

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT - CHANCERY DIVISION**

ALAN S. DANIEL et al.,	)	
	)	
Plaintiffs,	)	
	)	Case No. 99 CH 11893
v.	)	
	)	Class Action
AON CORPORATION, et al,	)	
	)	Judge Julia M. Nowicki
Defendants.	)	

**AGREEMENT OF CLASS ACTION SETTLEMENT**

THIS AGREEMENT OF CLASS ACTION SETTLEMENT (“Agreement”)  
is entered into this 9th day of March, 2005 by and between Aon Corporation, as defined in  
Section II.19 below (“Aon”), and Plaintiffs Alan S. Daniel (“Daniel”) and Williamson  
County Agricultural Association (“WCAA”) and the Class, as defined in Section II.17 below  
(the “Class”), by and through their attorneys.

**I. PREAMBLE**

1. WHEREAS: Defendant Aon Corporation is a corporation organized under the laws of the State of Delaware with its principal place of business in Chicago, Illinois. The remaining Defendants are all direct or indirect wholly owned subsidiaries of Aon Corporation.

2. WHEREAS: Plaintiffs Daniel and WCAA are the named Plaintiffs in the above captioned action, which was filed individually and on behalf of a Class of certain past and present customers of Defendants on whose policies Defendants received or were eligible to receive Contingent Commissions, as defined below.

3. WHEREAS: Plaintiffs Daniel and WCAA allege in their Third Amended Complaint (the “Complaint”) that Defendants engaged in improper conduct relating to

commissions for insurance or other risk solutions products. Defendants deny the allegations of Plaintiffs' complaint and specifically deny the material allegations of liability and wrongdoing. Defendants also have asserted various legal, affirmative and other defenses, including defenses such as: failure to state a claim, statute of limitations, voluntary payment doctrine, ratification and consent, and others.

4. WHEREAS: The parties reached an agreement to settle The Litigation, as hereinafter defined, on March 4, 2005 as documented in a Memorandum of Understanding.

5. WHEREAS: Aon has entered into an "Agreement Among the Attorney General of the State of New York, the Superintendent of Insurance of the State of New York, the Attorney General of the State of Connecticut, the Illinois Attorney General, the Director of the Division of Insurance, Illinois Department of Financial and Professional Regulation, and Aon Corporation and its subsidiaries and affiliates (collectively "Aon") dated March 4, 2005," a copy of which is attached hereto as Exhibit A. That agreement is referenced herein as the "Attorney General Settlement Agreement."

6. WHEREAS: The claims asserted in the Amended Complaint in this case include the claims and allegations addressed in the Attorney General Settlement Agreement, and the proceedings referenced therein.

7. WHEREAS: Defendants deny that they have violated any law or other duty or agreement or obligation to Plaintiffs or the Class, deny any liability to Plaintiffs or the Class for any claims, causes of action, costs, expenses, attorneys' fees or damages of any kind, deny that they have done anything wrong, and each deny the allegations of wrongdoing in Plaintiffs' Complaint.

8. WHEREAS: The Court on July 28, 2004 entered an order certifying this case as a nationwide class action. The class certified by the Court was: "All persons in the U.S. who directly or indirectly employed the services of a direct or indirect subsidiary of the Aon Defendants to obtain insurance or other similar risk solutions products wherein such subsidiary received or was eligible to receive consideration in the form of a bonus, commission or profit sharing (other than fixed consideration based solely upon the actual amount charged by the insurer for the insurance and earned upon the commencement of the insurance) that was not disclosed to and agreed upon by the insured."

9. WHEREAS: In connection with this Class Action Settlement, and in connection with this Agreement, the Court will modify the definition of the class certified in its July 28, 2004 Order. The amended class definition is contained in Section IV below.

10. WHEREAS: Defendants maintain that certification of this class for purposes of trial was improper and that Plaintiffs' claims lack merit as a matter of law. Plaintiffs believe that certification of the class was appropriate and that their claims have merit.

11. WHEREAS: The parties have engaged in substantial investigation and discovery to evaluate the merits of Plaintiffs' claims and Defendants' defenses and also to determine whether Plaintiffs' claims are appropriate for class treatment. The parties have thoroughly analyzed the legal and factual issues surrounding Plaintiffs' claims and Defendants' defenses.

12. WHEREAS: Plaintiffs and their counsel have concluded that, in light of the costs, risks and delay of litigation, particularly this complex class action litigation, it would be in the best interests of Plaintiffs and the Class to enter into this settlement. Plaintiffs and

Plaintiffs' counsel also have determined that the Class Action Settlement of this case is fair, reasonable, adequate, and in the best interests of Plaintiffs and the members of the Class.

13. WHEREAS: Defendants have concluded that, in order to avoid the costs of litigation, a settlement of Plaintiffs' claims in this case is appropriate. In this connection, although Defendants do not agree that certification of this class for purposes of trial was proper, Defendants agree that the Class Action Settlement in this case is fair, reasonable and adequate.

14. WHEREAS: The parties desire to fully settle and compromise (i) all claims that were brought, are pending, or that could have been brought by the Plaintiffs or any Class Member in this Court or in any other state or federal court, or in or before any administrative agency or other tribunal, or in any other proceeding, relating to or arising from the alleged conduct giving rise to the claims in Plaintiffs' complaint, including but not limited to the claims and alleged conduct addressed in the Attorney General Settlement Agreement and proceedings referenced therein as well as any other claims in any jurisdiction that have been or could have been brought relating to or arising from the conduct giving rise to Plaintiffs' claims and any related conduct regarding the procurement of and/or commissions for insurance or other risk solutions products (all of which claims and issues are hereinafter referred to as "The Litigation") except for claims which are based upon or arise out of the purchase or sale of Aon securities; and (ii) the individual claims of Plaintiffs Daniel and WCAA.

15. WHEREAS: All parties recognize and agree that the settlement entered into herein and the Attorney General Settlement Agreement were a result of the active litigation in this case by Class Counsel.

16. WHEREAS: The parties desire and intend to seek Court approval of the proposed class action settlement of Plaintiffs' claims in this case and, upon Court approval of the class action settlement in this case, the parties intend to seek a Final Order and Judgment from the Court dismissing with prejudice all claims of the Plaintiffs and all members of the Class made in The Litigation as covered by the Release in Section VII, as well as the individual claims of Plaintiffs Daniel and WCAA. The parties agree that this settlement is final and enforceable only upon Court approval of the class action settlement in this case.

NOW THEREFORE, it is agreed that in consideration of the agreements, promises, and mutual covenants set forth in this Agreement of Class Action Settlement, the Release in Section VII of this Agreement, the entry by the Court of a Final Order and Judgment dismissing The Litigation with prejudice and approving the terms and conditions of the settlement as set forth in this Agreement, the dismissal and release of the individual claims of Plaintiffs Daniel and WCAA, and the dismissal of the claims of all Class Members, and for such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, that this action shall be settled and compromised under the following terms and conditions:

## **II. DEFINITIONS**

17. As used throughout this Agreement, in addition to any definitions elsewhere in the Agreement, the following terms shall have the meanings set forth below:

“Class” or “Class Member” shall mean and include:

All U.S. Policyholder Clients who directly or indirectly employed the services of a direct or indirect subsidiary of Aon to place, renew, consult on or service insurance or other similar risk solutions products between January 1, 1994 and December 31, 2004, wherein Aon received or was eligible to receive Contingent Commissions, including consideration in the form of a bonus, commission or profit sharing (other than

fixed consideration based solely upon the actual amount charged by the insurer for the insurance and earned upon the commencement of the insurance).

18. "U.S. Policyholder Clients" shall mean U.S.-domiciled policyholder clients and policyholder clients who retained Aon's U.S. offices to place, renew, consult on or service insurance or other similar risk solutions products.

19. "Aon" shall mean Aon Corporation, one of the Defendants in The Litigation, as well as Defendants Aon Group, Inc., Aon Services Group, Inc., Affinity Insurance Services, Inc., K & K Insurance Specialties, Inc., K & K Insurance Group, and all those Defendant entities' present or former officers, directors, employees, principals, agents, attorneys, predecessors, successors, affiliates, parents, subsidiaries, divisions, partners, limited partners, unincorporated associations and/or any other entity in which Aon Corporation or any of its present or former direct or indirect affiliates shall have a direct or indirect ownership interest or for which it has any financial responsibility.

20. "Contingent Commissions" shall mean compensation (other than a specific fee to be paid by the client, or a specific percentage commission on a premium to be paid by the insurer set at the time of purchase, renewal, placement or servicing of the insurance policy, or both) that is contingent upon Aon's: (i) placing a particular number of policies or dollar value of premium with the insurer, (ii) achieving a particular level of growth in the number of policies placed or dollar value of premium with the insurer, (iii) meeting a particular rate of retention or renewal of policies in force with the insurer, (iv) placing or keeping sufficient insurance business with the insurer to achieve a particular loss ratio or any other measure of profitability, (v) providing preferential treatment in the placement process, including but not limited to the giving of last looks, first looks, rights of first refusal, or

limiting the number of quotes sought from the insurers for insurance placements, or (vi) obtaining anything else of material value from the insurer.

21. "Class Counsel" shall mean and include for purposes of this Agreement Kirby McInerney & Squire, LLP as Plaintiffs' lead counsel to the Class and Edward T. Joyce and Associates, The Jacobs Law Firm, Chtd. and Futterman and Howard, Chtd. as executive committee counsel to the Class.

22. "Effective Date of Settlement" shall mean and include for purposes of this Agreement the day on which the Final Order and Judgment approving this Class Action Settlement becomes final. For purposes of this Agreement, the Final Order and Judgment shall be deemed to become final on the later of (a) the day following the date on which the Final Order and Judgment is no longer subject to review by appeal if no notice of appeal or similar notice or motion is filed; or (b) if any such notices or motions are filed, on the day following the date on which the Final Order is not subject to further judicial review or appeal, either by reason of affirmance by a court of last resort or by lapse of time or otherwise, provided that the terms of this Agreement are not reversed or substantially modified by the Court or any reviewing court.

23. "The Litigation" shall mean and include for purposes of this Agreement of Class Action Settlement all claims that were brought, are pending, or that could have been brought by the Plaintiffs or any Class Member in this Court or in any other state or federal court, or in or before any administrative agency or other tribunal, or in any other proceeding, relating to or arising from the subject matter or the alleged conduct giving rise to the claims in Plaintiffs' complaint, including but not limited to the claims and alleged conduct addressed in the Attorney General Settlement Agreement and proceedings referenced therein,

as well as all other claims that have been or could have been brought in any jurisdiction relating to or arising from the conduct giving rise to Plaintiffs' claims and any related conduct regarding the procurement of and/or commissions for insurance or other risk solutions products.

### **III. SETTLEMENT CONSIDERATION AND BENEFITS**

In consideration for a full, complete and final settlement of The Litigation and in consideration for dismissal of The Litigation with prejudice and for the Release in Section VII.1, and in consideration for the dismissal with prejudice of the individual claims of Plaintiffs Daniel and WCAA, Aon agrees to make available to the Class the following benefits:

#### **A. MONETARY BENEFITS.**

##### **(1) U.S. Policyholder Clients Who Purchased Insurance Between January 1, 2001 And December 31, 2004.**

24. U.S. Policyholder Clients who purchased insurance between January 1, 2001 and December 31, 2004 shall receive the opportunity to obtain a distribution from the \$190 million Fund established as part of the Attorney General Settlement Agreement.

25. Distribution of payments from the Fund to U.S. Policyholder Clients who purchased insurance between January 1, 2001 and December 31, 2004 shall occur as provided for and set forth in the Attorney General Settlement Agreement.

##### **(2) U.S. Policyholder Clients Who Purchased Insurance Between January 1, 1994 And December 31, 2000.**

26. In addition to the \$190 million Fund created as part of the Attorney General Settlement Agreement, Aon shall create an additional fund (the "Daniel Fund") in the amount of \$38 million for distribution to U.S. Policyholder Clients who purchased insurance between January 1, 1994 and December 31, 2000. The amount for the Daniel Fund was

arrived at as a result of arm's length negotiations between the parties supervised by the Court.

27. Distribution of the Daniel Fund shall occur as follows, and as set forth in Sections VIII and IX below.

28. Aon shall, as soon after October 30, 2005 as is reasonably practicable and technologically feasible, determine the amount of the \$190 million Fund that is attributable to U.S. Policyholder Clients who purchased insurance between January 1, 2001 and December 31, 2004 who did not request a distribution from the Fund (the "Non-Participating Policyholders Amount").

29. The Non-Participating Policyholders Amount shall be added to the Daniel Fund and made available for distribution to U.S. Policyholder Clients who purchased insurance between January 1, 1994 and December 31, 2000.

30. Distribution of the Daniel Fund shall occur as follows: Within 120 days of the date that the total amount of the Daniel Fund is determined, Aon and the Settlement Administrator shall calculate in accordance with a formula agreed to by the parties and approved by the Court (and that is not in any way inconsistent or in conflict with the formula approved by the Attorneys General under the Attorney General Settlement Agreement) the amount to which U.S. Policyholder Clients who purchased insurance between January 1, 1994 and December 31, 2000 are entitled.

31. The formula for distribution of the Daniel Fund shall, to the extent reasonably practicable and technologically feasible based on Aon's current records, be based on the amount of premium a particular policyholder paid for a particular policy, and an estimation of the amount of Contingent Commissions received that were attributable to that policy. To

the extent that Aon's current records do not permit distribution of the Daniel Fund in that manner as to certain U.S. Policyholder Clients who purchased insurance between January 1, 1994 and December 31, 2000, distribution of Daniel Fund proceeds shall occur pro rata. The parties recognize that the formula for distribution of the Daniel Fund may be revised, as necessary, by the agreement of the parties and with the approval of the Court to obtain an equitable distribution of Daniel Fund proceeds but that, in no event, shall the formula for distribution of the Daniel Fund proceeds conflict with the provisions of the Attorney General Settlement Agreement.

32. Distribution of amounts from the Daniel Fund to U.S. Policyholder Clients who purchased insurance between January 1, 1994 and December 31, 2000 and who have not validly opted out shall occur in a manner consistent with the procedure and timing set forth in the Attorney General Settlement Agreement with respect to the Fund created in connection with that Agreement.

33. When distribution of the amounts from the Daniel Fund to U.S. Policyholder Clients who purchased insurance between January 1, 1994 and December 31, 2000 and who have not validly opted out does occur (consistent with the time table set forth in the Attorney General Settlement Agreement), checks will be sent to all eligible policyholders for the amounts that they are eligible to receive from the Daniel Fund. The checks will include a release, in a form to be agreed by the parties and approved by the Court, which the Class Member shall be required to sign as a condition of cashing the check. A U.S. Policyholder Client who purchased insurance from Aon during both periods (January 1, 1994 through December 31, 2000 and January 1, 2001 through December 31, 2004) shall be eligible to

recover from both the Fund created in connection with the Attorney General Settlement Agreement and the Daniel Fund.

34. Anyone falling within the definition of the Class who previously requested to be excluded may opt in to the Class and participate in the settlement by signing a written request to be included containing the information required by the form of notice approved by the Court.

35. After distribution of the Daniel Fund is complete, any undistributed funds (other than funds identified for settlement administration as set forth in Section IX) shall be distributed as follows: Funds attributable to the \$190 million Fund established under the Attorney General Settlement Agreement shall be distributed pursuant to that Agreement. Funds attributable to the original \$38 million of the Daniel Fund shall be distributed to U.S. Policyholder Clients who purchased insurance between January 1, 1994 and December 31, 2000 pro rata.

36. Within 45 days of the date of each distribution from the Fund established under the Attorney General Settlement Agreement or the Daniel Fund, Aon and/or the Settlement Administrator shall file a report with the Court and Class Counsel listing all amounts paid in connection with that particular distribution.

**(3) Named Plaintiffs.**

37. The named Plaintiffs Alan Daniel and Williamson County Agricultural Association shall receive an additional payment of \$10,000 each from the Daniel Fund for their services as class representatives.

**B. NON-MONETARY BENEFITS**

38. In addition to the monetary benefits made available to Class Members as set forth above, Aon also has agreed to implement certain business reforms identified below.

