Premium will be computed in accordance with Section I, Rule II.

If we cancel for non-report of payroll or for non-payment of premium, final premium will be calculated pro rata based on the time this policy was in force, but will not be less than the policy minimum premium.

If the Employer retires from the business covered by the policy, final premium will be calculated pro rata based on the time this policy was in force, but will not be less than \$120.

The change, material or otherwise, in the ownership of a corporation, does not constitute retiring from business.

1. **Premium Determination – Cancellation By the Employer.** First, the premium computed in accordance with Section I, Rule 2, will be multiplied by the quotient of the number of days for which the policy was written divided by the number of days the policy remained in force to produce the full policy premium. Second, the extended number of days will be determined by dividing the number of days the policy was in force by the number of days for which the policy was written and multiplying the quotient by 365 days. (When the Policy was written for a one-year period, the extended number of days will equal the number of days the policy remained in force.) Third, the short rate percentage corresponding to the extended number of days will be obtained from the short rate cancellation table. Fourth, the short rate premium will be equal to the product of the full policy premium times the short rate percentage. The Short Rate Table below will be used in computing the Short Rate Premium. In no event will the final earned premium be less than the policy minimum premium.
3. **Short Rate Cancellation Table.** The Short Rate Premium shall be computed using the Short Rate Cancellation Table shown on page 2 of 2.

The Cancellation Condition in Part Six (Conditions) of the policy is replaced by these conditions:

**Cancellation**

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.
2. We may cancel this Policy for one or more of the following reasons:
  - a. Non-payment of premium;
  - b. Failure to report payroll;
  - c. Failure to permit us to audit payroll as required by the terms of this policy or of a previous policy issued by us;
  - d. Failure to pay any additional premium resulting from an audit of payroll required by the terms of this policy or any previous policy issued by us;
  - e. Material misrepresentation made by you or your agent;
  - f. Failure to cooperate with us in the investigation of a claim;
  - g. Failure to comply with Federal or State safety orders;
  - h. Failure to comply with written recommendations of our designated loss control representatives;
  - i. The occurrence of a material change in the ownership of your business;
  - j. The occurrence of any change in your business or operations that materially increases the hazard for frequency or severity of loss;



**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY****ENDORSEMENT AGREEMENT LIMITING AND RESTRICTING THIS INSURANCE**

1. **SOLE PROPRIETOR, INCLUDING A HUSBAND AND WIFE EITHER AS INDIVIDUALS OR AS A PARTNERSHIP.** If the employer named in Item 1 of the Information Page is a sole proprietor, a husband and wife, or a partnership in which the general partners are husband and wife, the insurance under this policy is limited as follows:

It is agreed that, anything in this policy to the contrary notwithstanding, this Policy DOES NOT EXTEND TO OR COVER bodily injury sustained by any of the following relatives of the employer and spouse or of either if at the time of injury such relative

(1) resides in the household of the employer and spouse, or of either,

(2) is a child under the age of twelve years

unless such relative is specifically covered by name in Item 4 of the Information Page or an endorsement attached to this policy.

**RELATIVES NOT INSURED:** Spouse, child by birth or adoption, stepchild, grandchild, son-in-law, daughter-in-law, parent, stepparent, parent-in-law, grandparent, brother, sister, stepbrother, stepsister, half-brother, half-sister, brother-in-law, sister-in-law, uncle, aunt, nephew, niece.

**Private Residence Employees Not Insured**

It is further agreed that this Policy DOES NOT EXTEND TO OR COVER bodily injury sustained by an employee who is covered for workers' compensation benefits of a policy also affording comprehensive personal liability insurance which has been issued to this insured.

It is further agreed that "remuneration" when used as premium basis for insurance as is afforded by the policy by reason of the designation of California in Item 3 of the information Page shall not include the remuneration of any person excluded from coverage in accordance with the foregoing.

**Sole Proprietor Not Insured**

If the employer named in Item 1 of the Information Page is an individual employer, whether as an individual or sole proprietor by any means, the employer is not insured as an employee by this policy, anything in this policy to the contrary notwithstanding.

2. **PARTNERSHIP**

If the employer named in Item 1 of the Information Page is a partnership, this policy applies to the general partners, as employees, unless they are specifically excluded by an endorsement issued to form a part of this policy.

The premium basis for this policy includes the entire remuneration of each covered general partner, subject to the minimum and maximum remunerations as established by the California Workers' Compensation Insurance Rating Bureau.

3. **OFFICERS AND DIRECTORS OF A PRIVATE CORPORATION.**

If the employer named in Item 1 of the Information Page is a private corporation, whose officers and directors are the sole shareholders, this policy applies to all such officers and directors, as employees, unless they hold stock and are specifically excluded by an endorsement issued to form a part of this policy.

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY****TERRORISM RISK INSURANCE ACT ENDORSEMENT**

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.

**Definitions**

The definitions provided in this endorsement are based on the definitions in the Act and are intended to have the same meaning. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

"Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments.

"Act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Insured terrorism or war loss" means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at United States missions or to certain air carriers or vessels.

"Insurer deductible" means:

- a. For the period beginning on November 26, 2002 and ending on December 31, 2002, an amount equal to 1% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding November 26, 2002.
- b. For the period beginning on January 1, 2003 and ending on December 31, 2003, an amount equal to 7% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2003.
- c. For the period beginning on January 1, 2004 and ending on December 31, 2004, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2004.
- d. For the period beginning on January 1, 2005 and ending on December 31, 2005, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2005.

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY****POLICY AMENDATORY ENDORSEMENT - CALIFORNIA**

It is agreed that, anything in the policy to the contrary notwithstanding, such insurance as is afforded by this policy by reason of the designation of California in Item 3. of the Information Page is subject to the following provisions:

1. **Minors Illegally Employed – Not Insured.** This policy does not cover liability for additional compensation imposed on you under Section 4557, Division IV, Labor Code of the State of California, by reason of injury to an employee under sixteen years of age and illegally employed at the time of injury.
2. **Punitive or Exemplary Damages – Uninsurable.** This policy does not cover punitive or exemplary damages where insurance of liability therefor is prohibited by law or contrary to public policy.
3. **Increase in Indemnity Payment – Reimbursement.** You are obligated to reimburse us for the amount of increase in indemnity payments made pursuant to Subdivision (d) of Section 4650 of the California Labor Code, if the late indemnity payment which gives rise to the increase in the amount of payment is due less than seven (7) days after we receive the completed claim form from you. You are obligated to reimburse us for any increase in indemnity payments not covered under this policy and will reimburse us for any increase in indemnity payment not covered under the policy when the aggregate total amount of the reimbursement payments paid in a policy year exceeds one hundred dollars (\$100).

If we notify you in writing, within 30 days of the payment, that you are obligated to reimburse us, we will bill you for the amount of increase in indemnity payment and collect it no later than the final audit. You will have 60 days, following notice of the obligation to reimburse, to appeal the decision of the insurer to the Department of Insurance.

4. **Application of Policy.** Part One, "Workers Compensation Insurance," A, "How This Insurance Applies", is amended to read as follows:

This workers compensation insurance applies to bodily injury by accident or disease, including death resulting therefrom. Bodily injury by accident must occur during the policy period. Bodily injury by disease must be caused or aggravated by the conditions of your employment. Your employee's exposure to those conditions causing or aggravating such bodily injury by disease must occur during the policy period.

5. **Rate Changes.** The premium and rates with respect to the insurance provided by this policy by reason of the designation of California in Item 3 of the Information Page are subject to change if ordered by the Insurance Commissioner of the State of California pursuant to Section 11737 of the California Insurance Code.
6. **Long Term Policy.** If this policy is written for a period longer than one year, all the provisions of this policy shall apply separately to each consecutive twelve-month period or, if the first or last consecutive period is less than twelve months, to such period of less than twelve months, in the same manner as if a separate policy had been written for each consecutive period.

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY**

**EMPLOYERS' LIABILITY COVERAGE AMENDATORY ENDORSEMENT - CALIFORNIA**

The insurance afforded by Part Two (Employer's Liability Insurance) by reason of designation of California in item 3 of the information page is subject to the following provisions:

A. "How This Insurance Applies," is amended to read as follows:

A. How This Insurance Applies

This employers' liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury means a physical injury, including resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in California.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. The "Exclusions" section is modified as follows (all other exclusions in the "Exclusions" section remain as is):

1. Exclusion 1 is amended to read as follows:
  1. liability assumed under a contract.
2. Exclusion 2 is deleted.
3. Exclusion 7 is amended to read as follows:
  7. damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, termination of employment, or any personnel practices, policies, acts or omissions.
4. The following exclusions are added:
  1. bodily injury to any member of the flying crew of any aircraft.
  2. bodily injury to an employee when you are deprived of statutory or common law defenses or are subject to penalty because of your failure to secure your obligations under the workers' compensation law(s) applicable to you or otherwise fail to comply with that law.

This endorsement changes the policy to which it is attached and is effective on the policy effective date unless otherwise stated.

This endorsement, effective on \_\_\_\_\_ at 12:01 AM, standard time, forms a part of

Policy No. \_\_\_\_\_ of the

Policy Period \_\_\_\_\_ to

Issued to \_\_\_\_\_ Endorsement No. \_\_\_\_\_

Premium \$ \_\_\_\_\_

Countersigned at \_\_\_\_\_ on \_\_\_\_\_ By: \_\_\_\_\_  
Authorized Representative

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY  
PREMIUM DUE DATE ENDORSEMENT**

This endorsement is used to amend:

Section D. of Part Five of the policy is replaced by this provision.

**PART FIVE  
PREMIUM**

D. Premium is amended to read:

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation Law is not valid. The due date for audit and retrospective premiums is the date of the billing.

This endorsement changes the policy to which it is attached and is effective on the policy effective date unless otherwise stated.

This endorsement, effective on \_\_\_\_\_ at 12:01 AM, standard time, forms a part of

Policy No. \_\_\_\_\_ of the

Policy Period \_\_\_\_\_ to \_\_\_\_\_

Issued to \_\_\_\_\_ Endorsement No. \_\_\_\_\_

Premium \$ \_\_\_\_\_

Countersigned at \_\_\_\_\_ on \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY**

Page 3

**EXTENSION OF INFORMATION PAGE**

Name and Address of Insured:

Policy Number:

PENINSULA PATHOLOGISTS MEDICAL GROUP (A CORP)  
 393 EAST GRAND AVE #1  
 SOUTH SAN FRANCISCO, CA 94080

DR-323030-01

Issue Date:  
 06/24/2004

**ITEM 3D \*\* Endorsements And Schedules \*\***

State	Number	Description	Effective Date	Endorsement Premium
	WC990405	INSTALLMENT PAYMENT ENDORSEMENT	06/30/2004	
CA	WC000419	PREMIUM DUE DATE ENDORSEMENT	06/30/2004	
CA	WC000420	TERRORISM RISK INSURANCE ACT ENDORSEMENT	06/30/2004	
CA	WC040301A	CA POLICY AMENDATORY ENDORSEMENT	06/30/2004	
CA	WC040360A	CA ELL AMENDATORY	06/30/2004	
CA	WC040407	PREMIUM ADJUSTMENT ENDORSEMENT - CA	06/30/2004	
CA	WC990308A	DUTY TO DEFEND	06/30/2004	
CA	WC990316A	CA LIMITING RESTRICTING ENDORSEMENT	06/30/2004	
CA	WC990638B	CA CANCELLATION ENDORSEMENT	06/30/2004	
CA	PNO49901E	POLICYHOLDER NOTICE: Your Right to Rating and Dividend Information		
CA	PNO49902E	POLICYHOLDER NOTICE: California Workers' Compensation Insurance Rating Laws		
CA	PN999904A	POLICYHOLDER NOTICE: CIGA, SWCFA & SWCAS, SIBTF & UEETF		

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY**

Page 1 EXTENSION OF INFORMATION PAGE

Name and Address of Insured:

PENINSULA PATHOLOGISTS MEDICAL GROUP (A CORP)  
 393 EAST GRAND AVE #1  
 SOUTH SAN FRANCISCO, CA 94080

Policy Number:

DR-323030-01

Issue Date:

06/24/2004

ITEM 4 \*\* Schedule of Premium \*\*

St	Loc	Code No.	Classification	Premium Basis: Total Estimated Annual Remuneration	Rate Per \$100 of Remuneration	Estimated Annual Premium
CA	0001		06/30/2004 To 06/30/2005			
		8834	PHYSICIANS--ALL EMPLOYEES--INCLUDING LOCATION TOTAL	600,000 600,000	4.54	27,240 27,240
			PREMIUM SUBJECT TO RATE MODIFIER			27,240
		9898	EXPERIENCE MODIFICATION ADJUSTMENT		72%	-7,627
		9740	TERRORISM RISK ACT - CERT LOSSES		0.040	240
			TOTAL ESTIMATED PREMIUM			19,853
		0935	SWCAS .2996% - STATE W.C. ADMINISTRATIVE		0.2996%	59
		0936	SWCEA .0685% - STATE W.C. FRAUD ASSMT		0.0685%	14
			CIGA 2% - CA INSURANCE GUARANTY ASSOC.		2.00%	397
		0938	UEBTF .1115% - UNINSURED EMPLOYERS		0.1115%	22
		0939	SIBTF .0192% - SUBSEQUENT INJURIES		0.0192%	4
			STATE TOTAL	600,000		20,349
			TOTAL ESTIMATED COST	600,000		20,349

# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE  
08-31-2004

**PRODUCER**  
INSURANCE BY ALLIED BROKERS/PHS  
151446 P: (866)467-8730 F: (877)905-0457  
P. O. BOX 33015  
SAN ANTONIO TX 78265

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURERS AFFORDING COVERAGE**

**INSURED**  
PENINSULA PATHOLOGIST MEDICAL GROUP INC  
393 E GRAND AVE #I  
SAN FRANCISCO CA 94080

INSURER A: Hartford Casualty Ins Co  
INSURER B:  
INSURER C:  
INSURER D:  
INSURER E:

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b>	57 SBA NL6707	10/01/04	10/01/05	EACH OCCURRENCE \$1,000,000
	<input type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire) \$300,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$10,000
	<input checked="" type="checkbox"/> Business Liab				PERSONAL & ADV INJURY \$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE \$2,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC				PRODUCTS - COMP/OP AGG \$2,000,000
A	<b>AUTOMOBILE LIABILITY</b>	57 SBA NL6707	10/01/04	10/01/05	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS				PROPERTY DAMAGE (Per accident) \$
<input checked="" type="checkbox"/> NON-OWNED AUTOS					
	<b>GARAGE LIABILITY</b>				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC \$
					AUTO ONLY: AGG \$
	<b>EXCESS LIABILITY</b>				EACH OCCURRENCE \$
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE \$
	<input type="checkbox"/> DEDUCTIBLE				\$
	<input type="checkbox"/> RETENTION \$				\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>				WC STATU-TORY LIMITS   OTH-ER
					E.L. EACH ACCIDENT \$
					E.L. DISEASE - EA EMPLOYEE \$
					E.L. DISEASE - POLICY LIMIT \$
	<b>OTHER</b>				

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS**

Those usual to the Insured's Operations.

CERTIFICATE HOLDER  ADDITIONAL INSURED; INSURER LETTER: A

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE (10 DAYS FOR NON-PAYMENT) TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

Blum Courtyard Associates  
Attn Sara Fuller-O'gara  
601 California St #400  
San Francisco CA 94108

AUTHORIZED REPRESENTATIVE  
*D. D. O'Garra*