

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (hereinafter the "Agreement") is made and entered into as of this __ day of October, 2011, by and among the Insurance Commissioner of the State of Connecticut ("Commissioner") and the Attorney General of the State of Connecticut ("Attorney General") (collectively, the "State"), and William Gallagher Associates Insurance Brokers, Inc., also known as William Gallagher Associates, Inc., including its present and former affiliates, subsidiaries, predecessors, successors and assigns (collectively "WGA"). The State and WGA are referred to herein together as the "Parties."

WITNESSETH:

WHEREAS, WGA is an insurance broker;

WHEREAS, the State commenced an investigation into WGA's practices with respect to customers located in Connecticut (the "Investigation");

WHEREAS, having concluded the Investigation, the State claims that WGA's conduct violated the Connecticut Unfair Insurance Practices Act, Conn. Gen. Stat. § 38a-815 through 38a-819, and the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. § 42-110a through 42-110q, in that WGA (1) overcharged a Connecticut customer, (2) failed to disclose to the Connecticut Customer the actual commissions charged by WGA for the placement of the Customer's insurance business, (3) actively concealed the additional fees from the Connecticut Customer by, *inter alia*, altering original insurance policies, creating two separate sets of books and issuing dummy invoices, and (4) failed to disclose to the Connecticut Customer that WGA had received commissions, in addition to a fee, for the placement of one of the Customer's policies;

WHEREAS, the State also claims that WGA did not respond completely and accurately to a November 30, 2004 inquiry letter sent to WGA by the Connecticut Insurance Department:

WHEREAS, the State further claims that WGA did not disclose certain contingent compensation to certain customers in Connecticut;

WHEREAS, WGA has adopted and will continue to implement business reforms that are designed to monitor and govern the conduct of WGA and of its employees and to prevent the type of acts and practices claimed to be at issue in the Investigation; and

WHEREAS, the State finds the relief and provisions of the Agreement appropriate and in the public interest.

NOW THEREFORE, intending to be legally bound and in consideration of the mutual promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Purpose and Scope**

The purpose of this Agreement is to resolve completely and for all time claims arising out of or relating to the Investigation and the claims the State has asserted and could have asserted against WGA pursuant to the Investigation and arising out of the Investigation.

2. **Settlement Amount**

Subject to all of the terms and conditions contained in this Agreement, WGA shall pay to the State the sum of One Million Seven Hundred Thousand Dollars (\$1,700,000.00) (the "Settlement Amount") within ten days after the date this Agreement is fully executed by the Parties. Of the total Settlement Amount, \$100,000 shall be considered a civil penalty assessed against WGA. The Settlement Amount shall be received on behalf of the State and paid into the State's General Fund by the Commissioner.

3. **Release**

Subject to WGA's paying the Settlement Amount described above, the State hereby releases WGA and all of its present and former officers, directors, employees, shareholders, owners, affiliates, subsidiaries, predecessors, successors and assigns, of and from any and all claims and causes of action of any kind or nature whatsoever, upon any theory of law or equity that could be asserted, up to and including the date of this Settlement Agreement, including but not limited to, claims under the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. § 42-110a et seq., the Connecticut Unfair Insurance Practices Act, Conn. Gen. Stat. § 38a-815 et seq.; and the Connecticut Antitrust Act, Conn. Gen. Stat. § 35-24 et seq., that arise out of or relate to: (1) that certain letter dated November 30, 2004 to WGA from the Connecticut Insurance Department (the "November 30 Letter"); (2) any and all responses to the November 30 Letter made by or on behalf of WGA, including but not limited to WGA's response dated December 29, 2004; (3) that certain letter dated December 29, 2004 to the Connecticut Insurance Department from WGA's counsel, Morrison Mahoney LLP; (4) that certain letter dated December 20, 2004 to the Connecticut Insurance Department from WGA's counsel, Morrison Mahoney LLP; (5) the Investigation; (6) WGA's receipt, collection and disclosure of compensation of any type, including but not limited to contingent compensation; (7) steering clients or customers to particular insurers; (8) bid rigging; (9) falsifying documents; and (10) WGA's participation in any insurance or reinsurance pools, groups or investments.

4. **No Admission of Liability**

Through this Agreement, the Parties are resolving disputed claims. This Agreement and the performance of the obligations hereunder shall not be construed as, nor asserted to be, an admission of any wrongdoing or liability of any kind by any Party or any other person.

5. **Representations and Warranties**

WGA represents and warrants that:

- (a) It has the authority to enter into this Agreement;
- (b) It has taken all necessary corporate actions to approve the making and performance of this Agreement and no further corporate or internal approval is necessary;
- (c) The making and performance of this Agreement will not violate any provision of WGA's articles of incorporation, charter, by-laws; and
- (d) WGA has signed this Agreement of its own free act and that in making this Agreement it has obtained the advice of competent legal counsel.

6. **Entire Agreement**

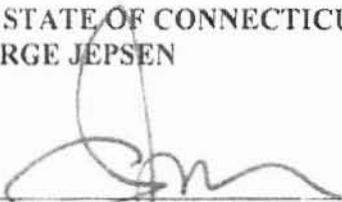
This Agreement constitutes all of the agreements between the Parties. Any representations, promises or statements not set forth in this Agreement shall be of no force and effect. This Agreement shall not be amended or modified in any way without the written consent of all of the Parties. This Agreement shall not be construed against any Party preparing it, but shall be construed as if all Parties jointly prepared the Agreement and any uncertainty or ambiguity shall not be interpreted against any one Party.

7. **Execution**

This Agreement may be executed in duplicate counterparts, each of which shall constitute an original and all of which together shall be deemed a single document.

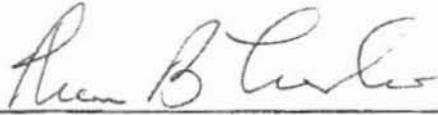
IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, affix
their signatures hereto:

THE STATE OF CONNECTICUT
GEORGE JEPSEN



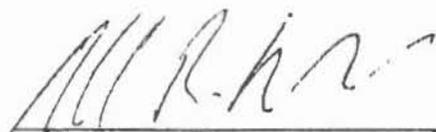
Attorney General of the State of Connecticut

THOMAS B. LEONARDI

A handwritten signature in cursive script, appearing to read "Thomas B. Leonardi".

Insurance Commissioner of the State of Connecticut

WILLIAM GALLAGHER ASSOCIATES INSURANCE BROKERS, INC.

A handwritten signature in black ink, appearing to read "M.R. Harris", written over a horizontal line.

Mitchell R. Harris

Counsel for William Gallagher Associates Insurance Brokers, Inc.