

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

In re INSURANCE BROKERAGE	)	
ANTITRUST LITIGATION	)	
	)	
APPLIES TO ALL ACTIONS	)	Civil Action No. 2:04-cv-5184,
_____	)	2:05-cv-1079 and 2:05-cv-5533 (FSH)(PS)
	)	
In re EMPLOYEE BENEFIT	)	MDL No. 1663
INSURANCE BROKERAGE	)	
ANTITRUST LITIGATION	)	Hon. Faith S. Hochberg
	)	
APPLIES TO ALL ACTIONS	)	
_____	)	

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT,  
SETTLEMENT HEARING AND RIGHT TO APPEAR**

**TO:** All individuals or entities who, from August 26, 1994 through December 31, 2005, inclusive (the “Class Period”), engaged the services of the Arthur J. Gallagher Entities (“Gallagher”) or any other Broker Defendant (both identified below) in connection with the purchase or renewal of insurance or reinsurance from any insurer

***PLEASE READ THIS NOTICE CAREFULLY. IT HAS BEEN SENT TO ADVISE YOU ABOUT THE PROPOSED SETTLEMENT OF THIS CLASS ACTION AS TO GALLAGHER, (THE “GALLAGHER SETTLEMENT”), AND YOUR RIGHTS WITH RESPECT TO THE GALLAGHER SETTLEMENT.***

***IF YOU WANT TO RECEIVE A MONETARY SETTLEMENT BENEFIT YOU MUST COMPLETE AND SUBMIT THE ATTACHED PROOF OF CLAIM FORM (DISCUSSED MORE FULLY BELOW)***

***IF YOU DETERMINE YOU DO NOT WANT TO PARTICIPATE IN THE GALLAGHER SETTLEMENT, YOU MUST REQUEST EXCLUSION FROM THE GALLAGHER SETTLEMENT BY NO LATER THAN \_\_\_\_\_, 2007 (AS DISCUSSED MORE FULLY BELOW).***

## **I. BASIC INFORMATION**

### **1. Who are the Gallagher Entities?**

The Gallagher Settlement involves the following Gallagher Entities:

Arthur J. Gallagher & Co. (Registrant)  
 Arthur J. Gallagher & Co. (Illinois)  
 Arthur J. Gallagher Service Company  
 Arthur J. Gallagher Brokerage & Risk  
 Management Services, LLC  
 Arthur J. Gallagher Risk Management  
 Services, Inc.  
 Arthur J. Gallagher & Co. (Florida)  
 Arthur J. Gallagher & Co. of New York, Inc.  
 Arthur J. Gallagher & Co. Insurance Brokers  
 of California, Inc.  
 Charity First Insurance Services, Inc.  
 C. W. Excess Incorporated  
 Gallagher Healthcare Insurance Services of  
 Kansas City, LLC  
 Lamberson Koster & Company  
 Manning & Smith Insurance, Inc.  
 Commonwealth Premium Finance Corporation  
 Risk Placement Services, Inc.  
 Edwin M. Rollins Company  
 Risk Placement Services of Nevada, Inc.  
 Sobieski & Bradley of Nevada, Inc.  
 Arthur J. Gallagher & Co. (Bermuda) Limited  
 Arthur J. Gallagher Intermediaries (Bermuda)  
 Limited  
 Arthur J. Gallagher Management (Bermuda)  
 Limited  
 Gallagher Captive Services (Cayman)  
 Limited  
 Scholastic Risk Services Limited  
 Artex Insurance Company Ltd  
 Artex Underwriting Managers Ltd  
 Protected Insurance Company  
 Arthur J. Gallagher (UK) Limited  
 Arthur J. Gallagher Middle East BSC (c)  
 Risk Management Partners Ltd.  
 MRS Holdings Limited

Morgan Read & Sharman Limited  
 Arthur J. Gallagher Asia Pte Ltd  
 Arthur J. Gallagher Asia Limited  
 Arthur J. Gallagher (L) BHD  
 Connor Hale Kerslake Limited  
 Arthur J. Gallagher Australasia Holdings Pty  
 Ltd.  
 Australis Group (Underwriting) Pty Ltd.  
 Interpacific Underwriting Agencies Pty Ltd.  
 Arthur J. Gallagher Reinsurance Australasia  
 Pty Ltd  
 Arthur J. Gallagher (Aus) Pty Ltd.  
 Gallagher Re, Inc.  
 Gallagher Bassett Services, Inc.  
 Gallagher Bassett of New York, Inc.  
 Gallagher Bassett International Ltd. (UK)  
 Gallagher Bassett Canada Inc.  
 Gallagher Bassett Services Pty Ltd  
 Wyatt Gallagher Bassett Workers  
 Compensation Victoria Pty Ltd  
 Gallagher Bassett International S.A.  
 AJG Financial Services, Inc.  
 AJG Capital, Inc.  
 Aviacargo Leasing Limited  
 AJG Investments, Inc.  
 AJG Coal, Inc.  
 AJG Chem Mod Holdings LLC  
 Gallagher Holdings Bermuda Company  
 Limited  
 AJG Coal Indiana LLC  
 AJG Two Pierce, Inc.  
 Gallagher Benefit Services, Inc.  
 GBS Retirement Services, Inc.  
 GBS Insurance and Financial Services, Inc.  
 GBS Administrators, Inc.

## 2. Who are the Broker Defendants?

The “Broker Defendants” are insurance brokers (other than the Gallagher Entities) who are defendants in the above-caption lawsuit (the “Class Action”). The Broker Defendants are:

Acordia, Inc.	Marsh USA Inc. (Connecticut)
Affinity Insurance Services, Inc.	Mercer, Inc.
Aon Broker Services, Inc.	Mercer Human Resource
Aon Corporation	Consulting LLC
Aon Group Inc.	Mercer Human Resource Consulting
Aon Re, Inc.	of Texas, Inc.
Aon Re Worldwide, Inc.	O’Neill Finnegan & Jordan Insurance
Aon Risk Services Companies, Inc.	Agency, Inc.
Aon Risk Services, Inc. of Louisiana	Seabury & Smith, Inc
Aon Risk Services, Inc. of Maryland	Stewart Smith Group
Aon Risk Services, Inc. of Michigan	Summit Global Partners of Florida, Inc.
Aon Risk Services Inc. U.S.	Talbot Financial Corporation
Aon Risk Services of Texas, Inc.	Universal Life Resources
Aon Services Group, Inc.	ULR Insurance Services, Inc.
Benefits Commerce	U.S.I. Holdings Corporation
BB&T Corporation	USI Consulting Group
BB&T Insurance Services, Inc.	USI Insurance Service Corporation
Branch Banking and Trust Company	USI Insurance Services of Florida, Inc.
Brown & Brown, Inc.	(d/b/a USI Florida)
Brown & Brown Insurance Benefits, Inc.	Wells Fargo & Company
Frank H. Haack & Associates	Willis Group Holdings Limited
Hilb, Rogal & Hobbs Company	Willis Group Limited
Hub International Limited	Willis North America, Inc.
Marsh & McLennan Companies, Inc.	Willis of New York, Inc.
Marsh Inc.	Willis Re Inc.
Marsh USA, Inc.	

## 3. Who are the Insurer Defendants?

The “Insurer Defendants” are insurers who are defendants in the Class Action that is discussed in this Notice. The names of the Insurer Defendants are:

ACE American Insurance Co.  
 ACE INA Holdings, Inc.  
 ACE Limited  
 ACE USA, Inc.  
 AIG Life Insurance Company  
 AIU Insurance Co.  
 American Alternative Insurance Corp.  
 American Casualty Co. of Reading, PA  
 American Guarantee and Liability  
 Insurance Company  
 American Home Assurance Co.  
 American International Group, Inc.  
 American International Insurance Co.  
 American International Specialty Lines  
 Insurance Co.  
 American Re Corporation  
 American Re-Insurance Co.  
 Assurance Company of America  
 Athena Assurance Co.  
 AXIS Reinsurance Company  
 AXIS Specialty Insurance Company  
 AXIS Surplus Insurance Company  
 Berkshire Hathaway, Inc.  
 Berkshire Hathaway Insurance Group  
 Birmingham Fire Insurance Co. of Pennsylvania  
 Chicago Insurance Co.  
 CNA Financial Corp.  
 Commerce and Industry Insurance Co.  
 Connecticut General Life Insurance Company  
 Continental Casualty Co.  
 Crum & Forster Holdings Corp.  
 Empire Fire and Marine Insurance  
 Company  
 Empire Indemnity Insurance  
 Company  
 Executive Risk Indemnity Inc.  
 Federal Insurance Co.  
 Fidelity and Deposit Company of Maryland  
 Fireman's Fund Insurance Co.  
 General Re Corporation  
 General Reinsurance Corp.  
 Greenwich Insurance Co.  
 Gulf Insurance Co.  
 Hartford Financial Services Group, Inc.  
 Hartford Life & Accident Insurance  
 Company  
 Hartford Life Group Insurance Company  
 Hartford Life Insurance Company  
 Hartford Steam Boiler Inspection and Insurance  
 Co.  
 Hartford Fire Insurance Co.  
 Illinois Union Insurance Co.  
 Indemnity Insurance Co. of North America  
 Indian Harbor Insurance Co.  
 Insurance Company of North America  
 Lexington Insurance Company  
 Liberty Mutual Fire Insurance Co.  
 Liberty Mutual Holding Company, Inc.  
 Liberty Mutual Insurance Co.  
 Life Insurance Company of North America  
 Metropolitan Life Inc.  
 Metropolitan Life Insurance Company  
 Mt. Hawley Insurance Co.  
 Munich Reinsurance Co.  
 Munich-American Risk Partners, Inc.  
 National Surety Corp.  
 National Union Fire Insurance Co. of Louisiana  
 National Union Fire Insurance Co. of Pittsburgh, Pa.  
 New Hampshire Insurance Co.  
 Nutmeg Insurance Co.  
 Pacific Insurance Co., Ltd  
 Paragon Life Insurance Company  
 Prudential Financial, Inc.  
 Prudential Insurance Company of America  
 Provident Life and Accident Insurance Company  
 RLI Corporation  
 RLI Insurance Co.  
 St. Paul Fire & Marine Insurance Co.  
 St. Paul Mercury Insurance Co.  
 St. Paul Travelers Companies, Inc.  
 Steadfast Insurance Company  
 The Chubb Corporation  
 The Continental Insurance Corp.  
 The Hartford Fidelity & Bonding Co.  
 The Hartford Financial Services Group, Inc.  
 The Insurance Company of the State of Pennsylvania  
 Travelers Casualty & Surety Co. of America  
 Travelers Indemnity Company  
 Twin City Fire Insurance Co.  
 United States Fire Insurance Co.  
 Vigilant Insurance Co.  
 UnumProvident Corporation  
 Unum Life Insurance Company  
 Wausau Underwriters Insurance Co.  
 Westchester Surplus Lines Insurance Co.  
 XL Capital Ltd.  
 Zurich American Insurance Company  
 Zurich Financial Services

#### **4. Why did you receive this Notice?**

You have received this Notice because it appears that during the Class Period you engaged the services of Gallagher **and/or** any other Broker Defendant in connection with the purchase or renewal of insurance or reinsurance from any insurer. Thus, you might be a member of a group of individuals and entities (the “Settlement Class”) on whose behalf the Gallagher Settlement has been reached.

Under the Federal Rules of Civil Procedure and an **[DATE]** Order entered by the United States District Court for the District of New Jersey – the Court in which the Class Action is pending (the “Court”) – the parties to the Gallagher Settlement are required to send this Notice to you to (i) describe the claims against Gallagher, (ii) describe the Gallagher Settlement, (iii) describe the process by which the Court will consider whether to approve the Gallagher Settlement, (iv) tell you how your participation in the Gallagher Settlement will affect your legal rights, (v) tell you what you must do if you wish to object to any of the terms of the Gallagher Settlement, and (vi) tell you what you must do if you wish to exclude yourself from the Gallagher Settlement.

If the Gallagher Settlement is finally approved by the Court – and if you do not exclude yourself from it – you will be eligible to receive monetary relief if you are a member of the Settlement Class. As more fully explained below (at paragraph 20), if you wish to exclude yourself from the Gallagher Settlement you must follow the procedures set forth in paragraph 20.

#### **5. What is a class action?**

A class action is a lawsuit in which one or more persons and/or entities sue on behalf of other persons and/or entities that have similar claims. In this case, the Plaintiffs have decided to settle their claims against Gallagher and Gallagher has agreed to settle those claims. The persons and entities on whose behalf this settlement has been made are those within the Settlement Class that the Court has preliminarily certified in its **[DATE]** Order. Those persons and entities – *i.e.*, the “Settlement Class Members” – are described above (at paragraph 4).

Because the settlement of a class action determines the rights of all members of the class, the court in which the class action is pending must approve the settlement.

#### **6. What is this Class Action about?**

Several class actions were filed against the Broker Defendants, including Gallagher, and the Insurer Defendants. All of these actions were consolidated into this Class Action under the caption *In re Insurance Brokerage Antitrust Litigation*, MDL No. 1663, Civil Nos. 04-5184 and 05-1079 (FSH) or are pending before the Court.

Plaintiffs in the case allege that the Broker Defendants, including Gallagher and the Insurer Defendants, violated federal and state antitrust laws, the Racketeer Influenced and Corrupt Organizations Act, and common law through (i) practices by which the Insurer Defendants provided quotations to policyholders and prospective policyholders through the Broker Defendants in connection with the placement and renewal of insurance

contracts, and (ii) contracts, agreements, arrangements and understandings about the payment of commissions that are contingent upon, among other things, Gallagher and the other Broker Defendants placing a particular number of policies or dollar value of premium with the Insurer Defendants.

Gallagher denies the allegations made against it.

**7. What is the status of this Class Action?**

Gallagher and the other Broker Defendants and the Insurer Defendants have filed motions to dismiss the Plaintiffs' claims, Plaintiffs have filed motions to certify the Class Action. As of the date of this Notice, the Court denied in part the motions to dismiss but has not yet decided the motions to certify.

Without regard to how the Court rules on the motions pending before it, if the Gallagher Settlement is approved, the Court will not make any determination as to the merits of Plaintiffs' claims against Gallagher or Gallagher's defenses to those claims. This Notice does not imply that there has been or would be any finding of violation of the law, or that any relief or recovery would be awarded against Gallagher if the claims against it were not settled. Nor does this Notice imply that Gallagher could have successfully defended the claims. Both sides have agreed to the settlement to ensure a resolution and to provide benefits to Settlement Class Members.

If approved by the Court (and such approval becomes final), the Gallagher Settlement will resolve and dismiss with prejudice all claims that have been made or that could have been made in the Class Action as to Gallagher.

**8. Will your participation in the Gallagher Settlement affect your ability to obtain relief from other defendants in the Class Action?**

Participation in the Gallagher Settlement will *not* affect your ability to obtain relief from any other defendant in the Class Action. Thus, if a judgment is entered against one or more of the Broker Defendants and/or the Insurer Defendants resulting in a damages award, you will be able to participate in that award whether or not you participate in the Gallagher Settlement (as long as you are within any class the Court might certify in connection with that judgment). Similarly, if Plaintiffs reach a settlement with one or more of the Broker Defendants and/or the Insurer Defendants, you will be able to participate in that settlement whether or not you participate in the Gallagher Settlement (as long as you are within any settlement class certified in connection with that settlement).

**For further information about monitoring the Class Action, including any future settlements refer to paragraph 25 below.**

**9. Will Settlement Class Members have to give up anything to participate in the Gallagher Settlement?**

If the Gallagher Settlement is finally approved, Settlement Class Members will release all claims that have been raised or that could have been raised in the Class Action as set out

in the release contained in the “Gallagher Settlement Agreement” (the “Release”), against all of the people and entities that are included in the definition of “Releasee” in the Gallagher Settlement Agreement. The Class Action will be dismissed with prejudice as to Gallagher. The effect of the Release is further discussed below (at paragraph 17). In addition, a complete copy of the Release – including the relevant definitions – is attached as Appendix A to this Notice and is also available at [www.insurancebrokerageantitrustlitigation.com](http://www.insurancebrokerageantitrustlitigation.com).

## II. SETTLEMENT BENEFITS

### 10. What relief will be provided under the Gallagher Settlement Agreement?

A settlement fund of \$28,000,000 plus interest will be distributed in connection with the Gallagher Settlement.

Gallagher must also pay certain additional amounts – the amount awarded to cover attorneys’ fees and expenses for Plaintiffs’ counsel, the amount awarded to cover incentive awards for the named Plaintiffs, and the amount required to cover all administrative costs associated with administering the settlement (including the costs of providing this Notice to you). *These amounts will **not** be paid out of the settlement fund.*

In addition to the monetary benefit discussed above, the Gallagher Settlement Agreement provides that Gallagher will implement certain business reforms. A summary of those reforms are described below. The Gallagher Settlement Agreement describes these reforms in greater detail. The Settlement Agreement can be viewed or obtained as described below in Section 25.

**Permissible Forms of Compensation**--in connection with its retail insurance brokerage, agency, producing, consulting and other services in placing, renewing, consulting on or servicing any insurance policy, Gallagher shall accept only: (a) a specific fee to be paid by the client; (b) a specific fee or percentage commission on premium to be paid by the insurer set at the time of purchase, renewal, placement or servicing of the insurance policy; or (c) a combination of both. Moreover, Gallagher will not directly or indirectly accept or request anything with a material value (\$500 or more) from an insurance company.

**Prohibition on Contingent Compensation**--in placing, renewing, consulting on or servicing any retail insurance policy when one or more of Gallagher is serving as a broker for any insured, Gallagher shall not directly or indirectly accept from or request of any insurer any contingent compensation. Gallagher will also not accept contingent compensation relating to insurance placements on behalf of Gallagher’s retail clients on an individual basis in the wholesale insurance market.

**Prohibition of “Pay-to-Play” Arrangements**--in placing, renewing, consulting on or servicing any retail insurance policy, Gallagher shall not directly or indirectly accept from or request of any insurer any compensation in connection with the Gallagher’s selection of insurance companies from which to solicit bids for its clients.



**Prohibition of “Bid-Rigging” Arrangements**--in placing, renewing, consulting on or servicing any retail insurance policy, Gallagher shall not directly or indirectly solicit or knowingly accept from or request of any insurer any fictitious quote or indication except for a quote or indication that represents the insurer’s most appropriate evaluation at the time when the quote or indication is given of the minimum premium, as well as the ultimate premium the insurer would require to bind the insurance coverage desired by Gallagher’s client.

**Prohibition of Reinsurance “Leveraging”**--in placing, renewing, consulting on or servicing any retail insurance policy, Gallagher shall not directly or indirectly accept from or request of any insurer any promise or commitment to use any of Gallagher’s brokerage, agency, producing or consulting services, including reinsurance and/or wholesaler insurance brokerage, agency or producing services.

**Prohibition of Inappropriate Use of Wholesaler Insurance Brokers**--in placing, renewing, consulting on or servicing any insurance policy, Gallagher shall not directly or indirectly knowingly place, renew, consult on or service its clients’ insurance business through a wholesale insurance broker unless Gallagher discloses to the client: (a) the compensation received or to be received by Gallagher; (b) any Gallagher ownership interest in or contractual agreement with the wholesale insurance broker; and (c) any alternatives to using a wholesale insurance broker.

**Mandated Disclosures to Clients**--in placing, renewing, consulting on or servicing any retail commercial insurance policy Gallagher shall: prior to binding in all written proposals and otherwise whenever practical, disclose to each such client the line of business, insurer, premium, effective date, limits and deductibles relevant to all bindable quotes, or in the alternative, copies of all bindable quotes, received prior to binding by Gallagher in connection with the coverage of the client’s risk, and all compensation excluding treaty reinsurance fees or commissions to be received by Gallagher for each quote, in dollars if known at that time, or as a percent of premium if the dollar amount is not known at that time, from any insurer or third party in connection with the placement, renewal, consultation on or servicing of insurance for that client.

In addition to the monetary and non-monetary settlement relief discussed above, after all the settlement benefits had been agreed upon, Plaintiffs and Gallagher reached an agreement on attorneys’ fees and expenses for Class Counsel (described below in Section 22) and incentive awards for the Plaintiffs, all of which is discussed in Section 23 below.

**11. What costs or expenses will be deducted from the settlement fund provided under the Gallagher Settlement Agreement?**

There might be limited expenses deducted from the settlement fund to cover any taxes due on the monies and any fees or expenses incurred to maintain the settlement fund escrow account. The balance after deducting such expenses and calculating the interest due will be distributed to Settlement Class Members if the Court approves the Gallagher Settlement and that approval becomes final.

**12. Who will pay the costs of implementing and administering the Gallagher Settlement?**

Gallagher has agreed to pay all costs of implementing and administering the Gallagher Settlement, including the costs of printing and mailing the Notice, publishing a summary notice, and setting up and maintaining the toll-free telephone number, website and e-mail address that is identified in this Notice for Settlement Class Members' questions. Payment of these costs will be **in addition** to the amounts that Gallagher must pay as settlement relief.

**13. What amount will you receive under the Gallagher Settlement Agreement?**

Attached to this Notice as Appendix B is a proposed Plan of Allocation that, if finally approved by the Court, will be used to allocate the settlement fund that will include the amounts paid under the Gallagher Settlement Agreement to Settlement Class Members. Neither the Plaintiffs nor Gallagher can tell you exactly what amount you will receive under the Plan of Allocation – which amount may vary depending on, among other things, the number of Settlement Class Members who participate in the settlement and complete and file a Proof of Claim.

If you wish to discuss how the Plan of Allocation will work, you may visit the website of the Court-approved Settlement Administrator at [www.insurancebrokerageantitrustlitigation.com](http://www.insurancebrokerageantitrustlitigation.com), call the Settlement Administrator at 1-XXX-XXX-XXXX (Monday through Friday from 9:00 a.m. to 5:00 p.m. EDT) or e-mail the Settlement Administrator at [email address].

**14. How and when will the settlement fund described above be distributed?**

If the Court approves the Gallagher Settlement and that approval becomes final, the settlement fund will be allocated among all Settlement Class Members pursuant to the Court-approved Plan of Allocation.

A distribution under the Plan of Allocation will not occur until the Court approves both the Gallagher Settlement Agreement and the Plan of Allocation, and that approval becomes final and no longer subject to appeal and the deadline to file Proofs of Claim – [DATE] – have occurred. Neither the Plaintiffs nor Gallagher can predict when (or whether) the Court will approve the Gallagher Settlement Agreement and the Plan of Allocation or when (or whether) such approval will become final.

**15. Will the settlement have tax consequences for you?**

Your receipt of monetary relief under the Gallagher Settlement Agreement might have tax consequences for you. Those tax consequences might vary, depending upon individual circumstances. Neither the Plaintiffs nor Gallagher can advise you about any tax consequences that might arise from your receipt of monetary settlement relief.

You might wish to consult a tax advisor to determine whether any potential federal, state, local, foreign or other tax consequences will arise from receipt of settlement relief in this Class Action.

### III. RELATED SETTLEMENTS

**16. Are there other settlements involving Gallagher that relate to the claims made in the Class Action?**

In 2002 a class action entitled *Village of Orland Hills v. Arthur J. Gallagher & Co.*, Case No. 00 CH 13855 was filed in the Circuit Court of Cook County, Illinois.

If you participated in the Illinois Regulatory Settlements and received a payment from the Gallagher Defendants, you might still be eligible to receive settlement relief under the Gallagher Settlement Agreement to the extent you purchased or renewed an insurance policy that is not covered by the Illinois Regulatory Settlements.

### IV. LEGAL EFFECT OF THE SETTLEMENT

**17. What will be the legal effect of the Gallagher Settlement if it is approved by the Court?**

If the Court approves the Gallagher Settlement, the Plaintiffs and Gallagher will seek the entry of an Order Approving Settlement and accompanying Judgment that, among other things, will:

- find that the Gallagher Settlement is fair, reasonable and adequate;
- finally certify the Settlement Class for settlement purposes;
- dismiss the Class Action with prejudice as to Gallagher, meaning that no Settlement Class Member – including you (unless you timely exclude yourself) – will be able to bring another lawsuit or proceeding against any of the Releasees (as that term is defined in the Gallagher Settlement Agreement) based upon the claims that have been raised or that could have been raised in the Class Action;
- incorporate the Release as part of the Order Approving Settlement;
- permanently bar Settlement Class Members from filing or participating in any lawsuit or other legal action against any or all Releasees arising from or relating to any and all claims that have been raised or that could have been raised in this Class Action;
- enter a bar order that will:
  - prevent any person or entity from commencing, prosecuting or asserting any claim (including any claim for indemnification or contribution) against any Releasee where the alleged injury to the barred person or entity is

based upon that person's or entity's alleged liability to the Settlement Class or a Settlement Class Member, and

- prevent any Releasee from commencing, prosecuting or asserting any claim (including any claim for indemnification or contribution) against any person or entity where the Releasee's alleged injury is based upon the Releasee's alleged liability to the Settlement Class or a Settlement Class Member;
- award attorneys' fees and expenses to Plaintiffs' counsel;
- award incentive payments to the named Plaintiffs; and
- retain jurisdiction over all matters relating to the administration, enforcement and interpretation of the Gallagher Settlement.

As noted, if the Court approves the Gallagher Settlement, the Release will be incorporated into the Court's Order Approving Settlement. The Release describes the claims that Settlement Class Members will give up, as well as the identity of the Releasees – *i.e.*, the people and entities that will be released. The full text of the Release (as well as the text of relevant definitions) is attached as Appendix A. ***YOU ARE ENCOURAGED TO CAREFULLY REVIEW THE TERMS OF THE RELEASE AND THE DEFINITIONS.***

## V. LEGAL RIGHTS AND OPTIONS

### 18. What are your options as to the Gallagher Settlement?

If you are within the definition of Settlement Class Member (see paragraph 4 above), you may either (i) participate in the Gallagher Settlement or (ii) request exclusion from the Gallagher Settlement.

If you want to participate in the Gallagher Settlement, but you object to any term of the Gallagher Settlement, you may submit an objection to the Court. The procedures for requesting exclusion from the Gallagher Settlement or for objecting to it are described below at paragraph 20 (requesting exclusion) and at paragraph 19 (objecting).

If you want to participate in the Gallagher Settlement and have no objection to any of its terms, **you need to complete and submit the attached Proof of Claim Form on or before [Date].**

The attached Proof of Claim Form may also be downloaded at [www.insurancebrokerageantitrustlitigation.com](http://www.insurancebrokerageantitrustlitigation.com) or obtained by calling 1-XXX-XXX-XXXX.

**19. What if you want to object to the proposed settlement?**

If you are a Gallagher Settlement Class Member (described above at paragraph 4) and do *not* exclude yourself from the Settlement Class, you may object to the Gallagher Settlement, any term of the Gallagher Settlement Agreement, the Plan of Allocation or Plaintiffs' application for attorneys' fees and expenses or Plaintiffs application for incentive awards to the named Plaintiffs. Such objection must be in writing and must provide evidence of your membership in the Settlement Class. The written objection also should state the specific reason(s), if any, for the objection, including any legal support you wish to bring to the Court's attention and any evidence you wish to introduce in support of the objection. ***A written objection (and any support for it) must be received by the Court and the following counsel by no later than [DATE]:***

***For Gallagher:***

Terry Grimm, Esq.  
Winston & Strawn, LLP  
35 W. Wacker Drive  
Chicago, IL 60601-9703

***For Plaintiffs and the Settlement Class:***

Edith M. Kallas, Esq.  
Whatley, Drake & Kallas, LLC  
1540 Broadway, 37th Floor  
New York, New York 10036

*and*

Bryan L. Clobes, Esq.  
Miller Faucher and Cafferty LLP  
One Logan Square, Suite 1700  
18th and Cherry Streets  
Philadelphia, Pennsylvania 19103

If you hire an attorney in connection with making an objection, that attorney must file with the Court and serve on the counsel identified above a notice of appearance. ***The notice of appearance must be received by the Court and the counsel identified above by no later than [DATE].*** If you hire an attorney in connection with making an objection (or for any other purpose relating to the Gallagher Settlement), you will be responsible for all fees and expenses that the attorney incurs on your behalf.

If you make a written objection to the Gallagher Settlement as set out above, you may choose to speak – either in person or through an attorney hired at your own expense – at the hearing (described below at paragraph 21) the Court has set to consider whether to approve the Gallagher Settlement. You are not required to attend the hearing. Failure to attend the hearing will not prevent the Court from considering your objection. If you (or your attorney) intend to speak at the hearing, you must file with the Court and serve on

the counsel identified above a notice of intention to appear. *The notice of intention to appear must be received by the Court and by the identified counsel by no later than [DATE].*

**20. What must you do if you wish to exclude yourself from the Settlement Class?**

If you are included within the definition of Settlement Class Member, you may ask to be excluded from the Settlement Class. *A request for exclusion must be sent to the Clerk of the Court at the following address and must be postmarked by no later than [DATE]:*

The Clerk of the Court  
[Settlement Administrator' address]

The request for exclusion must include the following information: (i) the Settlement Class Member's name, (ii) the Settlement Class Member's address, (iii) the Settlement Class Member's telephone number, and (iv) information about each policy for which the Settlement Class Member seeks exclusion, including the following: (a) the insurer that issued each policy, (b) the policy number for each policy, (c) the broker used, (d) the face amount of each policy, (e) the annual premium associated with each policy and (f) the effective date and expiration date for each policy.

If you are included within the definition of Settlement Class Member and do *not* file a timely written request for exclusion as provided by this paragraph 20, and the Gallagher Settlement is finally approved, you will be bound by the Release in the Gallagher Settlement Agreement and by all proceedings, orders and judgments relating to the Court's approval of the Gallagher Settlement, even if you now have pending, or later file, any litigation, arbitration or any other action regarding the claims that have been made or that could have been made in this Class Action. You will not be able to pursue such claims in any forum, and your only relief as to these claims will be the settlement relief provided by this Gallagher Settlement.

Your participation in this Gallagher Settlement will not affect your ability to pursue claims (either through this Class Action or through any other action) against any of the Broker Defendants or the Insurer Defendants.

## **VI. THE COURT'S FAIRNESS HEARING**

**21. Will there be a Court hearing about the Gallagher Settlement?**

In its [DATE] Order, the Court set a hearing for [DATE] at [TIME] a.m., when the Court will consider whether to approve the Gallagher Settlement. The hearing will take place in Courtroom \_\_\_\_\_, in the United States Courthouse located at U.S. Post Office and Courthouse Building, Federal Square, Newark, New Jersey 07101. The Court may choose to change the date and/or time of the hearing without further notice of any kind. If you intend to attend the hearing, you should confirm the date and time by calling the toll-free number set out in this Notice.

In ruling on the Gallagher Settlement, the Court will consider, among other things, whether to approve the settlement as fair, reasonable and adequate, whether to approve the Plan of Allocation and whether (and in what amount) to grant Plaintiffs' request for attorneys' fees and expenses and incentives awards to the named Plaintiffs. The Court will consider any objections that have been made by Settlement Class Members. If the Court finds the settlement to be fair, reasonable and adequate, it will enter an Order Approving Settlement and accompanying Judgment.

## **VII. COUNSEL REPRESENTING SETTLEMENT CLASS MEMBERS**

### **22. Who is the counsel representing Settlement Class Members?**

The Court has appointed the law firms of Whatley, Drake & Kallas, LLC and Miller Faucher and Cafferty LLP to represent Settlement Class Members, along with several other firms. None of these counsel (collectively "Class Counsel") will charge any fees or expenses to Settlement Class Members. If you want to be represented by your own counsel, you may hire an attorney at your own expense.

### **23. How will counsel for Settlement Class Members be paid?**

Class Counsel will file an application with the Court for attorneys' fees and expenses in connection with their representation of Settlement Class Members in this Class Action. The Court will consider this application at the hearing described above (at paragraph 21), and the Court will decide the amount of fees and expenses to be awarded to Class Counsel.

As discussed above in Section 10, after Plaintiffs and Gallagher agreed on all other terms of the Gallagher Settlement Agreement, Class Counsel and Gallagher negotiated the amount of attorneys' fees and expenses that Gallagher will, subject to Court approval, pay to Class Counsel.

Class Counsel have agreed that they will not apply for more than Eight Million Eight Hundred Eighty Five Thousand (\$8,885,000.00) Dollars in fees and expenses. Gallagher has agreed that it will not object to paying fees and expenses up to that amount. Gallagher also agrees that it will pay an incentive award of up to Ten Thousand Dollars (\$10,000) to each named Plaintiff subject to Court approval based upon the effort that each named Plaintiff has devoted to this Class Action.

As set out above (at paragraph 10), Gallagher will pay the attorneys' fees and expenses and incentive awards for the named Plaintiffs in addition to the settlement relief that Gallagher has agreed to pay. Thus, *the attorneys' fees and expenses awarded to Class Counsel and incentive awards to the named Plaintiffs will not reduce the settlement relief available to Settlement Class Members.*

### **24. Do you need to hire your own attorney in connection with the Gallagher Settlement?**

A Settlement Class Member does *not* need to hire his, her or its own attorney, but may choose to do so. If you decide to hire your own attorney, you will be responsible for paying any fees and expenses that he or she incurs. If you do not hire your own attorney,

you will be represented by Class Counsel. As described in paragraph 22 above, if you choose to be represented by Class Counsel, you will not incur any fees and expenses in connection with that representation.

## VIII. GETTING MORE INFORMATION

### 25. Where can you get additional information?

You may obtain a copy of the Gallagher Settlement Agreement, and information about the Gallagher Settlement by visiting the website of the Court-approved Settlement Administrator at [www.insurancebrokerageclasscounsel.com](http://www.insurancebrokerageclasscounsel.com), by calling 1-XXX-XXX-XXXX, Monday through Friday from 9:00 a.m. to 5:00 p.m. EDT, by writing to \_\_\_\_\_, or by sending an e-mail to \_\_\_\_\_.

You may also visit the following websites of Class Counsel:

Miller Faucher – [www.millerfaucher.com](http://www.millerfaucher.com);

Whatley Drake – [www.whatleydrake.com](http://www.whatleydrake.com);

Foote, Meyers, Mielke & Flowers LLC – [www.foote-meyers.com](http://www.foote-meyers.com);

Levin, Fishbein, Sedran & Berman, – [www.lfsblaw.com](http://www.lfsblaw.com);

Lerach Coughlin Stoia Geller Rudman & Robbins, LLP, – [www.lerachlaw.com](http://www.lerachlaw.com);

Furth, Lehman & Grant – [www.furth.com](http://www.furth.com); and

Zwerling, Schachter & Zwerling, LLP – [www.zsz.com](http://www.zsz.com).

**You may also visit these websites or [www.insurancebrokerageclasscounsel.com](http://www.insurancebrokerageclasscounsel.com), and are encouraged to do so, to obtain the current status of the Class Action, including information with respect to any future settlements, and your potential eligibility to participate in those settlements.**

A copy of the Gallagher Settlement Agreement and information about the Gallagher Settlement can also be found on Gallagher's website [www.ajg.com](http://www.ajg.com).

If you wish to communicate with or obtain information directly from Class Counsel, you may do so by contacting the attorneys listed below:



Edith M. Kallas, Esq.  
Whatley, Drake & Kallas, LLC  
1540 Broadway, 37th Floor  
New York, New York 10036

Bryan L. Clobes, Esq.  
Miller Faucher and Cafferty LLP  
One Logan Square, Suite 1700  
18th and Cherry Streets  
Philadelphia, Pennsylvania 19103

You may also examine the Gallagher Settlement Agreement, Court orders, and the other papers filed in the Class Action at the Office of the Clerk, United States District Court for the District of New Jersey, Martin Luther King Building and U.S. Courthouse, 50 Walnut Street, Room 4015, Newark, New Jersey 07101 from 9:00 a.m. to 4:00 p.m. EDT.

**PLEASE DO NOT CONTACT THE COURT  
OR THE CLERK'S OFFICE FOR INFORMATION**

**BY ORDER OF THE UNITED STATES  
DISTRICT COURT FOR THE DISTRICT  
OF NEW JERSEY**

\_\_\_\_\_, 2007

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