

NOTICE

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS.

SUPERIOR COURT
DEPARTMENT OF THE TRIAL COURT

07-5547A

COMMONWEALTH OF MASSACHUSETTS,)
)
 Plaintiff,)
)
 v.)
)
 WILLIAM GALLAGHER ASSOCIATES)
 INSURANCE BROKERS, INC.)
)
 Defendant.)

Civil Action No. 07-

2017 DEC 20 AM 11:28

UNOPPOSED MOTION TO ENTER FINAL CONSENT JUDGMENT

Plaintiff Commonwealth of Massachusetts respectfully moves this Court to approve entry of the final judgment, in the form of the proposed Final Consent Judgment appended hereto. The Commonwealth makes this motion pursuant to Mass. R. Civ. P. 58, on the grounds that there is no just cause for delay and that the Defendant has consented, via the consent attached to the proposed Final Consent Judgment, to entry of final judgment in this case. Defendant, as noted on the consent attached to the proposed Final Consent Judgment, agrees to the entry of this judgment, waives the entry of

- findings of fact and conclusions of law pursuant to Mass. R. Civ. P. 52, and waives all rights of appeal.

no fee sent
12/20/17
GSK

12/20/17 - After review and by assent, motion to enter Final Consent Judgment is Allowed. See page 15 herein


Thomas S.
Coady

WHEREFORE, the Commonwealth requests that the attached Final Consent Judgment be entered in this civil action.

Respectfully submitted,

COMMONWEALTH OF
MASSACHUSETTS
MARTHA COAKLEY
ATTORNEY GENERAL

Date: December 20, 2007

By: 
Glenn S. Kaplan, BBO #567308
M. Claire Masinton, BBO #646718
Assistant Attorneys General
Public Protection & Advocacy Bureau
One Ashburton Place
Boston, MA 02108
(617) 727-2200, exts. 2453, 2454

The undersigned, M. Claire Masinton, hereby certifies that a copy of the above Unopposed Motion To Enter Final Consent Judgment was served by first class mail on counsel for all parties on December 20, 2007.


M. Claire Masinton

07-5547A

FINAL CONSENT JUDGMENT

It appearing to the Court that William Gallagher Associates Insurance Brokers, Inc. ("WGA"), has consented, by the attached Consent, to the entry of this Consent Judgment, and that this Court has subject matter and personal jurisdiction and sufficient basis for the entry of this Consent Judgment,

IT IS ORDERED, ADJUDGED AND DECREED THAT:

I. BACKGROUND

- 1. The Complaint alleges that WGA committed unfair and deceptive acts and practices in violation of § 2(a) of the Massachusetts Consumer Protection Act, G.L. c. 93A, and violated the common law of unjust enrichment in providing insurance brokerage services to its customers.
- 2. WGA denies the allegations in the Complaint and denies any liability, but agrees to entry of this Consent Judgment to resolve the Commonwealth's claims. Entry of this Consent Judgment is not a finding of liability against WGA. Neither this Consent Judgment, its negotiation nor any acts performed in conformance with this Consent Judgment may be used as an admission of any allegation in the Complaint, nor may this Consent Judgment or its negotiation be admissible in any other proceeding, judicial or administrative, except a proceeding to enforce compliance with this Consent Judgment.
- 3. Except as expressly provided in this Consent Judgment, nothing in this Consent Judgment is intended to: (a) confer rights upon any persons or entities other than the Office of the Attorney General on behalf of the Commonwealth ("AG"); (b) affect any rights or remedies of any other persons or entities with respect to WGA or other license

*no consent
12/20/07
CSK*

JUDGEMENT ENTERED ON DOCKET 12/20/07
PURSUANT TO THE PROVISIONS OF MASS.R.CIV.P.58(a)
AND NOTICE SENT TO PARTIES PURSUANT TO THE PRO-
VISIONS OF MASS.R.CIV.P.77(d) AS FOLLOWS

holder affiliated with WGA; or (c) absolve WGA of the requirement to comply with any and all applicable laws.

4. This Consent Judgment shall provide a full and final release to WGA, its current officers, directors, and employees from any claims by the AG for their past actions associated with the allegations set forth in the Complaint except for those affirmative obligations that WGA has as a result of this Consent Judgment.

II. DEFINITIONS

5. “**Fee(s)**” shall mean any customer payment for services that is not included by an insurance company in a customer’s insurance premium.
6. “**Standard commission(s)**” shall mean any payment for services that is included by an insurance company in a customer’s insurance premium.
7. “**Contingent compensation**” shall mean any payment or other valuable consideration that is received under an arrangement in which an insurance company or other third party provides WGA compensation that is in any way based on aggregate data, such as total insurance premium bound, new insurance premium bound, retention of existing policyholders or premium, profitability or loss ratio of premium bound or other aggregate measures, as distinguished from standard commissions and fees.
8. “**Customer**” shall mean any person or entity that makes use of any services provided by WGA in connection with all commercial property and casualty business transacted by WGA.

III. INJUNCTIVE RELIEF

9. Commencing upon entry of this Consent Judgment, WGA shall not commit any unfair or deceptive act when brokering insurance or providing insurance advisory services.

A. DURATION & SCOPE

10. These terms shall apply to all commercial property and casualty business transacted by WGA, which shall also include any such insurance procured for non-profit entities.
11. Unless another time period is specified herein, these terms shall remain in effect for five (5) years from the entry date of this Consent Judgment.

B. CONTROLS

12. *Compensation Disclosure Policy:* As of the entry date of this Consent Judgment, WGA represents that it has adopted the compensation disclosure policy set forth in Exhibit A of this Consent Judgment (“Disclosure Policy”) and shall fully implement the Disclosure Policy within thirty (30) days of the entry of this Consent Judgment. WGA shall enforce and abide by its Disclosure Policy regarding placements and services provided to its customers. WGA shall not change this Disclosure Policy while this Consent Judgment is in effect, except to provide more or further disclosures to its customers. Notwithstanding the foregoing, in the event that Massachusetts law is changed regarding broker disclosures of commissions, WGA may change the terms of its Disclosure Policy if the AG agrees to said change or changes, such agreement by the AG not to be unreasonably withheld.
13. *Pre-Binding Disclosure and Written Client Acknowledgement of Fees:* In addition to the requirements contained in the Disclosure Policy, whenever WGA charges or proposes to charge a customer a fee for brokerage of one or more insurance policies

or for any other service, WGA shall provide the customer written disclosure (“Fee Disclosure”) identifying the amount of the fee and all lines of insurance coverage and/or services WGA will broker and/or provide in exchange for the fee. The Fee Disclosure shall explicitly state whether or not the fee is refundable in the event: (a) one or more lines of insurance coverage is not bound and/or (b) one or more lines of insurance coverage is cancelled while in force. If the fee is refundable, the Fee Disclosure shall specify the formula under which the fee shall be returned to the customer in each such circumstance. In addition, if applicable, the Fee Disclosure shall set forth the amount of any standard commission related to any insurance policy placed by WGA on the customer’s behalf concurrently or within the past 365 days. Before billing or accepting any fee, WGA must obtain a written acknowledgment from the customer verifying that the customer received and understands the Fee Disclosure. WGA may bill or accept such a fee and not be in violation of this paragraph if WGA can document that: (1) WGA made at least three separate, written, good faith efforts to obtain a written acknowledgment from the client; (2) WGA informed the customer in writing of the fact that the fee was to be charged on the account and the amount of the fee; and (3) WGA documented that the client orally agreed to the fee. Where the foregoing sentence requires notification in writing (subsections (1) and (2)), WGA must obtain verification that such written notice was received by the customer. Such verification may be demonstrated through a return electronic mail verification from the recipient that the electronic mail from WGA has been received, or through a certified mail confirmation of delivery from the United States Postal Service.

14. *Compensation Prohibitions*: WGA shall not charge or receive a fee and a standard

commission relating to the same insurance placement or policy insuring any customer with a principal place of business in the Commonwealth or any other jurisdiction that does not explicitly authorize such dual compensation. This provision shall not affect WGA's ability to negotiate and charge a fee to customers for services that are not related to the placement or servicing of an insurance policy, so long as WGA abides by paragraphs Twelve (12) and Thirteen (13) of this Consent Judgment in charging any such fee.

15. *Recordkeeping Requirement:* WGA must keep a record of fees and commissions charged, written disclosures, client acknowledgments, letters to clients and all other documentation necessary to show compliance with the provisions of Exhibit A of this Consent Judgment and paragraphs Twelve (12), Thirteen (13) and Fourteen (14) above for at least five (5) years from the policy's effective date or Fee Disclosure's signatory date. At the AG's request, WGA shall make these records available for inspection by the AG.
16. *Premium Finance Agreements:* WGA shall not request, secure, or sign any premium finance agreement that represents a fee as insurance premium.
17. *Premium Refunds:* WGA shall not retain for longer than ninety (90) days any refund of premium from an insurance company that was provided by an insurance company or wholesale broker to WGA for return to a customer, except where WGA uses such refunds to satisfy legitimate outstanding debits on that customer's account.

C. DISCIPLINE

18. WGA shall develop a disciplinary program to ensure it records and addresses instances of misconduct related to WGA's undertakings as contained in this Consent Judgment

according to a graduated scale of sanctions, including reprimand, reduction or suspension of bonus, reduction in base compensation, suspension of or degradation in title or supervisory responsibility, and dismissal (with or without severance benefits). During the five (5) years after entry of this Consent Judgment, WGA shall inform the AG any time WGA formally reprimands, suspends or dismisses an employee according to this policy. The mere fact that WGA took disciplinary measures against an employee under this policy shall not be used as evidence that WGA has violated this Consent Judgment.

D. CLARIFYING STATEMENT

19. WGA shall provide a clarifying statement in the form found in Exhibit B-1 of this Consent Judgment to each client or customer that received WGA's notice of October 22, 2004 regarding WGA's contingent compensation practices ("Recipient" or "Recipients"), including any and all non-commercial property and casualty clients or customers. Such a statement must be included in materials provided to each Recipient in conjunction with WGA's next solicitation and/or offer to renew or market one or more of the Recipient's insurance policies. Instead of receiving the form found in Exhibit B-1 of this Consent Judgment, Recipients that were placed in the Mountain View Indemnity ("MVI") captive shall receive a clarifying statement regarding MVI, in the form found in Exhibit B-2 of this Consent Judgment. If any Recipient is no longer a customer of WGA, WGA shall send the Recipient the appropriate clarifying statement within thirty (30) days of the entry of this Judgment.

E. AUDIT

20. WGA and the AG (the "Participants") shall submit to a binding audit of WGA's

compensation for services provided between January 1, 2002 and December 31, 2004 for all policies of all customers listed on Exhibit C of this Consent Judgment (the "Audit"). Fees for which WGA has paid restitution to affected customers as set forth on Exhibit D may be excluded from the Audit.

21. Within sixty (60) days of the entry of this Consent Judgment, WGA shall provide the AG with a list of additional fees that WGA has identified as requiring restitution. To the extent the AG determines to its satisfaction that WGA has paid adequate restitution in these instances, such fees may also be excluded from the Audit.
22. The Audit shall be conducted as follows.
23. An auditor will be selected by the Participants by January 30, 2008 (the "Auditor"). If the Participants cannot agree on an auditor, the parties will so notify the Court and seek an order from the Court to appoint an auditor that: (a) is professionally certified; (b) has derived no remuneration from an insurance company or producer during the past five (5) years; (c) has performed audit work at the behest of a public or quasi public entity during the past five (5) years; and (d) has sufficient knowledge of the insurance industry to conduct the Audit required by this Consent Judgment.
24. The Participants and the Auditor shall enter into a contract by February 29, 2008 (the "Contract"). WGA will pay the costs of the Auditor who shall submit monthly invoices to the AG. The AG shall then direct WGA to directly pay each amount to the Auditor and WGA shall make such payments within 30 calendar days of being so directed. The Contract shall require the Auditor to share any documentation or work papers relating to the Audit, including materials received from WGA and/or third parties with the AG and WGA upon request, provided that, under no circumstances shall the Auditor provide

WGA with materials or information the AG obtained through her statutory, civil investigative, and subpoena powers.

25. WGA will fully cooperate with the Auditor by, without limitation, (a) providing the Auditor access to any and all written and electronic records, workplace, employees, contractors, or agents the Auditor or AG feel are necessary for the Auditor to carry out its responsibilities and (b) authorizing the AG to grant the Auditor access to any and all records or other information obtained from WGA in the course of its investigation of this matter. The Auditor shall sign a confidentiality agreement as to all material received pursuant to the Audit and shall treat all such information as confidential, although the Auditor shall provide any such information to the AG and WGA upon request.
26. The Participants shall meet on one or more occasions with the Auditor within ten (10) calendar days of the execution of the Contract to discuss the audit process including without limitation any and all information and materials that the Auditor will need from WGA to conduct the Audit.
27. On or before May 1, 2008, the Auditor shall identify all the policies placed for, and all the fees and commissions charged to, the customers listed on Exhibit C of this Consent Judgment (the "Results"). To the extent the Auditor is unable to determine whether a fee or commission has been charged, and/or to which policy, policies, or services a fee or commission relates, WGA shall take reasonable steps to make this information clear. If the Auditor is unable to obtain information necessary for it to complete these identification tasks, the Auditor shall seek the assistance of the AG. The AG may use her statutory, civil investigative, and subpoena powers to obtain said information and may share such information with the Auditor. The Auditor will not disclose such

information without the AG's permission.

28. The Auditor shall share the Results with the Participants. If the Participants disagree with the Results, they shall provide objections to the Auditor within ten (10) days of receiving the Results, along with the specific basis for their objections. The Auditor shall then, within ten (10) days of receiving the objection, determine whether the policy, fee, or standard commission shall be included in the Results.
29. After establishing the Results, the Auditor shall begin review to determine:
- (a) Whether WGA received both a fee and a standard commission relating to an insurance policy or policies of a specific customer;
 - (b) Whether, in the case of a fee-only remuneration, the Auditor can: (a) identify a written disclosure obtained by the customer before the policy or policies were bound that disclosed the full amount of the fee and (b) determine that the customer knowingly, voluntarily, and in a fully informed manner, either verbally or in writing, accepted this specific fee dollar amount as appropriate compensation for WGA (if the fee was not fully disclosed to the customer as described above, the Auditor shall consider it undisclosed); and
 - (c) Whether, in the case of undisclosed fee-only remuneration, as described above, the fee constituted more than 17.65% of the net premium or premiums paid to the insurance company or companies to which the fee related ("15% of Gross Premium").

If WGA either received (a) both a fee and standard commission on a policy or policies ("Fee-and-Commission Account"), or (b) an undisclosed fee ("Fee-Only Account"), the Auditor shall consider the customer a "Restitution Customer" and WGA shall proffer

restitution to the customer as set forth below. This proffer shall be made by WGA irrespective of any agreement, waiver, or release by the customer regarding the issues to which the proffered restitution is related.

30. To accomplish its tasks, the Auditor shall review written and electronic materials from WGA, insurers, and customers, and/or may conduct interviews with personnel from WGA or insurers, customers, or any other third parties as needed. WGA shall make all requested materials available to the Auditor within fourteen (14) days of any request by the Auditor. If the Auditor requires assistance to obtain materials from WGA and/or those parties listed above, the Auditor shall request the assistance of the AG. The AG may use her statutory, civil investigative, and subpoena powers to obtain said information or materials and may share such information with the Auditor. The Auditor will not disclose this information without the AG's permission.
31. For each Restitution Customer, the Auditor shall compute a restitution amount for each such instance as follows: (a) for Fee-and-Commission Accounts, the restitution amount shall be the entire amount of the fee, (b) for Fee-Only Accounts, the restitution amount shall be the amount paid to WGA minus 15% of Gross Premium, (the "Audit Findings").
32. Upon completion of the Audit, the Auditor shall submit the Audit Findings to the Participants. Each of the Participants shall have fifteen (15) days to suggest revisions to the Audit Findings ("Audit Review Period"). The Auditor shall discuss each suggested audit revision request with the Participants. If the Auditor determines that it has made an error, it shall correct the Audit Findings within twenty (20) days of the Audit Review Period. The Audit shall be deemed complete at the conclusion of this twenty (20) day

period.

33. WGA shall proffer and make payments in the restitution amounts as determined by the Audit Findings according to the methods set forth below, or to whomever the AG directs.
34. For each Restitution Customer, WGA shall pay \$5,000 to the Commonwealth, subject to a maximum payment under this paragraph of \$100,000. This payment shall be made within thirty (30) days of the completion of the Audit. WGA shall pay this money by certified check, payable to "Commonwealth of Massachusetts" by hand-delivery, to Arwen Thoman, Office of the Attorney General, One Ashburton Place, Boston, MA 02108, or to whomever the AG directs.
35. Within thirty (30) calendar days of notifying the Participants of the Audit Findings, the Auditor will provide the Participants with a list of recommendations regarding how WGA can improve the efficiency of its record keeping and fee/commission processing, in order to ensure clear records and prevent overpayments by customers and/or bills for fees that are undisclosed. WGA will implement the recommendations within ninety (90) calendar days of their receipt unless WGA reasonably believes that the recommendations are not feasible or cost-effective, in which case WGA will consult within thirty (30) calendar days of receiving the recommendations with the Auditor and the AG in good faith to determine whether there is a better or less costly approach to improve its systems.

F. COOPERATION

36. WGA shall fully cooperate with the AG concerning all aspects of this Consent Judgment.

IV. PAYMENTS

37. WGA must, within five (5) days of the entry of this Consent Judgment, proffer to each entity listed on Exhibit D of this Consent Judgment: (a) the corresponding amount of money for that entity as listed on Exhibit D; (b) a letter by certified mail, attached hereto as Exhibit E, and with this letter, a release form, attached hereto as Exhibit F. If an entity listed on Exhibit D returns the executed release to WGA within one hundred eighty (180) days of receipt, WGA shall pay to the entity the amount proffered. To the extent that any entity listed on Exhibit D fails to return an executed release, WGA shall pay within thirty (30) days the amount proffered to that entity to the AG, to be held by the AG for a period of five (5) years, during which time WGA may direct the AG to release the money listed on Exhibit D to the corresponding entity. In the event that (a) an entity listed on Exhibit D does not accept the proffer and institutes litigation with WGA and such litigation results in either (i) a contested and litigated judgment after trial, or (ii) a contested and binding arbitration that is freely chosen by the customer (regardless of any prior contractual obligation the customer may otherwise have to use arbitration in a dispute with WGA), and about which the AG is notified in advance, and (b) either the judgment or arbitrator's finding results in a restitution figure that is less than the proffered amount, WGA shall be able to apply what remains of the escrowed amount for that customer after payment of the judgment or finding to third party legal fees, and the AG shall be entitled to retain any remaining balance. At the end of this five (5) year period, any monies held by the AG pursuant to this paragraph, as well as any and all interest generated during the five year period, shall be used by the AG for education, outreach, and mediation purposes relating to insurance. Any and all interest on these

held monies shall be disbursed annually to the AG for uses as noted above.

38. Within thirty (30) days of the completion of the Audit, WGA must proffer to each Restitution Customer: (a) the corresponding restitution amount determined by the Auditor; (b) a letter by certified mail, attached hereto as Exhibit E, and with this letter, a release form, attached hereto as Exhibit F. If any Restitution Customer returns the executed release to WGA within one hundred eighty (180) days of receipt, WGA shall pay to the entity the amount proffered. To the extent that any Restitution Customer fails to return an executed release, WGA shall pay within thirty (30) days the amount proffered to the Restitution Customer to the AG, to be held by the AG for a period of five (5) years, during which time WGA may direct the AG to release the restitution to the corresponding entity. In the event that (a) any Restitution Customer does not accept the proffer and institutes litigation with WGA and such litigation results in either (i) a contested and litigated judgment after trial, or (ii) a contested and binding arbitration that is freely chosen by the customer (regardless of any prior contractual obligation the customer may otherwise have to use arbitration in a dispute with WGA), and about which the AG is notified in advance, and (b) either the judgment or arbitrator's finding results in a restitution figure that is less than the proffered amount, WGA shall be able to apply what remains of the escrowed amount for that customer after payment of the judgment or finding to third party legal fees, and the AG shall be entitled to retain any remaining balance. At the end of this five (5) year period, any monies held by the AG pursuant to this paragraph, as well as any and all interest generated during the five year period, shall be used by the AG for education, outreach, and mediation purposes relating to insurance. Any and all interest on these held monies shall be disbursed annually to

the AG for uses as noted above.

39. In addition to any other payment directed by this Consent Judgment, WGA must within five (5) days of the entry of this Consent Judgment pay \$925,000 to the Commonwealth of Massachusetts. WGA shall pay this money by certified check, payable to “Commonwealth of Massachusetts”, by hand-delivery, to Arwen Thoman, Office of the Attorney General, One Ashburton Place, Boston, MA 02108, or to whomever the AG directs.

V. GENERAL PROVISIONS

40. This Consent Judgment shall be governed by and construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts, without regard to any otherwise applicable principles of conflicts of law that would cause the application of the substantive or procedural laws of any other jurisdiction.
41. WGA shall inform any successors and assignees of the terms of this Consent Judgment, including, specifically, the terms of the Injunctive Relief section.
42. This Consent Judgment reflects the complete agreement between the AG and WGA. No other promises, representations or warranties have been made and the provisions of this Consent Judgment supersede all prior communications, discussions, or understandings, if any, whether written or oral. This Consent Judgment may not be changed, altered, or modified, except by further order of the Court.
43. Unless another time period is specified herein, for five (5) years from the entry of this Consent Judgment, the Superior Court shall retain jurisdiction of this action for all purposes, including issuing further orders or directives as may be necessary or appropriate for the interpretation or modification of this Consent Judgment, for the

enforcement of compliance with this Consent Judgment or for the punishment of violations of this Consent Judgment.

BY THE COURT:

Date: December 20, 2007

Thomas E. Connolly

CONSENT

Defendant William Gallagher Associates Insurance Brokers, Inc.,

- 1) admits to the continuing jurisdiction of the Superior Court over the persons and subject matter of this action,
- 2) consents to the entry of a Consent Judgment in the form attached to this Consent resolving certain claims between the Commonwealth and WGA,
- 3) certifies that WGA's duly authorized officer has personally read and understands the Consent Judgment, has consulted with counsel, is authorized to sign this Consent, and knowingly and voluntarily signs the Consent,
- 4) waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Massachusetts Rules of Civil Procedure, and
- 5) understands that violation of the Consent Judgment may subject WGA to the remedies set forth in G.L. c. 93A, § 4, or a contempt action.

ASSENTED TO, WAIVING ALL RIGHTS OF APPEAL:

WILLIAM GALLAGHER ASSOCIATES INSURANCE BROKERS, INC.

By: _____



Philip J. Edmundson
CEO, William Gallagher Associates Insurance Brokers, Inc.
William Gallagher Associates Insurance Brokers, Inc.

Exhibit A

WGA's Compensation Disclosure Policy

Definitions:

“**Fee(s)**” refers to any customer payment for services that is not included by an insurance company in a client's insurance premium.

“**Standard commission(s)**” refers to any payment for services that is included by an insurance company in a client's insurance premium.

“**Contingent compensation**” refers to any payment or other valuable consideration that is received under an arrangement in which an insurance company or other third party provides WGA compensation that is in any way based on aggregate data, such as total insurance premium bound, new insurance premium bound, retention of existing policyholders or premium, profitability or loss ratio of premium bound or other aggregate measures, as distinguished from standard commissions and fees.

“**Wholesale broker**” refers to any third party broker that acts as an intermediary between an insurance producer and an insurance market.

“**Client**” shall mean any person or entity that makes use of any services provided by WGA.

Policies:

Standard Commissions: WGA provides each of its clients with pre-binding written disclosure of the existence of any standard commission included in an insurance policy's premium and, upon request, will provide clients whatever detail WGA has at this time regarding the percentage and amount of the standard commission. WGA provides each of its clients with written disclosure of the actual percentage of the standard commission received by WGA within sixty (60) days of the date the policy was bound.

Contingent Compensation: WGA provides information to its clients on its website regarding whether it receives contingent commissions paid by insurers based on retention, volume, growth, profitability and other aggregate measures of the business WGA places with insurers. WGA also affirms on its website that it provides information to its clients about any and all forms of its contingent compensation upon request.

Producer Captive Insurers: WGA does not directly or indirectly participate in or own, in whole or in part, any insurance or reinsurance company excepting those insurance or reinsurance companies in which WGA may own publically traded stock.

Insurer Loans: WGA will not borrow money or any other valuable consideration from any

insurance company, unless WGA discloses the existence of such a loan on its website and in any and all renewal and or solicitation materials WGA provides to its customers. For the purposes of this provision, the funds held by WGA between the time that premiums on a policy are collected from a customer and the reasonable time they are remitted to an insurance company shall not be a considered a "loan" of the premium amounts due.

Compensation to Third Parties: WGA makes its best effort to provide its clients with written pre-binding disclosure of all fees and/or standard commissions to be received by a wholesale broker or other third party intermediary in connection with its customer's placement, to the extent this information is known or could reasonably be known to WGA at that time. If WGA does not know and cannot reasonably determine this information at or before this time, WGA makes its best effort to obtain and provide its clients with written disclosure of such information after the policy is bound.

Exhibit B-1

Statement Regarding WGA's Compensation Disclosure

On October 22, 2004, WGA issued a statement that referenced investigations of national insurance brokers by certain state attorneys general and insurance commissioners. In that statement, WGA stated that its Account Executives had no knowledge of contingent commission plans and had no financial incentives to place business with those insurers that offered those types of contingent commission payments. However, Account Executives at WGA were generally aware at that time of a number of these plans. Presently, it is not WGA's policy to disclose details of contingent commission programs to its Account Executives, although Account Executives may be aware of the existence of such programs. Then and now, WGA's goal is to provide the best combination of coverage, price and service for each client.

Exhibit B-2

Statement Regarding WGA's Compensation Disclosure

On October 22, 2004, in response to various investigations of the insurance brokerage industry by various state attorneys general, WGA issued a statement wherein it indicated that it did not engage in "any reinsurance or other tying activities" of the sort that were being investigated at that time. That statement failed to take into account the fact that WGA owned an equity interest in a Chubb sponsored reinsurance captive in Bermuda (Mountain View Indemnity Ltd.) to which WGA and Chubb ceded a number of your policies. WGA discontinued its participation in this program later, in 2004, in order to avoid the appearance of a conflict of interest. If you would like more information about this program, please call Jim Smith of WGA at 617 646 0233.

WGA's October 22, 2004 communication also stated that its Account Executives had no knowledge of contingent commission plans and had no financial incentives to place business with those insurers that offered those types of contingent commission payments. However, Account Executives at WGA were generally aware at that time of a number of these plans. Presently, it is not WGA's policy to disclose details of contingent commission programs to its Account Executives, although Account Executives may be aware of the existence of such programs. Then and now, WGA's goal is to provide the best combination of coverage, price and service for each client.

Exhibit C

List of WGA Customers To Be Audited

1. All WGA customers that were customers of WGA's Energy & Environmental Group at any point between 1/1/02 and 12/31/04.
2. Conceptis Technologies, Inc.
3. Multi-Disciplinary Association for Psychedelic Studies
4. Vista Print Ltd.
5. US Genomics, Inc.

Exhibit D

Client Name	Fee Charged	Associated Insurance Policy	Insurance Company	Effective Date	Restitution Amount	Total Restitution Payment
Milford Power	\$1,405,221	Excess Property	FM Global	12/31/2003	\$779,680	\$1,738,559
	\$1,405,221	Excess Property	FM Global	12/31/2002	\$648,829	
	\$716,000	Excess Property	FM Global	6/10/02	\$310,050	
Berkshire Power	\$319,315	All lines placed between 6/10/04-6/10/05	All lines placed between 12/31/04 and 12/31/05	All lines placed between 12/31/04 and 12/31/05	\$91,119	\$374,110
	\$600,000	Property	FM Global	6/10/2003	\$269,525	
	\$400,000	Property	FM Global	6/10/2002	\$13,466	
Kent County Board of Commissioners	\$50,000	Property	FM Global	3/1/2004	\$6,667	\$20,000
	\$48,425	Property	FM Global	3/1/2003	\$6,667	
	\$46,083	Property	FM Global	3/1/2002	\$6,666	
Reliant Energy, Inc.	\$250,000	Builder's Risk	FM Global	12/01/2001	\$160,386	\$285,386
	\$125,000	Ocean Cargo	Lloyds of London	10/12/2001	\$125,000	
Mid Maine Waste Action Corporation	\$30,000	Property	Zurich	7/1/2004	\$30,000	\$90,000
		General Liability	Chubb			
		Auto	Chubb			
		Umbrella	Chubb			
	\$30,000	Property	Zurich	7/1/2004	\$30,000	
	\$30,000	Property	Zurich	7/1/2003	\$30,000	
Concord Steam Corporation	\$7,000	Commercial Package	Chubb	5/20/2002	\$7,000	\$7,000
Caithness Energy LLC	\$100,000	Primary Property	Lloyds of London	2/25/2003	\$100,000	\$200,000
	\$100,000	Primary Property	Lloyds of London	2/25/2002	\$100,000	
Teco Energy, Inc.	\$187,948	Property for Dell & McAdams	Various	Various	\$187,948	\$187,948
Cerox Corporation	\$4,000	Directors & Officers	Chubb	06/01/2004	\$4,000	\$12,000
	\$4,000	Directors & Officers	Chubb	06/01/2003	\$4,000	
	\$4,000	Directors & Officers	Chubb	06/01/2002	\$4,000	
York County Solid Waste and Refuse Authority	\$70,000	Property	AIG	06/01/2004	\$70,000	\$100,000
	\$15,000	Property	AIG/Star	06/01/2003	\$15,000	
	\$15,000	Property	AIG/Star	06/01/2002	\$15,000	
Fiber Materials Inc.	\$2,000	Commercial Property	Zurich	11/01/2003	\$2,000	\$2,000

Exhibit E

Dear _____ :

Attorney General Martha Coakley of Massachusetts and William Gallagher Associates Insurance Brokers, Inc. (WGA), have resolved disputed allegations concerning disclosure of WGA's fees and commissions by agreeing to the entry of a consent judgment in the Superior Court Department of the Massachusetts Trial Court, Suffolk County. While WGA believes its disclosure policy has complied with Massachusetts law, an inquiry conducted by the Attorney General revealed issues which may have affected you and payments that you have made. Accordingly, in accordance with the terms of the Consent Judgment, (Attachment A), WGA is tendering to you an offer to pay _____ to resolve those issues. If you accept the offer, you will be required to execute a settlement agreement and release reflecting the restitution amount in the form we have negotiated with the Attorney General. (Attachment B).

You or your counsel may want to discuss your options with respect to this offer with the Attorney General's Office. The contacts there are:

Arwen Thoman
Office of the Attorney General
Insurance & Financial Services Division
One Ashburton Place
Boston, MA 02108
(617) 727-2200 ext. 2138
Arwen.Thoman@state.ma.us

Claire Masinton
SAME ADDRESS
(617) 727-2200 ext. 2454
Claire.Masinton@state.ma.us

Glenn Kaplan
SAME ADDRESS
(617) 727-2200 ext. 2453
Glenn.Kaplan@state.ma.us

This offer shall be open for one hundred eighty (180) days and, if not accepted by _____ within that period of time, is withdrawn. By tendering the offer and/or entering into the Consent Judgment, WGA has not admitted any liability and expressly denies violating any law, regulation or practice.

Three former employees within the Energy Practice who were involved in these alleged activities are no longer employed by WGA. Legalisms aside, if you were misled by those former employees or anyone else in any way concerning fees and commissions charged by WGA, I sincerely apologize. My sincerity is reflected in this offer.

Exhibit F

SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE

This Settlement Agreement and Mutual General Release (the "Agreement") is agreed to and executed by WILLIAM GALLAGHER ASSOCIATES INSURANCE BROKERS, INC. ("WGA") (as defined below) and _____ (as defined below). It implements provisions of a Consent Judgment negotiated between Attorney General Martha Coakley of the Commonwealth of Massachusetts and WGA, which provisions are intended to benefit insureds such as _____. In that Consent Judgment as here, WGA denies wrongdoing or liability for any claims that _____ might assert. In furtherance of that Consent Judgment, WGA and _____ have agreed to compromise, settle, and forever resolve claims that _____ might have against WGA relating to the quoting, pricing or purchase of certain insurance coverage by _____ through WGA during the years 2000 through 2004.

In consideration of the mutual promises, representations, covenants, conditions, stipulations, benefits, and detriments; the payment of consideration by WGA, the adequacy and receipt of which is acknowledged by _____; and the granting of the RELEASE (described hereunder) by _____; WGA and _____ understand and agree as follows:

THE PARTIES

"_____" means and includes _____, and any of its affiliates, subsidiaries, associates, general or limited partners or partnerships, predecessors, successors, or assigns, including without limitation, any of their respective present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heir, executors, administrators, predecessors, successors, assigns or insurers acting on behalf of _____.

"WGA" means and includes William Gallagher Associates Insurance Brokers, Inc., and any of its subsidiaries and affiliates; divisions, general or limited partners or partnerships; associates; and each of their present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders; and any of their predecessors, successors or assigns including, without limitation, any of their respective present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, or assigns.

GENERAL RELEASE

In consideration for the total payment of _____ from WGA, and for other valuable consideration the sufficiency of which is hereby acknowledged, _____ and WGA do hereby fully release, waive and forever discharge one another from any and all claims, demands, debts, rights, causes of action 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, and whether possessed or asserted directly, indirectly, derivatively, representatively or in any other capacity to the extent that any such claims are based upon, arise out of or relate to, in whole or in part, any underwriting, quoting, pricing, indication, commission, or communication relating to any property or casualty insurance policy or coverage (whether ultimately bound by WGA or not) for which coverage began or renewed during the years 2000 through 2004 (the "RELEASED CLAIMS").

OTHER PROVISIONS

WGA shall pay to _____ the sum of _____ no later than ten (10) business days after execution of this Agreement. The release described above is conditioned upon receipt by _____ of such payment.

WGA and _____ each represent and warrant that the individual executing this Agreement on its behalf has necessary authority to execute the Agreement.

This Agreement supersedes any prior statements, understandings, expressions, or representations made by either _____ or WGA and sets forth the entire agreement between _____ and WGA solely with respect to the Released Claims.

This Agreement may only be modified in writing and upon the consent of _____ and WGA.

This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts without giving effect to choice of law principles, except to the extent that federal law may require that federal law govern.

Any disputes arising out of or related to this Agreement shall be subject to the exclusive jurisdiction of the Suffolk Superior Court of the Commonwealth of Massachusetts.

This Agreement is not an admission of wrongdoing or liability by WGA in regard to the RELEASED CLAIMS.

_____ represents and warrants that, before executing this Agreement, it has had adequate opportunity to obtain such legal and other advice it considers necessary to evaluate the settlement.

_____ represents and warrants that any RELEASED CLAIMS have not been previously compromised, sold, assigned, or otherwise transferred to any other entity in whole or in part.

This Agreement may be executed in counterparts, and the executed counterparts shall have the same effect as if _____ and WGA signed the same instrument.

WGA,

By: _____

Print: _____

Title: _____

Date: _____

By: _____

Print: _____

Title: _____

Date: _____