

1 **LETTER OF UNDERSTANDING**

2 **June 2016**

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4 The Medical Center agrees to provide Tail Insurance as outlined below or equivalent:

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6 Coverage for Independent Professional Services. Unless PeaceHealth provides insurance for
7 Physician's independent patient care services as specified in Section 4.5.1, Physician shall procure
8 and maintain professional liability insurance covering such activities in a form acceptable to
9 PeaceHealth with liability limits of not less than One Million and No/100 Dollars (\$1,000,000) per
10 occurrence and Three Million and No/100 Dollars (\$3,000,000) in the aggregate. Physician shall
11 provide System Risk Management with the certificate of insurance evidencing the insurance coverage
12 required under this Section and providing for not less than thirty (30) days notice to System Risk
13 Management of the cancellation of such insurance. Physician shall promptly notify System Risk
14 Management of any cancellation, reduction, or other material change in the amount or scope of any
15 coverage required under this Section.

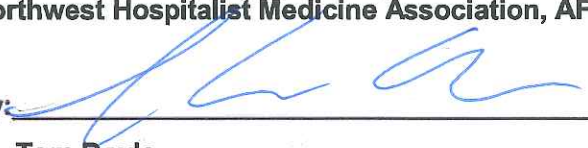
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17 Tail Coverage for Independent Professional Services. If the medical professional liability coverage
18 procured pursuant to Section 4.5.1.1 is on a "claims made" rather than "occurrence" basis, Physician
19 shall, upon ceasing of independent medical professional services, obtain extended reporting
20 malpractice insurance coverage ("tail coverage") or prior acts medical professional liability coverage
21 ("nose coverage") for all claims relating to Physician's independent medical professional services in a
22 form acceptable to PeaceHealth, with liability limits of not less than One Million and No/100 Dollars
23 (\$1,000,000) per occurrence and Three Million and No/100 Dollars (\$3,000,000) aggregate.
24 Physician shall provide System Risk Management with proof of such tail coverage, upon reasonable
25 request.

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27 Change of Carriers. If during the term of this Agreement, PeaceHealth opts to change the
28 professional liability insurance carrier for Physician as set forth in Section 5.2.1, it shall either secure a
29 "retro" clause in such coverage (i.e., "nose" coverage) or shall purchase tail insurance with equivalent
30 coverage to the prior policy for errors or omissions arising from professional services rendered by
31 Physician under this Agreement prior to the effective date of the new professional liability insurance
32 policy.

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34 Termination of Agreement. If this Agreement is terminated by PeaceHealth pursuant to Sections
35 7.2.2, or 7.3 due to a cause attributable to Physician, Physician agrees to reimburse PeaceHealth for

1 the tail insurance premium and all reasonable costs related to securing tail insurance for Physician. If
2 Physician's employment is terminated other than pursuant to Sections 7.2.2 or 7.3 due to a cause
3 attributable to Physician, the Parties shall share cost of tail insurance that PeaceHealth procures for
4 Physician as follows: (i) If termination occurs during the first year of Physician's employment,
5 PeaceHealth shall pay 33 1/3% of the tail insurance premium, (ii) if during the second year,
6 PeaceHealth shall pay 66 2/3% of the tail insurance premium, (iii) if during any subsequent year,
7 PeaceHealth shall pay 100% of the tail insurance premium. Physician further agrees that
8 PeaceHealth may set off such amounts Physician owes from any and all amounts due to Physician,
9 including salary and bonuses. Physician shall reimburse PeaceHealth for any and all amounts
10 remaining due following such set-off.

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PeaceHealth Sacred Heart Medical Center	American Federation of Teachers Local 6552, Pacific Northwest Hospitalist Medicine Association, AFL-CIO
By: <u>Raul J. O'Leary</u>	By: <u></u>
Date: <u>3/6/2017</u>	Date: <u>3/10/2017</u>

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