

Group Insurance Plan

Long Term Disability Insurance

Policy:
LK 030054

The Permanente Medical Group, Inc.

FOREWORD

Disability insurance provides individuals and their families with financial protection. The Disability Insurance Benefit described in this booklet will help secure your family's financial security in the event of your disability.

The need for disability insurance protection depends on individual circumstances and financial situations. Your Employer is offering you the opportunity to purchase this insurance to make your benefit program more comprehensive and responsive to your needs.

The following pages describe the main provisions of the group disability insurance plan available to you.

Any insurance benefit described in the following pages will apply to you only if you have elected that benefit and have authorized payroll deduction for the required premium.

LIFE INSURANCE COMPANY OF NORTH AMERICA
1601 CHESTNUT STREET
PHILADELPHIA, PA 19192-2235
(800) 732-1603 TDD (800) 552-5744
A STOCK INSURANCE COMPANY

**GROUP INSURANCE
CERTIFICATE**

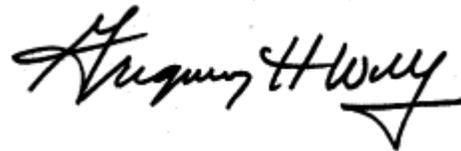
We, the LIFE INSURANCE COMPANY OF NORTH AMERICA, certify that we have issued a Group Policy, LK-030054, to The Permanente Medical Group, Inc.

We certify that we insure all eligible persons, who are enrolled according to the terms of the Policy. Your coverage will begin and end according to the terms set forth in this certificate.

This certificate describes the benefits and basic provisions of your coverage. You should read it with care so you will understand your coverage.

This is not the insurance contract. It does not waive or alter any of the terms of the Policy. If questions arise, the Policy will govern. You may examine the Policy at the office of the Policyholder or the Administrator.

This certificate replaces any and all certificates which may have been issued to you in the past under the Policy.

A handwritten signature in black ink, appearing to read "Gregory H. Wolf". The signature is written in a cursive style with a large initial "G" and a stylized "W".

Gregory H. Wolf, President

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SCHEDULE OF BENEFITS

| | |
|-----------------------------------|---|
| Policy Effective Date: | November 1, 1998 |
| Revise and Reissue Date: | January 1, 2005 |
| Policy Anniversary Date: | January 1 |
| Policy Number: | LK-030054 |
| Eligible Class Definition: | All active Physicians, Contract Physicians, Podiatrists, Oral and Maxillofacial Surgeons (except Pools) and Executive Employees of the Employer regularly working a minimum of 6 units (24 hours) per week. |

Eligibility Waiting Period

| | |
|---|-------------------|
| If you were hired on or before the Policy Effective Date: | No Waiting Period |
| If you were hired after the Policy Effective Date: | No Waiting Period |

Benefit Waiting Period

| | |
|----------|----------|
| Option 1 | 6 months |
| Option 2 | 6 months |

Disability Benefit

| | |
|----------|--|
| Option 1 | The lesser of 50% of your monthly prorated Covered Earnings rounded to the nearer dollar or your Maximum Disability Benefit, reduced by any Other Income Benefits. Your Covered Earnings are determined by prorating your base salary as of the date your Disability begins by the average schedule (rounded up to the nearest unit) you maintained during the 12 months prior to the date your Disability begins. |
| Option 2 | The lesser of 60% of your monthly prorated Covered Earnings rounded to the nearer dollar or your Maximum Disability Benefit, reduced by any Other Income Benefits. Your Covered Earnings are determined by prorating your base salary as of the date your Disability begins by the average schedule (rounded up to the nearest unit) you maintained during the 12 months prior to the date your Disability begins. |

If due to Injury or Sickness, you are unable to perform your regular occupation for the Employer on a Full-time basis, you may pay the premium necessary to maintain coverage at your Full-time regular occupation.

“Other Income Benefits” means any benefits listed in the Other Income Benefits provision that you receive on your own behalf or for your dependents, or which your dependents receive because of your entitlement to Other Income Benefits.

Maximum Disability Benefit

| | |
|----------|--------------------|
| Option 1 | \$16,667 per month |
| Option 2 | \$20,000 per month |

Minimum Disability Benefit

| | |
|----------|-----------------|
| Option 1 | \$100 per month |
| Option 2 | \$100 per month |

Maximum Benefit Period

Age When Disability Begins

Age 62 or under

Age 63

Age 64

Age 65

Age 66

Age 67

Age 68

Age 69 or older

Maximum Benefit Period

Your 65th birthday or the date the 42nd Monthly Benefit is payable, if later.

The date the 36th Monthly Benefit is payable.

The date the 30th Monthly Benefit is payable.

The date the 24th Monthly Benefit is payable.

The date the 21st Monthly Benefit is payable.

The date the 18th Monthly Benefit is payable.

The date the 15th Monthly Benefit is payable.

The date the 12th Monthly Benefit is payable.

TL-004774 (30054)

WHO IS ELIGIBLE

If you qualify under the Class Definition shown in the Schedule of Benefits or are a Physician on an approved leave of absence you are eligible for coverage under the Policy on the Policy Effective Date, or the day after you complete the Eligibility Waiting Period, if later. The Eligibility Waiting Period is the period of time you must be in Active Service or on an approved leave of absence to be eligible for coverage. Your Eligibility Waiting Period will be extended by the number of days you are not in Active Service or on an approved leave of absence.

Except as noted in the Reinstatement Provision, if you terminate your coverage and later wish to reapply, or if you are a former Employee or Physician who is rehired, you must satisfy a new Eligibility Waiting Period. You are not required to satisfy a new Eligibility Waiting Period if your insurance ends because you no longer qualify under your Class Definition, but you continue to be employed, and within one year you qualify again.

TL-004710

WHEN COVERAGE BEGINS

If you are required to contribute to the cost of your insurance you may elect to be insured only by authorizing payroll deduction within 60 days after you become eligible in a form approved by the Employer and us. The effective date of your insurance depends on the date coverage is elected.

If you elect coverage within 60 days after you become eligible or you are a Contract Physician who applies for insurance within 60 days of being reclassified to Associate Physician status, insurance is effective on the latest of the following dates.

1. The Policy Effective Date.
2. The date you authorized payroll deduction.
3. The first of the month following the date the completed enrollment form is received by the Physician Benefits Department.

If you are not in Active Service or on an approved leave of absence on the date your insurance would otherwise be effective, it will be effective on the date you return to any occupation for your Employer on a Full-time basis.

TL-004712 (30054)

WHEN COVERAGE ENDS

Your insurance ends on the earliest of the dates below.

1. The date you are eligible for coverage under a plan intended to replace this coverage.
2. The date the Policy is terminated.
3. The date you no longer qualify under your Class Definition.
4. The day after the period for which premiums are paid.
5. The date you are no longer in Active Service or on an approved leave of absence.

TL-004714

WHEN COVERAGE CONTINUES

Your Disability Insurance will continue if your Active Service ends because of a Disability for which benefits under the Policy are or may become payable. Your premiums will be waived while Disability Benefits are payable. If you do not return to Active Service, this insurance ends when your Disability ends or when benefits are no longer payable, whichever occurs first.

If your Active Service ends because you take an Employer approved leave of absence, we will continue their insurance for up to 12 months if the required premium is paid.

If your insurance continues and you become Disabled during the leave of absence, Disability Benefits will not begin until you satisfy your Benefit Waiting Period, or the date you are scheduled to return to Active Service, if later.

TL-004716 (30054)

DESCRIPTION OF BENEFITS WHAT IS COVERED

Disability Benefits

If you become Disabled, as we define the term in the Definitions section, while you are covered under the Policy, we will pay you Disability Benefits. After you are Disabled, you must satisfy the Benefit Waiting Period and be under the care and treatment of a Doctor. Also, we ask you to provide us with satisfactory proof of your Disability, at your expense, before benefits will be paid.

We will require continued proof of your Disability for benefits to continue.

Benefit Waiting Period

The Benefit Waiting Period is the period of time you must be continuously Disabled for an uninterrupted period before Disability Benefits may be payable. Your Benefit Waiting Period is shown in the Schedule of Benefits.

A period of Disability is not continuous if separate periods of Disability result from unrelated causes.

Trial Work Days

Under this plan, you can attempt to return to Active Service without having to start a new Benefit Waiting Period if you cannot continue working, provided you have not worked for more than the specified number of days. A period of Disability is continuous even if you can return to Active Service for an unlimited number of days during the Benefit Waiting Period. Your Benefit Waiting Period will not be extended by the number of days you returned to Active Service during this period.

Termination of Your Disability Benefits

Your Disability Benefits will end on the earliest of the dates listed below.

1. The date you earn more than 80% of your Indexed Covered Earnings.
2. The date we determine you are no longer Disabled.
3. The date the Maximum Benefit Period ends.
4. The date you die.

Successive Periods of Disability

Once you are eligible to receive Disability Benefits under the Policy, separate periods of Disability resulting from the same or related causes are a continuous period of Disability even if you can return to Active Service for more than one day but less than 6 consecutive months.

A period of Disability is not continuous if separate periods of Disability result from unrelated causes, or your later Disability occurs after your coverage under the Policy ends.

The Successive Periods of Disability provision will not apply if you are eligible for coverage under a plan that replaces the Policy.

Mental Illness, Alcoholism and Drug Abuse Limitation

We will pay Disability Benefits on a limited basis during your lifetime for a Disability caused by, or contributed to by, any one or more of the following conditions. Once 24 monthly Disability Benefits have been paid, no further benefits will be payable for any of the following conditions.

1. Alcoholism
2. Anxiety Disorders
3. Delusional (paranoid) disorders
4. Depressive disorders
5. Drug addiction or abuse
6. Eating disorders
7. Mental Illness
8. Somatoform disorders (psychosomatic illness).

If, before reaching your lifetime maximum benefit, you are confined in a hospital for more than 14 consecutive days, that period of confinement will not count against the lifetime maximum benefit. The confinement must be for the care or treatment of any of the conditions listed above.

Pre-Existing Condition Limitation

We will not pay Disability Benefits if your Disability is caused or contributed to by, or results from, a Pre-Existing Condition. A “pre-existing condition” is any Injury or Sickness for which you incurred expenses, received medical treatment, care or services including diagnostic measures, took prescribed drugs or medicines, or consulted a Doctor within 3 months before your most recent effective date of insurance.

The Pre-Existing Condition Limitation will apply to any added benefits, increases in benefits or benefit amounts in excess of \$10,000 per month. It will not apply to a period of Disability that begins after you are in Active Service for at least 12 months after your most recent effective date of insurance, or the effective date of any added or increased benefits.

We will not apply the Pre-Existing Condition Limitation to your Disability if you were covered under your Employer’s Prior Plan and satisfied the pre-existing condition of that plan. If you were covered under your Employer’s Prior Plan, but did not fully satisfy the pre-existing condition limitation of that plan, we will credit you for any time you did satisfy. If you are now covered for benefits in excess of your Prior Plan coverage, the Pre-Existing Condition Limitation will apply to the excess amount.

Time will not be credited toward this limitation for any day you are not actively at work due to your Injury or Sickness. We will extend the limitation by the number of days you are not actively at work due to your Injury or Sickness.

Disability Benefit Calculation

Your Disability Benefit for any month Disability Benefits are payable to you is shown in the Schedule of Benefits. We base our calculation of Disability Benefits on a 30 day period. Benefits will be prorated if payable for any period less than a month.

Work Incentive Benefit

For the first 24 months you return to work your Disability Benefit is as defined in the Schedule of Benefits. If, for any month during this period, the sum of your Disability Benefit, your current earnings and any additional Other Income Benefits exceed 100% of your Indexed Covered Earnings, your Disability Benefit will be reduced by the excess amount.

After 24 months, your Disability Benefit is as shown in the Schedule of Benefits, reduced by 50% of your current earnings received during any month you return to work. If the sum of your Disability Benefit, your current earnings and any additional Other Income Benefits exceed 80% of your monthly Indexed Covered Earnings, your Disability Benefit will be reduced by the excess amount.

Current earnings include any wage, vacation pay or salary you earn for work performed (including earnings from self-employment) while Disability Benefits are payable. Vacation pay does not include “vacation payoff”, which is a lump sum payment of unused accrued vacation time that does not replace earnings. If you are working for another employer on a regular basis when your Disability begins, your current earnings will include any increase in the amount you earn from this work during the period for which Disability Benefits are payable.

We will, from time to time, review your status and will require satisfactory proof of earnings and continued Disability.

Other Income Benefits

While you are Disabled, you may be eligible to receive benefits from other income sources. If so, we may reduce the Disability Benefits payable to you under the Policy by the amount of these Other Income Benefits. The extent to which Other Income Benefits will reduce your Disability Benefits is shown in the Amounts of Insurance section of the Schedule of Benefits.

Other Income Benefits include:

1. any amounts you or your dependents, if applicable, receive (or are assumed to receive*) under:
 - a. the Canada and Quebec Pension Plans;
 - b. the Railroad Retirement Act;
 - c. any local, state, provincial or federal government disability or retirement plan or law as it pertains to your Employer;
 - d. any sick leave plan of your Employer;
 - e. any work loss provision in mandatory “No-Fault” auto insurance;
 - f. any Workers’ Compensation, occupational disease, unemployment compensation law or similar state or federal law, including all permanent as well as temporary disability benefits. This includes any damages, compromises or settlement paid in place of such benefits, whether or not liability is admitted.
2. any Social Security disability or retirement benefits you or any third party receive (or are assumed to receive*) either on your behalf or for your dependents; or, if applicable, which your dependents receive (or are assumed to receive*) because of your entitlement to such benefits.
3. any retirement plan benefits you elected, except to the extent such benefits were funded with your contributions. “Retirement Plan Benefits” are based on service with any Kaiser Permanente Medical Care Organization (as listed in Appendix X of the Retirement Plan for Physicians and Salaried Employees of The Permanente Medical Group, Inc.); are based on the method of payment elected but do not include amounts rolled over to an individual retirement account. “Retirement Plan” means any defined benefit plan sponsored or funded by any Kaiser Permanente Medical Care Organization. It does not include an individual deferred compensation plan sponsored or funded by your Employer; a profit sharing or any other retirement or savings plan maintained in addition to a defined benefit or other defined contribution pension plan, or any Employee savings plan including a thrift, stock option or stock bonus plan, individual retirement account or 401(k) plan.
4. any full early retirement plan benefits, which you voluntarily elect to receive, whether such benefits are paid to you or to another payee.
5. any proceeds payable under any franchise or group insurance or similar plan. If there is other insurance that applies to the same claim for Disability, and contains the same or similar provision for reduction because of other insurance, we will pay our pro rata share of the total claim. “Pro rata share” means the proportion of the total benefit that the amount payable under one policy, without other insurance, bears to the total benefits under all such policies.
6. any wage, vacation pay, salary or income from self-employment for work performed. Vacation pay does not include “vacation payoff”, which is a lump sum payment of unused accrued vacation time that does not replace earnings. If Work Incentive Benefits apply to you, we will only reduce your Disability Benefits to the extent provided under your Work Incentive Benefit.

Dependents include any person who receives (or is assumed to receive) benefits under any applicable law on account of your entitlement to benefits.

*See the Assumed Receipt of Benefits provision.

Increases in Other Income Benefits

After we make the first deduction for any Other Income Benefit (except wage, salary or income from self-employment), we will not reduce your Disability Benefits further during that period of Disability due to any cost of living increase in the Other Income Benefit.

Lump Sum Payments

Other Income Benefits or earnings that are paid in a lump sum will be prorated over the period for which the sum is given. If no time is stated, the lump sum will be prorated monthly over a five-year period.

If no specific allocation of a lump sum payment is made, we will assume the total payment is an Other Income Benefit.

Assumed Receipt of Benefits

We will assume you or your dependents, if applicable, are receiving Other Income Benefits if you may be eligible for them. We will estimate the amount of these assumed benefits on the basis of what you may be eligible to receive and reduce your Disability Benefits as if you actually received them.

Except for any wage, salary or self-employment income for work performed while Disability Benefits are payable, we will not assume your receipt of Other Income Benefits if you give us proof of the following events.

1. Application was made for these benefits.
2. Reimbursement Agreement is signed by you.
3. Any and all appeals were made for these benefits, or we have determined further appeals will not be successful.
4. Payments were denied.

We will not assume you have received, nor will we reduce your Disability Benefits by, any elective, actuarially reduced, or early retirement benefits under such laws until you actually receive them.

Social Security Assistance

We will, at our own discretion, assist you in applying for Social Security Disability Income (SSDI) benefits. Disability Benefits will not be reduced by your assumed receipt of SSDI benefits while you participate in the Social Security Assistance Program.

We may require you to file an appeal if we believe a reversal of a prior decision is possible. If you refuse to participate in, or cooperate with, the Social Security Assistance Program, we will assume receipt of SSDI benefits until you give us proof that you have exhausted all the administrative remedies available to you.

Minimum Benefit

We will pay the Minimum Benefit regardless of any reductions made for Other Income Benefits. However, if there is an overpayment due, this benefit may be reduced to recover the overpayment.

Recovery of Overpayment

If we overpay your benefits, we have the right to recover the amount overpaid by either requesting you to pay the overpaid amount in a lump sum or by reducing any amounts payable to you by the amount due. If there is an overpayment due when you die, we will reduce any benefits payable under the Policy to recover the overpayment.

TL-004771 (30054)

ADDITIONAL BENEFITS

Rehabilitation During A Period of Disability

If you are Disabled and we determine that you are a suitable candidate for rehabilitation, you may participate in a Rehabilitation Plan. We must agree on the terms and conditions of the Rehabilitation Plan.

The Rehabilitation Plan may, at our discretion, allow for payment of your medical expense, education expense, moving expense, accommodation expense or family care expense while you participate in the program.

A "Rehabilitation Plan" is a written agreement between you and us in which we agree to provide, arrange or authorize vocational or physical rehabilitation services.

Reasonable Accommodation Benefit

If you are Disabled, we may reimburse your Employer for expenses incurred in making a Reasonable Accommodation. To be eligible for this benefit, the Reasonable Accommodation must meet the following conditions.

1. It must be made on your behalf and result in your ability to return to any occupation for your Employer.
2. It must be approved by us in writing before it is implemented or any expense is incurred.
3. It must meet federal standards of a Reasonable Accommodation as detailed in the Americans with Disabilities Act of 1990 and any later amendments.

"Reasonable Accommodation" means any modification or adjustment to a job, an employment practice, or the work environment that makes it possible for a person with a disability to perform the material duties of any occupation without causing undue hardship to the Employer.

Spouse Benefit

While you are Disabled, your Spouse may, at our option, be eligible to participate in a Rehabilitation Plan. To be eligible, the following conditions must be met.

1. You must be continuously Disabled for 12 months.
2. Your Spouse's earnings must be 60% or less than your Covered Earnings.
3. Your Spouse must be determined by us to be a suitable candidate for rehabilitation.

The Spouse's Rehabilitation Plan may include, at our discretion, payment of your Spouse's education expense, reasonable job placement expenses and moving expenses. It may also include family care expenses if necessary for your Spouse to be retrained under the Rehabilitation Plan.

Disability Benefits will be reduced by 50% of your Spouse's earnings from Rehabilitative Work. If your Spouse was working before the Rehabilitation Plan begins, Disability Benefits will be reduced by 50% of the increase in income that results from your Spouse's participation in the program.

“Spouse” means your lawful Spouse living with you on the date your Disability begins. The Rehabilitation Plan will end if your Spouse is not living with you during the term of the agreement.

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Survivor Benefit

We will pay a Survivor Benefit if you die while Disability Benefits are payable and at least 6 Monthly Benefits have been payable to you for a continuous period of Disability. The Survivor Benefit will equal 100% of the sum of the last full Disability Benefit payable to you plus any current earnings by which the Disability Benefit was reduced for that month. A single lump sum payment equal to 6 monthly Survivor Benefits will be payable.

We will pay the Survivor Benefit to your Spouse. If you do not have a Spouse, we will pay your surviving Children in equal shares. If you do not have a Spouse or any Children, we will pay your estate.

“Spouse” means your lawful spouse. “Children” means your unmarried children under age 21 who are chiefly dependent upon you for support and maintenance. The term includes a stepchild living with you at the time of your death.

TL-005107

WHAT IS NOT COVERED

We will not pay any Disability Benefits for a Disability that results, indirectly or directly, from:

1. suicide, attempted suicide, or whenever you injure yourself on purpose.
2. war or any act of war, whether or not declared.
3. serving on full-time active duty in any armed forces. If you send proof of military service, we will refund the portion of the premium paid to cover you during a period of such service.
4. terrorism or active participation in a riot.
5. commission of a felony.
6. revocation, restriction or non-renewal of your license, permit or certification necessary to perform the duties of your occupation unless due solely to Injury or Sickness otherwise covered by the Policy.

We will not pay Disability Benefits for any period of Disability during which you:

7. are incarcerated in a penal or corrections institution.

TL-004772

CLAIM PROVISIONS

Notice of Claim

Written notice of claim, or notice by any other electronic/telephonic means authorized by us, must be given to us within 31 days after a covered loss occurs or begins or as soon as reasonably possible. If written notice, or notice by any other electronic/telephonic means authorized by us, is not given in that time, the claim will not be invalidated or reduced if it is shown that notice was given as soon as was reasonably possible. Notice can be given at our home office in Philadelphia, Pennsylvania or to our agent. Notice should include the Employer’s name, the Policy Number and the claimant’s name and address.

Claim Forms

When we receive notice of claim, we will send claim forms for filing proof of loss. If we do not send claim forms within 15 days after notice is received by us, the proof requirements may be met by submitting, within the time required under the "Proof of Loss" section, written proof, or proof by any other electronic/telephonic means authorized by us, of the nature and extent of the loss.

Claimant Cooperation Provision

If you fail to cooperate with us in our administration of your claim, we may terminate the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

Insurance Data

The Employer is required to cooperate with us in the review of claims and applications for coverage. Any information we provide to the Employer in these areas is confidential and may not be used or released by the Employer if not permitted by applicable laws.

Proof of Loss

You must provide written proof of loss to us, or proof by any other electronic/telephonic means authorized by us, within 90 days after the date of the loss for which a claim is made. If written proof of loss, or proof by any other electronic/telephonic means authorized by us, is not given in that 90 day period, the claim will not be invalidated nor reduced if it is shown that it was given as soon as was reasonably possible. In any case, written proof of loss, or proof by any other electronic/telephonic means authorized by us, must be given not more than one year after the time it is otherwise required unless proof is not given solely due to the lack of legal capacity.

You must provide us proof that the loss continues at intervals required by us. Within 30 days of a request, written proof, or proof by any other electronic/telephonic means authorized by us, of continued Disability and of regular attendance of a Doctor must be given to us.

Time of Payment

Disability Benefits will be paid at regular intervals of not less frequently than once a month. Any balance, unpaid at the end of any period for which we are liable, will be paid at that time.

To Whom Payable

Disability Benefits will be paid to you. If any person to whom benefits are payable is a minor or, in our opinion is not able to give a valid receipt, such payment will be made to his or her legal guardian. However, if no request for payment has been made by the legal guardian, we may, at our option, make payment to the person or institution appearing to have assumed custody and support.

If you die while any Disability Benefits remain unpaid, we may, at our option, make direct payment to any of your following living relatives: your spouse, your mother, your father, your children, your brothers or sisters; or to the executors or administrators of your estate. We may reduce the amount payable by any indebtedness due.

Payment in the manner described above will release us from all liability for any payment made.

For plans subject to the Employee Retirement Income Security Act (ERISA), the Plan Administrator of your Employer's employee welfare benefit plan (the Plan) has appointed us as the Plan fiduciary under federal law for the review of claims for benefits provided by this Policy and for deciding appeals of denied claims. In this role we shall have the authority, in our discretion, to interpret the terms of the Plan documents, to decide questions of eligibility for coverage or benefits under the Plan, and to make any related findings of fact. All decisions made by us in this capacity shall be final and binding on participants and beneficiaries of the Plan to the full extent permitted by law.

We have no fiduciary responsibility with respect to the administration of the Plan except as described above. It is understood that our sole liability to the Plan and to participants and beneficiaries under the Plan shall be for the payment of benefits provided under this Policy.

Physical Examination and Autopsy

We may, at our expense, exercise the right to examine any person for whom a claim is pending as often as we may reasonably require. Also, we may, at our expense, require an autopsy unless prohibited by law.

Legal Actions

No action at law or in equity may be brought to recover benefits under the Policy less than 60 days after written proof of loss, or proof by any other electronic/telephonic means authorized by us, has been furnished as required by the Policy. No such action shall be brought more than 3 years after the time satisfactory proof of loss is required to be furnished.

Time Limitations

If any time limit stated in the Policy for giving notice of claim or proof of loss, or for bringing any action at law or in equity, is less than that permitted by the law of the state in which you live when the Policy is issued, then the time limit provided in the Policy is extended to agree with the minimum permitted by the law of that state.

Doctor/Patient Relationship

You have the right to choose any Doctor who is practicing legally. We will in no way disturb the Doctor/patient relationship.

TL-004724

ADMINISTRATIVE PROVISIONS

Premiums

The premiums for this Policy will be based on the rates currently in force, the plan and the amount of insurance in effect.

Your Grace Period

If your required premium is not paid on the Premium Due Date, there is a 31 day grace period after each premium due date after the first. If the required premium is not paid during the grace period, insurance will end on the last day for which premium was paid.

Reinstatement of Insurance

Your coverage may be reinstated if your insurance ends because you are on an Employer approved leave of absence. Your insurance may be reinstated only if reinstatement occurs within 12 months from the date it ends due to an Employer approved leave of absence.

For your insurance to be reinstated the following conditions must be met.

1. You must qualify under the Class Definition.
2. The required premium must be paid.
3. A written request for reinstatement and a new enrollment form for you must be received by us within 60 days from the date you return to Active Service.

Your reinstated insurance is effective on the date you return to Active Service. If you did not fully satisfy your Eligibility Waiting Period or Pre-Existing Condition Limitation before your insurance ended due to a leave of absence, you will receive credit for any time that was satisfied.

TL-004722 (30054)

GENERAL PROVISIONS

Incontestability

The validity of the Policy shall not be contested except for non-payment of premium after the Policy has been in force for two years from the date of issue.

All statements made by the Employer or by you are representations not warranties. No statement will be used by us to deny or reduce benefits or as a defense to a claim, unless a signed copy of the instrument containing the statement has been given to you. In the event of your death or legal incapacity, your beneficiary or representative will receive the signed copy.

Except for fraud or for determining eligibility for insurance, we will not use any statement to contest your insurance after two years from the effective date of your coverage or from the effective date of any added or increased benefits.

Misstatement of Age

If your age is misstated, we will adjust all benefits to the amounts that would have been purchased for your correct age.

Workers' Compensation Insurance

Benefits payable under the Policy are not in lieu of and do not affect any requirements for coverage under any Workers' Compensation Insurance.

Assignment of Benefits

We will not be affected by the assignment of your certificate until the original assignment or a certified copy of the assignment is filed with us. We will not be responsible for the validity or sufficiency of an assignment. An assignment of benefits will operate so long as the assignment remains in force provided coverage under the Policy is in effect. Your insurance may not be levied on, attached, garnisheed, or otherwise taken for your debts. This prohibition does not apply where contrary to law.

Conformity with State Statutes

Any provision of the Policy in conflict on the Policy Effective Date with the laws of the state where the Policy is delivered is amended to conform to the minimum requirements of such laws.

Clerical Error

Your insurance will not be affected by error or delay in keeping records of insurance under the Policy. If such an error is found, the premium will be adjusted fairly.

Agency

The Employer and Plan Administrator are your agents for transactions relating to your insurance under the Policy. We are not liable for any of their acts or omissions.

TL-004728

DEFINITIONS

Please note, certain words used in this document have specific meanings. These terms will be capitalized throughout this document. The definition of any word, if not defined in the text where it is used, may be found either in this Definitions section or in the Schedule of Benefits.

Active Service

If you are an Employee or Physician, you are in Active Service on a day which is one of your Employer's scheduled work days if either of the following conditions are met.

1. You are actively at work. This means you are performing your regular occupation for the Employer on a Full-time basis, either at one of the Employer's usual places of business or at some location to which the Employer's business requires you to travel.
2. The day is a scheduled holiday, vacation day or period of Employer approved leave of absence.

You are in Active Service on a day which is not one of the Employer's scheduled work days only if you were in Active Service or on an approved leave of absence on the preceding scheduled work day.

Appropriate Care

Appropriate Care means the determination made by a Doctor of an accurate and medically supported diagnosis of the cause of your Disability, or a plan established by a Doctor of ongoing medical treatment and care of your Disability that conforms to generally accepted medical standards, including frequency of treatment and care.

Consumer Price Index (CPI-W)

The Consumer Price Index for Urban Wage Earners and Clerical Workers published by the U.S. Department of Labor. If the index is discontinued or changed, another nationally published index that is comparable to the CPI-W will be used.

Contract Physician

A Contract Physician is a Physician who is employed by the Employer on a regular basis but is not eligible to become a Participant or Senior Physician or a shareholder. He or she must work at least six units (six half-days) per week for the Corporation and his or her employment requires the approval of the Board of Directors. The Board of Directors may grant up to 1096 units credit toward Participant Physician status for service as a Contract Physician.

Covered Earnings

Covered Earnings means your prorated base compensation as reported by the Employer for work performed for the Employer as in effect just prior to the date your Disability begins. Prorated base compensation is based on units of tenths (10th) with each unit being equal to 4 hours. (For example, 10/10 equals 40 hours.) Covered Earnings are determined initially on the date an Employee or Physician applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.

It does not include any amounts received as bonus, commissions, overtime pay or other extra compensation.

Any increase in your Covered Earnings will not be effective during a period of continuous Disability.

Disability

For purposes of coverage under the Policy, you are Disabled if, because of Injury or Sickness, you are unable to perform all the material duties of your regular occupation, or solely due to Injury or Sickness, you are unable to earn more than 80% of your Indexed Covered Earnings.

After Disability Benefits have been payable for 60 months, you are Disabled if your Injury or Sickness makes you unable to perform all the material duties of any occupation for which you may reasonably become qualified based on education, training or experience, or solely due to Injury or Sickness, you are unable to earn more than 80% of your Indexed Covered Earnings.

Doctor

Doctor means a licensed physician practicing within the scope of his or her license and rendering care and treatment to an Insured that is appropriate for the condition and locality. The term does not include you, your spouse, your immediate family (including parents, children, siblings, or spouses of any of the foregoing, whether the relationship derives from blood or marriage), or a person living in your household.

Employee or Physician

For eligibility purposes, you are an Employee or Physician if you work for the Employer and are in one of the "Classes of Eligible Employees." Otherwise, you are an Employee or Physician if you are an employee of the Employer who is insured under the Policy.

Employer

The Policyholder and any affiliates or subsidiaries covered under the Policy. The Employer is acting as your agent for transactions relating to this insurance. You shall not consider any actions of the Employer as actions of the Insurance Company.

Full-time

Full-time means the number of hours set by the Employer as a regular work day for individual Employees or Physicians in your eligibility class.

Indexed Covered Earnings

For the first 12 months Monthly Benefits are payable, your Indexed Covered Earnings are equal to your Covered Earnings. After 12 Months Monthly Benefits are payable, your Indexed Covered Earnings are your Covered Earnings plus an increase applied on each anniversary of the date Monthly Benefits became payable. The amount of each increase will be the lesser of:

1. 10% of your Indexed Covered Earnings during your preceding year of Disability; or
2. the rate of increase in the Consumer Price Index (CPI-W) during the preceding calendar year.

Injury

Any accidental loss or bodily harm that results directly or independently from all other causes from an Accident.

Insurability Requirement

An eligible person satisfies the Insurability Requirement for an amount of coverage on the day we agree in writing to accept you as insured for that amount. To determine a person's acceptability for coverage, we will require you to provide evidence of good health and may require it be provided at your expense.

Insurance Company

The Insurance Company underwriting the Policy is named on your certificate cover page. References to the Insurance Company have been changed to "we", "our", "ours", and "us" throughout the certificate.

Insured

You are an Insured if you are eligible for insurance under the Policy, insurance is elected for you, the required premium is paid and your coverage is in force under the Policy.

Prior Plan

The Prior Plan refers to the plan of insurance providing similar benefits to you, sponsored by the Employer and in effect directly prior to the Policy Effective Date.

Sickness

The term Sickness means a physical or mental illness.

TL-004708 (30054)

**SUPPLEMENTAL INFORMATION
for**

The Permanente Medical Group, Inc.

**required by the Employee Retirement
Income Security Act of 1974**

As a Plan participant in The Permanente Medical Group, Inc.'s Insurance Plan, you are entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974 (ERISA).

You should refer to the attached Certificate for a description of when you will become eligible under the Plan, the amount and types of benefits available to you, and the circumstances under which benefits are not available to you or may end. The Certificate, along with the following Supplemental Information, makes up the Summary Plan Description as required by ERISA.

IMPORTANT INFORMATION ABOUT THE PLAN

- The Plan is established and maintained by The Permanente Medical Group, Inc.
- The Employer Identification Number (EIN) is 94-2728480.
- The Plan Number is 602.
- The Insurance Plan is administered directly by the Plan Administrator with benefits provided, in accordance with the provisions of the group insurance contract, LK-030054, issued by LIFE INSURANCE COMPANY OF NORTH AMERICA.
- The Plan Administrator is: The Permanente Medical Group, Inc.
 1800 Harrison Street
 Floor 7
 Oakland, CA 94612

The Plan Administrator has authority to control and manage the operation and administration of the Plan. The Plan Administrator may terminate, suspend, withdraw or amend the Plan, in whole or in part, at any time, subject to the applicable provisions of the Policy. (Your rights upon termination or amendment of the Plan are set forth in your Certificate.)

- The agent for service of legal process is the General Counsel of The Permanente Medical Group.
- The Plan of benefits is financed by Employee Contributions.
- The date of the end of the Plan Year is December 31.

YOUR RIGHTS AS SET FORTH BY ERISA

As a Plan participant, ERISA gives you certain rights and protection. To ensure the protection of these rights, ERISA requires any person or entity who is responsible for the operation of the Plan to administer the Plan in a fiduciary capacity. This means that this person, or entity, must act prudently and with the sole purpose of the Plan participants in mind.

If you request, the Plan Administrator must:

- a. Allow you to examine, without charge, at the Plan Administrator's office, all Plan documents including insurance contracts, collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor, such as, annual reports and Plan descriptions.
- b. Provide you with Plan documents and other Plan information. Any request you make for this information must be in writing to the Plan Administrator. There may be a reasonable charge for the copies.
- c. Provide you with a summary of the Plan's annual financial report. (On certain plans, the law requires the Plan Administrator to provide you with this information.)

Unless there are reasons beyond the Plan Administrator's control, materials you request should be received within 30 days. If you do not receive these materials within that time, you may file suit in a federal court. The court may require the Plan Administrator to pay you up to \$110 for each day the material is delayed.

No one, not even your employer, may fire you or discriminate against you in order to prevent you from obtaining a benefit or exercising the rights you have under ERISA.

You may file suit in a federal or state court if any of the following situations arise:

- a. You believe you have been improperly denied a benefit, in whole, or in part.
- b. You believe the Plan fiduciaries are misusing Plan funds.
- c. You believe you have been discriminated against for asserting your rights. (In this case, you may file suit in court or request assistance from the U.S. Department of Labor.)

The court will decide who should pay court costs and legal fees. If you win your case, the court may order the person you have sued to pay the costs and fees. However, if you lose, or if the court finds that your suit is frivolous, you may be required to pay the costs and fees.

WHAT YOU SHOULD DO AND EXPECT IF YOU HAVE A CLAIM

When you are eligible to receive benefits under the Plan, you must request a claim form or obtain instructions for submitting your claim telephonically or electronically, from the Plan Administrator. All claims you submit must be on the claim form or in the electronic or telephonic format provided by the Insurance Company. You must complete your claim according to directions provided by the Insurance Company. If these forms or instructions are not available, you must provide a written statement of proof of loss. After you have completed the claim form or written statement, you must submit it to the Physician Benefits and Compensation Department, 1800 Harrison Street, 7th Floor, Oakland, CA 94612.

The Employer has appointed the Insurance Company as the named fiduciary for adjudicating claims for benefits under the Plan, and for deciding any appeals of denied claims. The Insurance Company shall have the authority, in its discretion, to interpret the terms of the Plan, to decide questions of eligibility for coverage or benefits under the Plan, and to make any related findings of fact. All decisions made by the Insurance Company shall be final and binding on participants and beneficiaries to the full extent permitted by law.

The Insurance Company has 45 days from the date it receives your claim for disability benefits, or 90 days from the date it receives a claim for any other benefit, to determine whether or not benefits are payable to you in accordance with the terms and provisions of the Policy. The Insurance Company may require more time to review your claim if necessary due to circumstances beyond its control. If this should happen, the Insurance Company must notify you in writing that its review period has been extended for up to two additional periods of 30 days (in the case of a claim for disability benefits), or one additional period of 90 days (in the case of any other benefit). If this extension is made because you must furnish additional information, these extension periods will begin when the additional information is received. You have up to 45 days to furnish the requested information.

During the review period, the Insurance Company may require a medical examination of the Insured, at its own expense; or additional information regarding the claim. If a medical examination is required, the Insurance Company will notify you of the date and time of the examination and the physician's name and location. It is important that you keep any appointments made since rescheduling examinations will delay the claim process. If additional information is required, the Insurance Company must notify you, in writing, stating the information needed and explaining why it is needed.

If your claim is approved, you will receive the appropriate benefit from the Insurance Company.

If your claim is denied, in whole or in part, you must receive a written notice from the Insurance Company within the review period (or within 75 or 105 days if the review period was extended). The Insurance Company's written notice must include the following information:

1. The specific reason(s) the claim was denied.
2. Specific reference to the Policy provision(s) on which the denial was based.
3. Any additional information required for your claim to be reconsidered, and the reason this information is necessary.
4. In the case of any claim for a disability benefit, identification of any internal rule, guideline or protocol relied on in making the claim decision, and an explanation of any medically-related exclusion or limitation involved in the decision.
5. A statement informing you of your right to appeal the decision, and an explanation of the appeal procedure, as outlined below.

Appeal Procedure for Denied Claims

Whenever a claim is denied, you have the right to appeal the decision. You (or your duly authorized representative) must make a written request for appeal to the Insurance Company within 60 days (180 days in the case of any claim for disability benefits) from the date you receive the denial. If you do not make this request within that time, you will have waived your right to appeal.

Once your request has been received by the Insurance Company, a prompt and complete review of your claim must take place. This review will give no deference to the original claim decision, and will not be made by the person who made the initial claim decision. During the review, you (or your duly authorized representative) have the right to review any documents that have a bearing on the claim, including the documents which establish and control the Plan. Any medical or vocational experts consulted by the Insurance Company will be identified. You may also submit issues and comments that you feel might affect the outcome of the review.

The Insurance Company has 60 days from the date it receives your request to review your claim and notify you of its decision (45 days, in the case of any claim for disability benefits). Under special circumstances, the Insurance Company may require more time to review your claim. If this should happen, the Insurance Company must notify you, in writing, that its review period has been extended for an additional 60 days (45 days in the case of any claim for disability benefits). Once its review is complete, the Insurance Company must notify you, in writing, of the results of the review and indicate the Plan provisions upon which it based its decision.

WHO YOU SHOULD CONTACT IF YOU HAVE QUESTIONS ABOUT THE PLAN

If you have any questions about the Plan, contact the Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefit Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

While ERISA requirements are established by federal law and regulation, The Permanente Medical Group, Inc. has always attempted to provide its employees with welfare benefit plans that meet the same high standards imposed by the law. We are pleased that the law will enable better application of these standards.

LM-5B35a

**UNDERWRITTEN BY:
LIFE INSURANCE COMPANY OF NORTH AMERICA
a CIGNA company**

Class 1
01/2005



CIGNA Group Insurance
Life • Accident • Disability