

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release is entered into by and between the Office of the Attorney General of the State of Ohio (the "Ohio Attorney General"), on behalf of itself, the State of Ohio, and each of the Ohio public entities, departments, agencies, institutions, employee retirement systems and/or political subdivisions it represents in this Action, as listed in Exhibit A hereto (collectively referred to, solely for purposes of this Agreement, as the "Plaintiff") and Defendants ACE American Insurance Company, ACE Property & Casualty Insurance Company, Insurance Company of North America and Westchester Fire Insurance Company (collectively "The ACE Defendants") (collectively, the Plaintiff and The ACE Defendants shall be referred to herein as the "Settling Parties").

WHEREAS, the Ohio Attorney General filed a lawsuit, now captioned State of Ohio, ex rel. R. Michael DeWine, Attorney General v. American International Group, et al., Case No. CV-07-633857, Cuyahoga County Common Pleas Court, Ohio ("the Action"), naming The ACE Defendants among other defendants, after conducting an investigation ("the Investigation");

WHEREAS, The ACE Defendants and the Plaintiff wish to resolve any and all issues, allegations and/or claims based upon the acts, practices or courses of conduct of The ACE Defendants that were the subject of the Investigation or the Action, and to mutually release one another from any claims, counterclaims, causes of action, or other liability arising out of or relating to the Investigation and/or the Action;

WHEREAS, The ACE Defendants and the Plaintiff enter into this Settlement Agreement and Mutual Release solely for the purpose of resolving any and all issues, allegations and/or

claims relating to acts, practices or courses of conduct that were the subject of the Investigation or the Action; and this Settlement Agreement and Mutual Release is not intended to be used for any other purposes;

WHEREAS, The ACE Defendants deny that their activities have violated federal or state antitrust laws, applicable insurance laws or regulations, or any other applicable federal or state laws or regulations, and do not admit liability or wrongdoing under any applicable laws or regulations by agreeing to this Settlement Agreement and Mutual Release, and agree to enter into this Settlement Agreement and Mutual Release solely to avoid the uncertainty and expense of protracted litigation;

NOW THEREFORE, The ACE Defendants and the Plaintiff hereby enter into this Settlement Agreement and Mutual Release and agree as follows:

1. "The ACE Releasees" refers collectively to The ACE Defendants and their past, present, and future parents, subsidiaries, divisions, affiliates, stockholders, officers, directors, insurers, reinsurers, general and limited partners, employees, predecessors, successors, owners, assigns, administrators, agents, principals, trustees, and attorneys and any other legal representatives, and all persons acting by, through, under or in concert with them or any of them.
2. "Plaintiff Releasees" refers collectively to the Plaintiff, as well as its present or former officials, directors, trustees, employees, agents, attorneys, representatives, administrators, predecessors, or successors.
3. Within ten (10) business days of the exchange of a fully executed agreement, The ACE Defendants shall pay or cause to be paid to the Plaintiff, the sum of \$1,970,000.00 ("the

ACE Settlement Funds”) in full and complete resolution of all claims and/or causes of action that were, could have been, or should have been asserted against The ACE Defendants in the Action or that were the subjects of the Investigation. The ACE Defendants shall pay or cause to be paid the ACE Settlement Funds by wire transfer, certified check or other guaranteed funds payable to the Ohio Attorney General, and the allocation or distribution of those funds shall be within the sole discretion of the Attorney General. The ACE Defendants agree that they shall not object to, or otherwise attempt to alter or affect, the allocation or distribution of the ACE Settlement Funds or of any funds remaining for distribution from settlements with other former Defendants in this action or with non-Defendant settling parties. The Settling Parties agree to pay their own costs, with the exception only of the payments specified in this Paragraph. The ACE Settlement Funds shall not be characterized as a penalty, fine, or punitive damages.

4. Plaintiff shall terminate all investigations and inquiries against The ACE Defendants based upon the acts, practices or courses of conduct that were the subject of the Investigation or the Action.

5. The Settling Parties acknowledge that they have entered into this Settlement Agreement and Mutual Release out of a mutual desire to resolve their differences, move forward, and in order to effect a compromise. Nothing in this Settlement Agreement and Mutual Release shall be deemed or asserted to be an admission by The ACE Defendants or evidence of any liability and/or wrongdoing in the Action or related to the Investigation, and The ACE Defendants expressly deny any such liability and/or wrongdoing. Plaintiff further expressly acknowledges that entry into this Settlement Agreement and Mutual Release shall not be deemed

an admission by The ACE Defendants of, or evidence of, wrongdoing or liability on the part of The ACE Defendants, and that Ohio Rule of Evidence 408 is fully applicable to this Settlement Agreement and Mutual Release.

6. Nothing in this Settlement Agreement and Mutual Release shall be admissible against any ACE Releasee or serve as the basis of any disqualification of any ACE Releasee for any license or privilege within the power of the State of Ohio to grant.

7. In consideration for the total payment of the ACE Settlement Funds and the remaining terms and conditions set forth herein, the Plaintiff hereby specifically releases, waives and forever discharges the ACE Releasees from any and all claims, counterclaims, demands, debts, rights, causes of action, regulatory actions or proceedings, or liabilities whatsoever, including known and unknown claims, now existing or hereafter arising, in law, equity or otherwise, whether under state, federal or foreign statutory or common law or administrative rules, and whether possessed or asserted directly, indirectly, derivatively, representatively or in any other capacity (collectively, "claims"), to the extent any such claims are based upon, arise out of or relate to, in whole or in part: (i) any of the allegations, acts, omissions, transactions, events, types of conduct or matters that were the subject of the Action or the Investigation; (ii) any allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of *In re: Insurance Brokerage Antitrust Litigation*, MDL No. 1663, or the actions pending in the United States District Court for the District of New Jersey captioned *In re: Insurance Brokerage Antitrust Litigation*, Civ. No. 04-5184 (GEB), and *In re: Employee Benefits Insurance Brokerage Antitrust Litigation*, Civ. No. 05-1079 (GEB), or any related actions filed

or transferred to the United States District Court for the District of New Jersey that are or were consolidated into either of the preceding Civil Action dockets; or (iii) any allegations of bid-rigging or of the use of contingent commission agreements or placement service agreements to steer business that are based upon, arise out of or relate to conduct by the ACE Releasees occurring on or before the date of this Settlement Agreement and Mutual Release.

8. In consideration for the terms and conditions set forth herein, The ACE Defendants hereby specifically release, waive and forever discharge the Plaintiff Releasees from any and all claims, counterclaims, demands, debts, rights, causes of action, regulatory actions or proceedings, or liabilities whatsoever, including known and unknown claims, now existing or hereafter arising, in law, equity or otherwise, whether under state, federal or foreign statutory or common law or administrative rules, and whether possessed or asserted directly, indirectly, derivatively, representatively or in any other capacity (collectively, "claims"), to the extent any such claims are based upon, arise out of or relate to, in whole or in part, (i) any of the allegations, acts, omissions, transactions, events, types of conduct or matters that were the subject of the Action or the Investigations; (ii) any allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of *In re: Insurance Brokerage Antitrust Litigation*, MDL No. 1663, or the actions pending in the United States District Court for the District of New Jersey captioned *In re: Insurance Brokerage Antitrust Litigation*, Civ. No. 04-5184 (GEB), and *In re: Employee Benefits Insurance Brokerage Antitrust Litigation*, Civ. No. 05-1079 (GEB), or any related actions filed or transferred to the United States District Court for the District of New Jersey that are or were consolidated into either of the preceding Civil Action dockets; or (iii) any

allegations of bid-rigging or of the use of contingent commission agreements or placement service agreements to steer business that are based upon, arise out of or relate to conduct by the ACE Releasees occurring on or before the date of this Settlement Agreement.

9. This Settlement Agreement and Mutual Release shall also be deemed to be a covenant not to sue by the Plaintiff, and any breach of such covenant by the Plaintiff shall be deemed to be a material breach of this Settlement Agreement. Accordingly, the Plaintiff shall not initiate any proceeding (whether formal or informal) as to any ACE Releasee where the claim and/or proceeding is based upon the acts, practices or courses of conduct that were the subjects of the Investigation or the Action or is otherwise within the scope of the claims released by this Settlement Agreement and Mutual Release.

10. In consideration of the covenants undertaken herein by the Settling Parties, and in order to effectuate the Settlement Agreement and Mutual Release as set forth herein, the Settling Parties agree that, within two (2) business days of payment in full by The ACE Defendants of all sums due under Paragraph 3 above, all of Plaintiff's claims against The ACE Defendants shall be dismissed with prejudice, and the Ohio Attorney General shall file a notice of dismissal with prejudice, in the form attached hereto as Exhibit B, of all claims against The ACE Defendants in the Action.

11. This Settlement Agreement and Mutual Release is the entire agreement among the Settling Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and/or written agreements and discussions.

12. If any paragraph, provision or subpart of this Settlement Agreement and Mutual Release is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Settlement Agreement and Mutual Release, such paragraph, provision or subpart shall be fully severable. In lieu thereof, there shall be added a paragraph, provision or subpart as similar in terms to such illegal, invalid or unenforceable paragraph, provision or subpart as may be possible and be legal, valid and enforceable.

13. This Settlement Agreement and Mutual Release may not be modified, changed, contradicted, added to, or altered in any way by any previous written or oral agreements or any subsequent oral agreements. This Settlement Agreement and Mutual Release may be modified or amended only pursuant to an instrument in writing, executed and delivered on behalf of each party.

14. The fact that The ACE Defendants have entered into this Settlement Agreement and Mutual Release is not intended to disqualify any ACE Releasee from engaging in any business in the State of Ohio or any other state. Nothing in this Settlement Agreement and Mutual Release shall relieve the ACE Releasees from obligations imposed by any applicable state insurance law or regulation, or other applicable law.

15. This Settlement Agreement and Mutual Release is not intended to and shall not confer any rights upon any persons or entities other than the Ohio Attorney General and the ACE Releasees.

16. Whenever this Settlement Agreement requires that notice be provided, such notice shall be provided by certified or registered mail, return receipt requested, postage prepaid or by hand delivery to:

If to Plaintiff:

Jennifer L. Pratt
Chief, Antitrust Section
Ohio Attorney General's Office
150 E. Gay Street, 23rd Floor
Columbus, Ohio 43215
Telephone: (614) 466-4328
Facsimile: (614) 995-0266

If to The ACE Defendants:

Johnny W. Carter
Susman Godfrey L.L.P.
1000 Louisiana, Suite 5100
Houston, TX 77002
Telephone: (713) 653-7818
Facsimile: (713) 654-6694

And

Chad Helin
1133 Avenue of the Americas
Telephone: (212) 642-7851
Facsimile: (212) 209-2272

17. This Settlement Agreement and Mutual Release shall be governed by and interpreted according to the laws of the State of Ohio, excluding its conflict of laws provisions.

18. The Settling Parties acknowledge and agree that all matters relating to the enforcement and interpretation of this Settlement Agreement and Mutual Release shall be subject to the jurisdiction of the Court of Common Pleas, Cuyahoga County, Ohio. The Ohio Attorney

General and/or The ACE Defendants may enforce the terms of this Settlement Agreement and Mutual Release by filing an action in the Court of Common Pleas, Cuyahoga County, Ohio. The Plaintiff and The ACE Defendants also may enforce the terms of this Settlement Agreement and Mutual Release in any other court in which an action against them is pending which is brought by or on behalf of the person or entity against whom enforcement is sought.

19. This Settlement Agreement and Mutual Release may be signed in counterparts, each of which shall constitute a duplicate original. Execution by facsimile or by electronically transmitted signature shall be fully and legally binding on the Plaintiff and The ACE Defendants.

20. Nothing in this Settlement Agreement and Mutual Release or any of its terms and conditions shall be interpreted to alter in any way the contractual terms of any insurance policy sold, assumed or acquired by the ACE Releasees.

21. Each signatory to this Settlement Agreement and Mutual Release who signs on behalf of another hereby warrants that he or she has the authority to sign on behalf of said person or entity, and that this Settlement Agreement and Mutual Release shall be binding as to said person or entity.

Date: 12/16/2011

ATTORNEY GENERAL OF THE STATE OF OHIO, on behalf of itself, the State of Ohio, and each of the Ohio public entities, departments, agencies, institutions, employee retirement systems and/or political subdivisions it represents in this Action, as listed in Exhibit A hereto

By: 
Name: Mike DeWine
Title: Attorney General, State of Ohio

Date: _____

THE ACE DEFENDANTS, including ACE American Insurance Company, ACE Property & Casualty Insurance Company, Insurance Company of North America and Westchester Fire Insurance Company

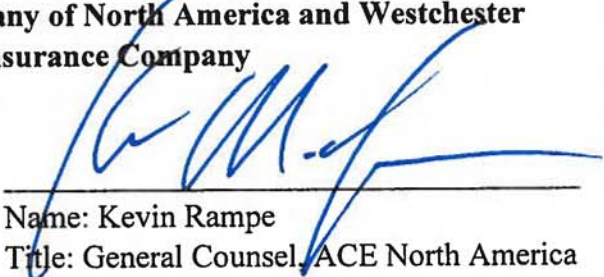
By: 
Name: Kevin Rampe
Title: General Counsel, ACE North America

EXHIBIT A

Bowling Green State University
Central State University
City of Hamilton
Cleveland Municipal School District (aka Cleveland Metropolitan School District)
Cleveland State University
Columbus Regional Airport Authority
Dayton Public Schools (aka Dayton Board of Education)
Franklin County Convention Facilities Authority
Hamilton County
Kent State University
Miami University
Montgomery County
Northeastern Ohio Universities College of Medicine
Ohio State Highway Patrol Retirement System
Ohio Public Employees Retirement System
Ohio Turnpike Commission
Ohio University
Rickenbacker Port Authority (now part of Columbus Regional Airport Authority)
School Employees Retirement System
Shawnee State University
The Ohio State University
Toledo City School District
University of Akron
University of Cincinnati
University of Toledo
Wright State University
Youngstown State University

EXHIBIT B

**IN THE COURT OF COMMON PLEAS
CUYAHOGA COUNTY, OHIO**

STATE OF OHIO, EX REL.	:	
R. MICHAEL DEWINE,	:	
ATTORNEY GENERAL,	:	
	:	Civil Action No.: CV 07 633857
Plaintiff,	:	
	:	Judge John J. Russo
v.	:	
	:	
AMERICAN INTERNATIONAL GROUP	:	
INC., ET AL.,	:	
	:	
Defendants.	:	
	:	

**NOTICE OF VOLUNTARY DISMISSAL WITH PREJUDICE
OF ALL CLAIMS AGAINST THE ACE DEFENDANTS**

Pursuant to Rule 41(A)(1)(a) of the Ohio Rules of Civil Procedure, Plaintiff, State of Ohio, the Ohio Attorney General, and each of the Ohio public entities, agencies, institutions, employee retirement systems and/or political subdivisions the Ohio Attorney General represents in this action, having resolved by agreement their disputes with Defendants ACE American Insurance Company, ACE Property & Casualty Insurance Company, Insurance Company of North America and Westchester Fire Insurance Company (collectively "The ACE Defendants"), with no admission of liability, hereby voluntarily dismiss with prejudice all claims that were, could have been, or should have been asserted in this action against The ACE Defendants. Each

party to bear its own attorneys' fees and court costs.

Respectfully submitted,

R. MICHAEL DEWINE
Ohio Attorney General

By: _____

Jennifer L. Pratt (0038916)

Mitchell L. Gentile (0022274)

Ohio Attorney General's Office

Antitrust Section

150 East Gay Street, 23rd Floor

Columbus, Ohio 43215

Telephone: (614) 466-4328

Facsimile: (614) 995-0266

jennifer.pratt@ohioattorneygeneral.gov

mitchell.gentile@ohioattomeygeneral.gov

CERTIFICATE OF SERVICE

This is to certify that the foregoing Notice of Voluntary Dismissal With Prejudice of All Claims Against The ACE Defendants was served via ordinary U.S. mail on the ____ day of

[date], upon:

Kevin M. Spellacy
McGinty, Hilow & Spellacy,
Co., LPA
614 W. Superior Ave., Ste. 1300
Cleveland, OH 44113

Johnny W. Carter
Susman Godfrey L.L.P.
1000 Louisiana, Suite 5100
Houston, TX 77002
*Attorneys for the ACE
Defendants*

Attorney for Plaintiff State of Ohio