

PLEDGE AGREEMENT
FINANCIAL RESPONSIBILITY OF HEALTH CARE PROVIDER
AS REQUIRED BY LA R.S. 40:1231.2 AND LAC 37.III §507 OR §509

HEALTH CARE PROVIDER:

SECURITY PLEDGED:

The above described security ("Security") or a subsequent substitution approved by the Louisiana Patient's Compensation Fund Oversight Board ("Oversight Board") under the terms and conditions hereinafter set forth, is hereby deposited¹ with and pledged to the Oversight Board and the Louisiana Patient's Compensation Fund ("LPCF") (the Oversight Board and LPCF collectively "Pledgee"). This pledge does not extend to any interest earned, dividends paid or other civil fruits produced so long as the value of the security pledged is not diminished by such civil fruits.

WHEREAS, the undersigned health care provider, hereinafter referred to as "Pledgor", desires to avail itself of and comply with the provisions of LA R.S. 40:1231.1 et seq. and LAC 37.III §507 or §509 (as applicable), and thereby become an enrolled health care provider with the LPCF;

WHEREAS, the provisions of LA R.S. 40:1231.2 and LAC 37.III §507 or §509 (as applicable) require the "Pledgor" to show proof of financial responsibility by depositing with the Oversight Board, ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$125,000.00) in money or represented by irrevocable letters of credit, federally insured CD's, bonds, securities, cash values of insurance, or any other security approved by the Oversight Board; and

WHEREAS, the Security furnished as proof of financial responsibility or a substitution which has been approved by the Oversight Board must remain on deposit during the entire term of the Pledgor's enrollment as a self-insured health care provider and for a three-year period following termination of such enrollment or as long as any medical malpractice claim against Pledgor or an employee of Pledgor is pending, whether in Court or with Pledgee. whichever period is longer.

THEREFORE, in order to comply with these statutory requirements, Pledgor does by these presents pledge and hypothecate unto Pledgee the Security herein above described.

The terms of this Agreement shall not terminate for any reason prior to the expiration of the following periods of time, whichever is longer, and upon written authority of the Oversight Board:

- A. This Agreement may terminate exactly three years from the date on which Pledgor terminates enrollment with the LPCF; or
- B. This Agreement may terminate at the will of the Pledgor only if:
 - (1) There are no claims pending in any court or with Pledgee which allege an act of medical malpractice by Pledgor or an employee of Pledgor at a time when Pledgor was an enrolled health care provider with the LPCF; and
 - (2) More than three years have elapsed following termination of Pledgor's enrollment with the LPCF.

Termination of this Agreement shall take place in the following manner:

- A. Pledgor must request termination, in writing, with such request directed to Pledgee.

¹ The parties hereto acknowledge and agree that under certain circumstances, Pledgee may not take physical possession of certain securities, such as Certificate of Deposit, whole life insurance policy with sufficient cash value, or brokerage account escrowed in favor of Pledgee, but that any documents (such as a "receipt") that indicate that a financial institution is in possession of said security for the benefit of Pledgee and that said security is pledged to Pledgee will result in said security being deemed "deposited" with Pledgee.

- B. Within thirty days of receipt of such request, the Oversight Board shall determine if the time requirements set forth above have been satisfied and if termination is proper. Written notice of denial of such a request and the reasons therefore shall be sent to Pledgor within thirty days of receipt of the request. Written notice of denial of request shall also be communicated to any financial institution or other third party which may have issued the pledged security. Written notice of approval of the requested termination shall be sent to Pledgor and shall be accompanied by the Security if in possession of Pledgee.

Pledgor hereby agrees that third parties (including but not limited to banks, other financial institutions, corporations that issued bonds or insurance and bonding companies) must receive written confirmation that the Oversight Board has agreed to a termination of this Agreement before such third parties can take any action which would be inconsistent with or in violation of the terms of this Agreement.

If the Security is in the form of a CD which must be surrendered for renewal, Pledgor hereby agrees that participation of Pledgor in the renewal process is not necessary and is waived entirely. This Agreement shall be deemed by Pledgor as granting Pledgee the right to renew the CD at the then current market rate of interest offered by the issuing financial institution. The new CD shall be reissued in the name of Pledgor and written notice thereof shall be sent directly to Pledgee under the terms of this Agreement. Pledgor hereby authorizes and directs the issuing financial institution to comply with the terms of this paragraph. Any interest payment which results from this renewal shall inure solely to the benefit of Pledgor and shall be made directly to Pledgor.

Done and signed this ____ day of _____, 20__.

WITNESS

PLEDGOR

WITNESS

PLEDGOR

Acceptance of Pledge and Security

It is hereby acknowledged that the security described above has been deposited by the Oversight Board/LPCF pursuant to this Agreement.

Louisiana Patient's Compensation Fund Oversight Board/
Louisiana Patient's Compensation Fund

BY: _____

DATE: _____