

GROUP CONTRACT FOR PREPAID SERVICES

It is agreed between the organization named in the Group Contract for Prepaid Services Acceptance Agreement ("ORGANIZATION") and SAFEGUARD HEALTH PLANS, INC., a California corporation ("SAFEGUARD"), that:

A. SAFEGUARD is a California corporation, licensed as a Health Care Service Plan under applicable California law, whose primary purpose is to operate various dental health care service plans. Said services are established on a prepaid closed panel capitated basis.

B. ORGANIZATION desires to obtain the services herein specified for and on behalf of its Eligible Participants as defined herein. NOW, THEREFORE, the parties do mutually covenant and agree as follows:

I. REFERENCE TO ATTACHMENTS

This Contract, together with the Group Contract for Prepaid Services Acceptance Agreement (the "Acceptance Agreement"), Schedule of Benefits and Copayments and any Amendments, Directory of Participating Providers or other attachments hereto constitutes the entire agreement of the parties.

II. DEFINITIONS

2.1 BENEFIT PLAN shall mean the coverage provided in the Schedule of Benefits and Copayments; the Exclusions and Limitations, and the Administrative Policies, if any.

2.2 COPAYMENT shall mean an additional fee charged by Dentist and to be paid by the member.

2.3 DENTIST OR PARTICIPATING DENTIST shall mean the dentist licensed by the state of California under contract to SAFEGUARD and shall include any hygienists and technicians recognized by the dental profession who act with and assist the dentist.

2.4 ELIGIBLE PARTICIPANT shall mean an employee, member, or beneficiary of ORGANIZATION who is eligible to participate in the SAFEGUARD Plan under the eligibility requirements determined by ORGANIZATION.

2.5 MEMBER shall mean an eligible participant who is actually enrolled in the SAFEGUARD plan. The terms "Member" or "Members", as used herein, shall be deemed to include all Subscribers, if enrolled in the Plan.

2.6 ORGANIZATION means an association, employer, group or other ORGANIZATION to which the member belongs and which is the contracting entity as set forth in the Acceptance Agreement.

2.7 PLAN or SAFEGUARD shall mean Safeguard Health Plans, Inc., a corporation licensed to provide prepaid dental services under the Knox-Keene Health Care Service Plan Act of 1975, as amended.

2.8 SUBSCRIBER shall mean the person whose relationship with the ORGANIZATION is the basis for eligibility for membership in the Plan.

III. PREPAYMENT FEE

3.1 As set forth in the Acceptance Agreement, ORGANIZATION shall pay SAFEGUARD the appropriate monthly prepayment fee per month for each covered Member, as applicable, commencing on

the effective date of this Contract, which sum shall be the guaranteed monthly prepayment fee until contract renewal date.

3.2 The prepayment fee is paid by ORGANIZATION. The payment of this sum shall relieve ORGANIZATION and Subscribers of any further liability for payment of a prepayment fee hereunder.

3.3 ORGANIZATION acknowledges and understands that this Contract provides solely and exclusively for services to be performed at dental facilities with whom SAFEGUARD has a contractual relationship. This Contract provides for the provision of services only. This Contract is not an insurance policy and does not indemnify or reimburse any Member or ORGANIZATION in cash in any manner whatsoever, except as set forth in Paragraph 11.2.

3.4 ORGANIZATION shall send payment covering all Members to SAFEGUARD at the address specified in Paragraph G of the Acceptance Agreement, and continuing each month thereafter on said date, for the duration of this Contract.

IV. OTHER CHARGES

4.1 Late Fees: ORGANIZATION acknowledges that any late payment of the prepayment fee by ORGANIZATION under the terms of this Agreement will cause SAFEGUARD to incur costs not contemplated under this Contract, the exact amount of such costs being extremely impractical to fix. Such costs include, without limitation, processing and accounting charges, and other administrative costs associated with the collection of the late payment of the prepayment fee. Therefore, if the prepayment fee is not received from the ORGANIZATION by the tenth (10th) day of each month, ORGANIZATION shall pay to SAFEGUARD an additional sum of five percent (5%) of the monthly prepayment fee then due. SAFEGUARD and ORGANIZATION agree that this charge represents a reasonable estimate of such costs and expenses and is fair compensation to SAFEGUARD for its loss suffered by such nonperformance by ORGANIZATION. Acceptance of this charge shall not constitute a waiver of ORGANIZATION's default with respect to such nonperformance by ORGANIZATION nor prevent SAFEGUARD from exercising all other rights and remedies available to SAFEGUARD.

4.2 Interest: Interest on late prepayment fees from the date such fees are due will be charged at a rate equal to eighteen percent (18%) per year. Unpaid interest will be due and payable upon notice thereof to ORGANIZATION from SAFEGUARD.

V. ELIGIBILITY

5.1 The determination of who is eligible to participate and who is actually participating in the Plan shall be determined by ORGANIZATION and SAFEGUARD shall have the right to rely upon that determination. Any disputes or inquiries regarding eligibility, including rights regarding renewal, reinstatement and the like, if any, shall be referred by SAFEGUARD to ORGANIZATION, which shall then advise SAFEGUARD of its determination.

5.2 In the absence of a determination of eligibility by ORGANIZATION, SAFEGUARD defines eligible dependents to be:

- The lawful spouse or domestic partner of the Subscriber, if the Organization permits such coverage.
- The unmarried children or grandchildren of the Subscriber up to age 25 for whom the Subscriber provides care (including adopted children, step-children, or other children for whom the Subscriber is required to provide dental care pursuant to a court or administrative order.)
- Children of the Subscriber who are incapable of self-sustaining employment and support due to a developmental disability or physical handicap. Attainment of age 25 shall not operate to terminate the coverage of this child while the child is and continues to be both (1) incapable of

self-sustaining employment by reason of mental retardation or physical handicap and (2) chiefly dependent upon the subscriber for support and maintenance, provided proof of the incapacity and dependency is furnished to SAFEGUARD by the member within 31 days of the request for the information by SAFEGUARD, but not more frequently than annually after the two-year period following the child's attainment of the limiting age.

- Other dependents if the Organization provides benefits for these dependents.

5.3 In order for coverage to become effective, a written and signed enrollment application must be received by SafeGuard and any required prepayment fees must be paid. SafeGuard must receive such enrollment application within 30 days of the date that each eligible person becomes eligible for coverage. Dependent spouses are eligible for coverage from the moment of marriage. Newborn children and newborn adopted children are eligible for coverage at birth. Legally adopted children, foster children, and step-children are covered from the day they are placed with the employee. SafeHealth will also honor any court ordered coverage for any other dependents.

5.4 ORGANIZATION shall also send an eligibility list via hard copy, magnetic tape or other electronic medium to SAFEGUARD specifying the names and other identifying data for each Member to be covered for the succeeding month. Said eligibility list shall:

- (a) Specifically identify those Members who are newly eligible to receive services.
- (b) Specifically identify those Members who are no longer eligible to receive services.
- (c) Be provided to SAFEGUARD no later than the twentieth (20th) day of the month preceding the month during which Members will be eligible for benefits.

5.5 Should a Subscriber be terminated or leave ORGANIZATION, the Subscriber shall continue to be eligible to receive services, and SAFEGUARD shall be entitled to its monthly prepayment fee for such Members until such time as SAFEGUARD is notified in writing of the Subscriber's termination and the Subscriber is removed from the eligibility list specified above. Should SAFEGUARD be notified of a Subscriber's termination after the eligibility list is provided by ORGANIZATION to SAFEGUARD, coverage for the Subscriber shall continue until the end of the applicable monthly period, if any, and SAFEGUARD shall retain or must be paid the applicable prepayment fee to the end of the monthly period for the Subscriber.

5.6 Subscribers are eligible to become Members of SAFEGUARD at the time designated by the ORGANIZATION as of the effective date of this Contract. For the Subscribers of the ORGANIZATION who become eligible as determined by the ORGANIZATION after the effective date of this Contract, the effective date of eligibility shall be subject to the eligibility rules of the ORGANIZATION.

VI. CHOICE OF PROVIDERS

6.1 To receive covered dental benefits, when a Member enrolls in the SafeGuard plan, he or she must choose a Participating General Dentist from the SafeGuard network. Each family member may select a different dental office. The Directory of Participating Providers contains a complete listing of Participating Dentists. Participating Dentists may also be located by accessing www.safeguard.net to view SafeGuard General Dentists by zip codes.

VII. FACILITIES

7.1 All facilities under the Benefit Plan are available for service 24 hours a day, 7 days a week. And are listed in the Directory of Participating Providers. Facilities may also be located by accessing www.safeguard.net to view SafeGuard General Dentists by zip codes.

VIII. ADMINISTRATION

8.1 Whenever SAFEGUARD is obligated to give any notice to Members with regard to any matters covered by this Contract, the Knox-Keene Health Care Service Plan Act of 1975, as amended, or any regulations issued pursuant thereto, it shall be sufficient for SAFEGUARD to give such notice to a representative of ORGANIZATION. ORGANIZATION shall then be obligated to give that notice to the Members in its next regular communication, but in no event shall such notice be given later than thirty (30) days after SAFEGUARD gives such notice to ORGANIZATION. The ORGANIZATION representative designated to receive such notice is set forth in Paragraph A of the Acceptance Agreement.

8.2 With regard to the distribution of all materials, such as a Combined Evidence of Coverage and Disclosure Form and other material required to be distributed pursuant to the Knox-Keene Health Care Service Plan Act of 1975, as amended, or any regulation issued pursuant thereto, it shall be sufficient for SAFEGUARD to deliver the material for distribution to the representative of ORGANIZATION designated in Paragraph A of the Acceptance Agreement. ORGANIZATION shall be responsible to distribute such material to Subscribers and/or Eligible Participants.

8.3 SAFEGUARD agrees, subject to its Member Services and Quality Department procedures, to duly investigate and endeavor to resolve any and all complaints received from Members with regard to the nature of professional services rendered. All grievances may be made by calling 800-880-1800. Members may also submit a completed written grievance form (available by calling the Member Services number) or a detailed summary of your grievance to: SafeGuard Health Plans, Inc., c/o Quality Management Department, PO Box 3532 Laguna Hills, CA 92654-3532. A grievance may also be filed via our website at www.safeguard.net. SafeGuard will consider and respond to grievances which are filed within 180 days of the occurrence or incident that is the subject of the grievance.

8.4 SafeGuard shall resolve all grievances within 30 days of submission by the Member in accordance with the provisions set forth in the Evidence of Coverage and Disclosure Statement. SafeGuard shall notify the Member, in all correspondence it sends to the Member, of his or her right to seek assistance from the California Department of Managed Health Care by providing the following statement on all written correspondence: "The California Department of Managed Health Care is responsible for regulating health care service plans. If you have a grievance against your health plan, you should first telephone your health plan at (1-800-880-1800) and use your health plan's grievance process before contacting the department. Utilizing this grievance procedure does not prohibit any potential legal rights or remedies that may be available to you. If you need help with a grievance involving an emergency, a grievance that has not been satisfactorily resolved by your health plan, or a grievance that has remained unresolved for more than 30 days, you may call the department for assistance. You may also be eligible for an Independent Medical Review (IMR). If you are eligible for IMR, the IMR process will provide an impartial review of medical decisions made by a health plan related to the medical necessity of a proposed service or treatment, coverage decisions for treatments that are experimental or investigational in nature and payment disputes for emergency or urgent medical services. The department also has a toll-free telephone number (1-888-HMO-2219) and a TDD line (1-877-688-9891) for the hearing and speech impaired. The department's Internet Web site <http://www.hmohelp.ca.gov> has complaint forms, IMR application forms and instructions online."

8.5 SAFEGUARD shall issue an identification card to each Member, identifying that Member as being eligible for services provided by this Contract. Each month thereafter for new Members who enroll in the Plan, and after ORGANIZATION's notification to SAFEGUARD of said new Members' enrollment, SAFEGUARD shall issue an identification card, as set forth above.

8.6 SAFEGUARD shall provide a Directory of Participating Providers to the Organization and/or the individual Member, upon request by the Organization. In addition, the Directory of Participating Providers is available online at www.safeguard.net.

8.7 SAFEGUARD shall maintain a contractual relationship with dental facilities at appropriate locations to provide services to Members. ORGANIZATION recognizes that the establishment

maintenance and location of all dental facilities are within the sole discretion of SAFEGUARD; and SAFEGUARD shall make the sole determination of the location and establishment of a contractual relationship with all such dental facilities. SAFEGUARD agrees to promptly notify Members and ORGANIZATION in writing of the termination, breach of contract by, inability to perform of, or closure of any participating dental facility and to transfer Members to existing or alternate dental facilities on this Benefit Plan. A list of the names and addresses of the Participating Dentists for this Benefit Plan is attached marked Directory of Participating Providers.

8.8 SAFEGUARD shall not refuse to cover, or refuse to continue to cover, or limit the amount, extent or kind of coverage available to an individual, or charge a different rate for the same coverage solely because of a physical or mental impairment, except where the refusal, limitation or rate differential is based on sound actuarial principles applied to actual experience, or, if insufficient actual experience is available, then to sound underwriting practices.

IX. DENTIST-PATIENT RELATIONSHIP

9.1 It is expressly understood that the relationship between the Member and the Dentist rendering services or treatment, shall be subject to the rules, limitations and privileges incident to the professional relationship, and SAFEGUARD's Peer Review and Public Policy Committees. The Dentist shall be solely responsible to the Member, without interference from SAFEGUARD or ORGANIZATION, for all services or treatment within the professional relationship. The Dentist shall have the right to refuse treatment to a Member who continually fails to follow a prescribed course of treatment, who uses the relationship for illegal purposes, or makes the professional relationship onerous.

9.2 While SAFEGUARD desires and will actively seek to contract with the most modern dental facilities available in the profession, it is understood and agreed that the operation and maintenance of the Dentist's facility, equipment and the rendition of all professional services shall be solely and exclusively under the control and supervision of the Dentist, including all authority and control over the selection of staff, supervision of personnel, and operation of the professional practice and/or the rendition of any particular professional service or treatment.

9.3 SAFEGUARD will undertake to see that the services provided to Members by Dentists shall be performed in accordance with professional standards of reasonable competence and skill of dental practitioners, as applicable, prevailing in the community in which each Dentist practices.

9.4 Upon termination of a provider contract, SAFEGUARD shall be liable for covered services rendered by such provider (other than for co-payments) to a Member who retains eligibility under this Contract or by operation of law under the care of such provider at the time of such termination until the services being rendered to the Member by such provider are completed, unless SAFEGUARD makes reasonable and medically appropriate provision for the assumption of such services by a contracted provider.

X. DURATION OF THIS CONTRACT

10.1 This Contract shall be effective on the date indicated in Paragraph B of the Acceptance Agreement and shall continue to the end of the period specified in Paragraph C of the Acceptance Agreement. Plan coverage shall commence on the date indicated in Paragraph C of the Acceptance Agreement, and shall continue for the period set forth in Paragraph C of the Acceptance Agreement.

XI. TERMINATION OF BENEFITS

11.1 Should ORGANIZATION be in default by the failure to remit the monthly prepayment fees or provide an eligibility list as required by Section III herein, SAFEGUARD shall have the right to terminate this Contract upon fifteen (15) days written notice. ORGANIZATION shall then have fifteen (15) days from

the date of receipt of such notice to remit the monthly prepayment fees or provide the eligibility list when due. Termination shall be effective the last day of the month in which the fifteen (15) day notice period expires.

11.2 SAFEGUARD shall within thirty (30) days of termination of this Contract refund to ORGANIZATION the pro rata portion of the prepayment fee which corresponds to any unexpired term for which prepayment fees have been received, together with any amounts due on claims, if any, less amounts due SAFEGUARD. SAFEGUARD shall be paid its prepayment fee to date of termination.

11.3 In the event a Subscriber terminates employment or association with ORGANIZATION or is certified by ORGANIZATION as being no longer eligible for benefits provided for herein, coverage for such terminated Subscriber and his or her dependents, if applicable shall cease the last day of the monthly period for which ORGANIZATION has paid the applicable prepayment fee to SAFEGUARD for the terminated Subscriber and his or her dependents, if applicable.

11.4 In the event of termination of this Contract, each Dentist shall complete all dental procedures, which have been started prior to the date of termination, pursuant to the terms and conditions of this Contract as may be applicable.

11.5 In the event this Contract is cancelled, SAFEGUARD shall notify ORGANIZATION in writing and Organization is required, within five (5) calendar days, to mail promptly to each Subscriber a legible, true copy of such notice of cancellation and to provide SAFEGUARD proof of such mailing and the date thereof within two (2) calendar days of such mailing. The ORGANIZATION shall also have the obligation to provide notice to the subscriber when the Contract has actually been terminated within five (5) calendar days of such termination. If the ORGANIZATION fails to provide such notices as required under this Contract, SafeGuard shall provide such notices to the subscribers and will retain the right of recourse against the ORGANIZATION for failure to perform under this Contract.

11.6 Upon termination of a dental contract SAFEGUARD shall be liable for covered services rendered by such Dentist, other than for Copayments or exclusions to a Member who retains eligibility under this Contract or by operation of law, under the care of such Dentist at the time of such termination until the services being rendered to the Member by such Dentist are completed, unless SAFEGUARD makes reasonable and appropriate provision for the assumption of such services by another Dentist.

11.7 In the event SAFEGUARD fails to pay a Participating Dentist as may be required, neither the Member nor ORGANIZATION shall be liable to the Dentist for any sums owed by SAFEGUARD to the Dentist. In the event a Member receives services from a non- SAFEGUARD dentist, and SAFEGUARD fails to pay the non-SAFEGUARD dentist, the Member may be liable to the non-SAFEGUARD dentist for the cost of services rendered.

XII. REINSTATEMENT

12.1 Receipt by SAFEGUARD of the proper prepayment fee after termination of this Contract for non-payment, shall reinstate this Contract as though it had never been terminated, if such prepayment fee is received by SAFEGUARD on or before the due date of the next succeeding prepayment fee. However, performance by SAFEGUARD of any one of the following acts shall avoid any such reinstatement:

- (a) SAFEGUARD refunds such payment within five (5) business days or if such payment is received more than five (5) business days after issuance of a notice of termination, within fifteen (15) business days.
- (b) SAFEGUARD issues to ORGANIZATION, within five (5) business days of receipt of such payment, a new contract accompanied by written notice stating clearly those respects in which the new contract differs from the terminated contract in benefits, coverage and otherwise.

12.2 Pursuant to Section 1365(b) of the Knox-Keene Health Care Service Plan Act of 1975, as amended, an enrollee or subscriber who alleges that his or her enrollment has been canceled or not renewed because of his or her health status or requirements for health care services may request a review by the Director of California Department of Managed Health Care. If the Director determines that a proper complaint exists, the Director shall notify SafeGuard. Within 15 days after receipt of such notice, SafeGuard shall either request a hearing or reinstate the enrollee or subscriber. If, after hearing, the Director determines that the cancellation or failure to renew is improper, the Director shall order SafeGuard to reinstate the enrollee or subscriber. A reinstatement pursuant to this provision shall be retroactive to the time of cancellation or failure to renew and SafeGuard shall be liable for the expenses incurred by the subscriber or enrollee for covered health care services from the date of cancellation or non-renewal to and including the date of reinstatement.

XIII. RENEWAL PROVISIONS

13.1 The parties may renew this Contract at the end of the term hereof and by mutual consent modify or alter this Contract. However, said modifications, amendments, alterations or renewals shall be in writing, duly executed by both parties hereto and attached to this Contract as such. SAFEGUARD shall not increase the amount of the prepayment fee or decrease in any manner the benefits provided to members except upon thirty (30) days written notice to the Organization.

XIV. BENEFITS TO BE PROVIDED - BENEFITS, COPAYMENTS, LIMITATIONS, EXCLUSIONS AND ADMINISTRATIVE POLICIES

14.1 SAFEGUARD and ORGANIZATION agree that SAFEGUARD shall provide services to Members of ORGANIZATION under the Benefit Plan set forth in the Schedule of Benefits attached to the Acceptance Agreement marked Exhibit A.

14.2 The Member and not SAFEGUARD nor ORGANIZATION shall be solely responsible for payment of all Copayments and for any excluded procedure, and shall make payment directly to the Dentist rendering such services.

14.3 SAFEGUARD agrees that Participating Dentists shall abide by the Benefit Plan as set forth in this Contract. SAFEGUARD further agrees that it will not increase the prepayment fees as set forth in Paragraph G of the Acceptance Agreement, and that it will not modify the Schedule of Benefits and Copayments during the term of this Contract.

XV. INDIVIDUAL CONTINUATION OF BENEFITS

15.1 If, at the time a member enrolls in this SafeGuard dental plan, he or she has been receiving care from a dental care provider, he or she may have the opportunity to continue receiving services dental care provider for a designated time period and under certain limited circumstances. In addition, he or she may also have a right to continuation of care if a Selected General Dental Office terminates its contractual relationship with SafeGuard. The member must make a specific request to continue under the care of his or her current provider. SafeGuard is not required to continue care with a provider if the member is not eligible under this plan or if SafeGuard cannot reach an agreement with their provider on the terms regarding your care in accordance with California law. A member may obtain a copy of SafeGuard's policy on continuation of care from SafeGuard's Member Services Department by calling 800-880-1800. If there are any questions regarding SafeGuard's Continuation of Care policy, a member may contact SafeGuard's Member Services Department at 800-880-1800. If the member has further questions, he or she is encouraged to contact the California Department of Managed Health Care, which protects HMO consumers, by telephone at its toll-free number, 1-888-HMO-2219, or at a TDD number for the hearing impaired at 1-877-688-9891, or online at www.hmohelp.ca.gov.

15.2 If Organization is required to offer any Continuation of Coverage period or election period, necessary for ORGANIZATION'S compliance with requirements of the Consolidated Omnibus Budget Reconciliation Act (Federal COBRA) and any regulations adopted thereunder, or any similar state law requiring the Continuation of Benefits for the Subscriber, such benefits will be continued provided ORGANIZATION continues to certify the eligibility of the Subscriber and the monthly prepayment fees for COBRA coverage for such Subscribers continues to be paid by or through ORGANIZATION pursuant to this Contract.

15.3 Federal COBRA (Groups with 20 or more Employees): A Member who would otherwise lose coverage may continue uninterrupted coverage upon arrangement with Organization in compliance with Federal COBRA. Eligibility is conditioned upon payment of the applicable monthly prepayment fee to Organization. The following are "qualifying events":

- (a) Termination of employment, including lay-off or reduction in hours (except for gross misconduct);
- (b) Death of the Covered Employee;
- (c) Divorce or legal separation;
- (d) Loss of eligibility of a covered Dependent child; or
- (e) While covered Dependents are on continuation with the Employee, the Employee becomes entitled to Medicare benefits.

15.4 Coverage under COBRA continues only upon timely payment of the applicable monthly prepayment fee to Organization and ends on the earlier of:

- (a) Termination of this Contract;
- (b) Coverage under any other group health plan, including Medicare, which does not contain any exclusion or limitation with respect to any pre-existing condition;
- (c) Expiration of 18 calendar months of continuation by a covered dependent after the Employee's death, divorce, legal separation or entitlement to Medicare;
- (d) Expiration of 18 calendar months after termination of employment, lay-off or reduction in hours;
- (e) For a disabled Member Person, expiration of 29 months after termination of employment if:
 - (1) The Member was totally disabled at the time of the termination of employment within the meaning of the Social Security Act, or is determined disabled by the Social Security Administration effective any time within the first 60 days of COBRA continuation coverage; and
 - (2) The Member notified employer of the disability within the initial 18-month continuation period.

15.5 Application for continuation must be made in accordance with the COBRA regulations, and must be made by written request to Employer within 60 days after any qualifying event. The Employer will provide the necessary forms. Premiums must be paid within 45 days of election of continuation.

15.6 Continuation of group coverage is not available to a Covered Person who is eligible for Medicare (except a covered Dependent is eligible for coverage for 36 months after the Employee's Medicare eligibility).

15.7 Newly acquired dependents can be added to coverage within 31 days while an Employee or former Employee is under COBRA continuation coverage. A newly born or newly adopted child added to coverage within 31 days has "qualified beneficiary" status and has independent election rights and second qualifying event rights. Any other dependents added while under COBRA continuation coverage are not qualified beneficiaries.

15.8 The cost of continuation of coverage under COBRA is 102% of the applicable group rate (including any portion previously paid by the Organization). However, for a person determined by the Social Security Administration to have been disabled at the time his or her employment stopped or work hours were reduced and his or her dependents, the cost is 150% of the applicable group rate (including any portion previously paid by the Organization) for the additional 11 months.

15.9 State "Cal-COBRA" (Policyholders with less than 20 employees): The California Continuation Of Benefits Replacement Act, or "Cal-COBRA", requires that Groups with fewer than 20 eligible employees on at least 50% of its working days during the preceding Calendar Year, or, if the Group was not in business during any part of the preceding calendar year, employed 2 to 19 eligible employees on at least 50 % of its working days during the preceding calendar quarter, offer eligible employees and their families the opportunity for a temporary extension of coverage (called "continuation of coverage") in certain instances where coverage under the plan would otherwise end.

- (a) A qualified beneficiary has the responsibility to inform SafeHealth of a qualifying event. This notification must be made in writing within 60 days of the date of the qualifying event and include:
 - the name of the qualified member;
 - the date of the qualifying event and the type of qualifying event as listed above;
 - the name of the Policyholder and the group vision plan number;
 - the name and address of all qualified members.
- (b) Failure to provide the required notification within 60 days will disqualify the Member from receiving continuation coverage.
- (c) If continuation coverage is chosen, the coverage will be the same as the coverage provided to similarly situated employees and dependents. No proof of insurability is required; however, the Covered Person will pay 110% of the applicable premium charged to similarly situated individuals under the group contract.

15.10 Coverage will be effective on the day after coverage would otherwise be terminated. The first premium payment must be submitted to us by first class mail, certified mail, or other reliable means of delivery, including personal delivery, express mail, or private courier company, within 45 days of delivering the completed enrollment form. The payment must cover the period from the last day of the prior coverage to the present. There can be no gap between prior coverage and Cal-COBRA continuation coverage. Failure to submit the correct premium within the 45-day period noted above will disqualify the Member from receiving continuation coverage.

XVI. GENERAL PROVISIONS

16.1 (a) Each and every disagreement, dispute or controversy, which remains unresolved, concerning the construction, interpretation, performance or breach of this Contract arising between the ORGANIZATION, a Member or the heir-at-law or personal representative of such person, as the case may be, and SAFEGUARD, its employees, officers, or directors, shall be submitted to arbitration in accordance with, and pursuant to, the commercial arbitration rules of the American Arbitration Association then in effect, whether such dispute involves a claim in tort, contract or otherwise. This

includes, without limitation, all disputes as to whether any dental services rendered under this Contract were unnecessary or unauthorized or were improperly, negligently or incompetently rendered. It also includes, without limitation, any act or omission which occurs during the term of this Contract but which gives rise to a claim after the termination of this Contract.

(b) As a condition of enrolling in the Plan, all Members agree that all disputes will be determined by submission to arbitration as provided herein and not by a lawsuit or resort to court process, except as California law provides for judicial review of arbitration proceedings.

(c) The locale of the arbitration shall be the City of Irvine, California, unless all parties to the arbitration otherwise mutually agree in writing.

(d) If the arbitrators shall make an award to a party, the arbitrators shall state what portion of the award shall be attributed to economic damages and which portion shall be attributed to non-economic damages.

(e) Arbitration shall be initiated by written notice to the President of SAFEGUARD HEALTH PLANS, INC., P.O. Box 30900, Laguna Hills, California 92654-0900. The notice shall include a detailed description of the matter to be arbitrated.

16.2 SAFEGUARD shall defend, indemnify and hold ORGANIZATION harmless from any and all injuries, claims, demands, liabilities, suits at law or in equity, or judgments of any nature whatsoever, which ORGANIZATION, its employees, representatives, agents or third parties may sustain or incur by reason of any act, neglect, default, alleged malpractice or inadequate care or service rendered to the Member by any Dentist or dental facility.

16.3 The waiver by either party of one or more defaults, if any, under this Contract shall not be construed to operate as a waiver of any other or future default, either in the same condition or covenant or any other condition or covenant contained within this Contract.

16.4 Whenever it becomes necessary for either party to serve notice on the other with respect to this Contract such notice shall be in writing and shall be served registered or certified mail, return receipt requested, addressed as indicated below:

(a) If addressed to SAFEGUARD, it shall be addressed as follows:

SAFEGUARD HEALTH PLANS, INC.
P.O. Box 30900
Laguna Hills, California 92654-0900
800.880.1800

(b) If addressed to ORGANIZATION, it shall be addressed as indicated in Paragraph A of the Acceptance Agreement.

16.5 (a) The telephone number of SAFEGUARD's Member Services Department is 800.880.1800.

(b) The telephone number of SAFEGUARD's Client Services Department is 800.962.1836.

16.6 Throughout this Contract, the singular shall include the plural and the plural the singular; the masculine shall include the neuter and feminine; and the neuter shall include the masculine and feminine.

16.7 This Contract is subject to the requirements of Chapter 2.2 of Division 2 of the California Health and Safety Code and of Chapter 1 of Title 28 of the California Code of Regulations. Should either the law or the regulations be amended, such amendments shall automatically be deemed to be a part of

this Contract and shall take precedence over any inconsistent provision of this Contract. Any provision required to be in this Contract by either the law or the regulations, shall automatically bind SafeGuard.

16.8 If any provision of this Contract is held to be illegal or invalid for any reason, such decision shall not affect the validity of the remaining provisions of this Contract, and such remaining provisions shall continue in full force and effect, unless the illegality or invalidity prevent the accomplishment of the objectives and purposes of this Contract.

16.9 ORGANIZATION covenants and agrees that it will not sell, assign or transfer this Contract without the specific written consent of SAFEGUARD and any such sale, assignment, or transfer shall be null and void and shall act as a default of this Contract. SAFEGUARD's consent to any one sale, assignment or transfer shall not waive its right with respect to declining to consent to any other sale, assignment or transfer. This Contract shall not be assigned, transferred or set over, either voluntarily or involuntarily or by operation of law or otherwise, including but not limited to any proceeding initiated under the Bankruptcy Act of the laws of the United States and/or the appointment of a trustee or receiver, whether by state or federal court or otherwise. As an exception to the provisions of this paragraph, either party may sell, assign, and/or transfer its rights and delegate its duties hereunder to any entity into which it is merged or which acquires substantially all of its assets.

16.10 In the event ORGANIZATION is regulated under the Employee Retirement Income Security Act of 1974 (ERISA), ORGANIZATION covenants and agrees that it and not SAFEGUARD shall be responsible for meeting all requirements of ERISA. SAFEGUARD will cooperate with ORGANIZATION in supplying ORGANIZATION with any information within its possession to aid ORGANIZATION in meeting any ERISA reporting requirements. SAFEGUARD is not and shall not be designated the administrator or fiduciary of the Plan.

16.11 This Contract constitutes the entire agreement of the parties. There are no oral representations or agreements not embodied in this Contract. This Contract may only be modified by a subsequent writing executed by the parties.

16.12 Each of the parties acknowledges that it has read his Contract, understands its contents and executes this Contract voluntarily.

16.13 ORGANIZATION represents it has the authority under applicable law and its charter instrument to execute this Contract and has passed all necessary resolutions giving it the authority to do so.

16.14 ORGANIZATION covenants and agrees it will not solicit, use, engage or contract with any Dentist for use in any manner whatsoever in any prepaid or managed care dental plan, other than a SAFEGUARD Plan, during the term of this Contract.

16.15 A specimen of this Contract may be furnished to any member upon request.

16.16 This Contract shall be governed by the laws of the State of California.

EXHIBIT A
[Insert Schedule of Benefits]