

No. _____

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
	§	
PLAINTIFF,	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
ACE GROUP HOLDINGS, INC.	§	
and its insurance subsidiaries,	§	_____ JUDICIAL DISTRICT
	§	
DEFENDANTS.	§	

AGREED FINAL JUDGMENT AND STIPULATED INJUNCTION

On this date, came for hearing the above-entitled and numbered cause in which the Agreed Final Judgment and Stipulated Injunction between Plaintiff, State of Texas, by and through its Attorney General, Greg Abbott (the “Attorney General”), and Defendants ACE Group Holdings, Inc. and its insurance subsidiaries listed in Appendix A, insofar as those subsidiaries issue policies of insurance to residents of the United States (collectively, as further described below, “ACE” or the “ACE Insurers”) concerning its arrangements with various Producers, including Marsh & McLennan Companies, Inc. and its affiliates or subsidiaries (collectively, “Marsh”). The Attorney General alleged that these arrangements, allegedly including bid-rigging and market allocations, violated various laws and resulted in the ACE Insurers charging artificially inflated prices for the commercial insurance policies they sold to clients of Marsh and other producers. The ACE Insurers deny that their activities have violated the federal or state antitrust laws, applicable insurance laws or any other federal or state laws. The ACE Insurers do not admit liability under the antitrust laws or applicable insurance laws by agreeing to this Agreed Final Judgment and Stipulated Injunction. Nonetheless, to avoid the uncertainty and expense of protracted litigation, the ACE Insurers agree to enter into this Agreed Final Judgment and Stipulated Injunction.

IT IS HEREBY ADJUDGED AND DECREED:

I. PARTIES

1. ACE Group Holdings, Inc. is incorporated under the laws of Delaware and is headquartered in Philadelphia, Pennsylvania. ACE Group Holdings, Inc. and its insurance subsidiaries as identified in Appendix A (collectively, the “ACE Insurers”) operate throughout the United States and are parties to this Judgment.

2. The Attorney General is the chief legal officer of the State of Texas. The Attorney General is authorized to bring this action for violations of state antitrust laws as well as state laws concerning fraud, misrepresentation or similar conduct.

II. JURISDICTION

3. The Court finds that it has subject matter jurisdiction and may exercise personal jurisdiction over the ACE Insurers. The Court finds that the Attorney General’s complaint states a claim upon which relief may be granted.

III. DEFINITIONS

4. As used in this Judgment:

a) ***AG Settlement Agreement means:*** the settlement agreement executed between and among the ACE Insurers and the attorneys general of the States of Florida, Hawaii, Maryland, Michigan, Oregon, Texas and West Virginia, the Commonwealth of Massachusetts, and the District of Columbia, the Florida Department of Financial Services, and the Florida Office of Insurance Regulation pursuant to which the ACE Insurers agreed to entry of this Judgment, which agreement is substantially in the form found in Appendix B.

b) **Term means:** The ten-year (10-year) time period during which the Court shall retain jurisdiction over enforcement of this Judgment, which time period shall begin on the date this Judgment is entered.

IV. TERMS

5. The ACE Insurers shall abide by and comply with the terms of the AG Settlement Agreement, and the terms of the AG Settlement Agreement are hereby incorporated by reference.

6. **Enforcement** – If the Attorney General believes that there has been a violation of this Judgment, the ACE Insurers shall be promptly notified in writing thereof. The Attorney General shall thereafter permit the ACE Insurers a reasonable opportunity to cure any alleged violation without instituting legal action. If the alleged violation is not substantially cured by the ACE Insurers within sixty (60) days of the notification, the Attorney General may thereafter seek to undertake any remedial action deemed appropriate. This time period may be extended in circumstances where the sixty-day (60-day) period does not allow sufficient time to cure the alleged violation.

7. If the Attorney General prevails in any action or proceeding to enforce this Judgment, or in any action or proceeding otherwise arising out of or relating hereto, the Court shall award costs and expenses, including a reasonable sum for attorneys' fees.

8. **Legal Exposure** – This Judgment is not intended to give any legal rights or remedies of any nature to any third party.

9. **Notices** – All notices required by this Judgment shall be sent by certified or registered mail, return receipt requested, postage prepaid or by hand delivery to:

If to the Attorney General:

Mark Tobey, Esq.
Chief, Antitrust & Civil Medicaid Fraud Division
Office of the Attorney General
P.O. Box 12548
Austin, Texas 78711-2548
Telephone: (512) 463-1262

If to the ACE Insurers

Chief Compliance Officer
ACE INA Group of Insurance and Reinsurance Companies
PO Box 1000
510 Walnut Street, WB4
Philadelphia, Pa 19106

Formatted: Justified, Indent: Left: 0", Space After: 0 pt

10. This Judgment shall be governed by and interpreted according to the laws of this state, excluding its conflict of laws provisions.
11. Nothing in this Judgment 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 an ACE Insurer.
12. Nothing in this Judgment releases a *Producer* from its obligations to make disclosures required by law or contract to Insureds.
13. **Modification** – If the Attorney General or the ACE Insurers believe that modification of this Judgment would be in the public interest, that party shall give notice to the other and the parties shall attempt to agree on a modification. If the parties agree on a modification, they shall jointly petition the Court to modify the Judgment, and such modification shall be granted unless the Court determines that the modification is contrary to the public interest.

14. **Retention of Jurisdiction** – The Court retains jurisdiction during the Term to enable the Attorney General or the ACE Insurers to apply to this Court for such further orders and directions as may be necessary and appropriate for the interpretation, modification, and enforcement of this Judgment. The ACE Insurers will not later challenge the Court’s jurisdiction to enforce this Judgment.

15. If the AG Settlement Agreement is terminated for any reason, then this Judgment shall be vacated and shall be deemed to be null and void, and have no force or effect on any of the Parties.

16. **No Admission of Liability** – The ACE Insurers, desiring to resolve the Attorney General’s concerns without trial or adjudication of any issue of fact or law, have consented to entry of this Judgment, which is not an admission of liability by the ACE Insurers as to any issue of fact or law. Neither this Judgment nor the ACE Insurers’ agreement to its entry may be offered or received into evidence in any action as an admission of liability, whether arising before or after the entry of the Judgment.

AND SO ADJUDICATED,

DATED this ____ day of _____, 2007.

JUDGE

STIPULATED AND AGREED TO BY:

GREG ABBOTT
Attorney General of Texas

KENT C. SULLIVAN
First Assistant Attorney General

JEFF L. ROSE
Deputy Attorney General for Litigation

MARK TOBEY
Chief, Antitrust & Civil Medicaid Fraud
Division

BRET FULKERSON
Texas Bar No. 24032209
Office of the Attorney General
300 W. 15th St., 9th Fl.
Austin, TX 78701

**ATTORNEYS FOR THE STATE
OF TEXAS**

ROBERT CUSUMANO
General Counsel
ACE Group Holdings, Inc.
1133 Avenue of the Americas
New York, NY 10036

**COUNSEL FOR THE ACE
INSURERS**