

NINETEENTH JUDICIAL DISTRICT COURT

PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

NUMBER: 499-737

DIVISION D

J. ROBERT WOOLEY, AS  
ACTING COMMISSIONER OF INSURANCE  
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: \_\_\_\_\_

DEPUTY CLERK

**MOTION AND INCORPORATED MEMORANDUM REQUESTING APPROVAL OF SETTLEMENT OF CLAIMS INVOLVING AmCARECO, INC., THOMAS S. LUCKSINGER, STEPHEN J. NAZARENUS, MICHAEL D. NADLER, WILLIAM F. GALTNEY, JR., MICHAEL K JHIN, JOHN P. MUDD, SCOTT WESTBROOK, EXECUTIVE RISK SPECIALTY INSURANCE COMPANY, EXECUTIVE RISK INDEMNITY, INC., EXECUTIVE RISK MANAGEMENT ASSOCIATES, XL SPECIALTY INSURANCE COMPANY, AND GREENWICH INSURANCE COMPANY**

NOW INTO COURT through undersigned counsel comes J. Robert Wooley, Commissioner of Insurance for the State of Louisiana in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. In Liquidation ("AmCare-LA") through Marlon V. Harrison, Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation (the "Receiver") who respectfully represents that:

1.

Am Care Health Plans of Louisiana, Inc. was a health maintenance organization that was placed by order of this honorable Court in rehabilitation on October 27, 2002 and in liquidation on November 12, 2002, and the Receiver was appointed by the Court pursuant to those orders

2.

The order of liquidation for AmCare-La entered by this Court on November 12, 2002 authorized the Receiver, inter alia, to commence whatever legal actions were necessary, and to collect all sums and debts that were economically feasible to collect, to accomplish the liquidation of AmCare-LA.

3.

In furtherance of the order of liquidation in June, 2003, the Receiver filed an action against AmCareCo, Inc., the parent company of AmCare-LA, and various officers and directors and insurers of AmCareCo, Inc. and AmCare-LA (the "D&Os) in this Court in this case number. That suit was later amended and restated as to the claims asserted.

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4.

AmCare Health Plans of Texas, Inc. In Receivership (“Amcare-TX”), and AmCare Management, Inc. In Receivership (“AmCare-Mgt”), both of which are in receivership and under the supervision of the courts of the State of Texas, and AmCare Health Plans of Oklahoma, Inc. In Receivership (“AmCare-OK”), which is in receivership and under the supervision of the courts of the State of Oklahoma, (all collectively referred to as the “AmCare entities”), intervened in case number 499,737 to join AmCare-LA in asserting claims against the D&O’s.

5.

AmCareCo, Inc. was the parent company of AmCare-LA,. Thomas Luck singer, Stephen Nazare nus and Michael Nadler were officers and directors of AmCare-LA and the AmCare Entities and were instrumental in the day to day operations of the AmCare Entities. Scott Westbrook was an officer of AmCare-LA. Thomas Luck singer, Stephen Nazare nus and Michael Nadler , William Galtney, Michael Jhin and John Mudd were directors of AmCareCo, Inc. Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., Executive Risk Management Associates, XL Specialty Insurance Company and Greenwich Insurance Company were alleged to have issued policies of insurance to the AmCare Entities.

6.

In connection with the proposed settlement of the claims asserted on behalf of AmCare-LA and the AmCare entities against the D&Os, the D&Os have denied the allegations made in the pending actions but are willing to enter into a settlement agreement to avoid the time and expense of protracted litigation involving complex business and accounting transactions.

7.

In connection with the proposed settlement, the D&Os have agreed to pay AmCare-LA and the AmCare entities, collectively, the full and true sum of Eight Million Six Hundred Sixty Seven Thousand (\$8,667,000.00) Dollars, a portion of which is to be paid to AmCare-LA in accordance with the terms of the Receiver’s Agreement previously approved by this Court. A copy of the proposed settlement agreement is attached hereto and marked as **Exhibit A**.

8.

The Receiver believes that the proposed settlement is in the best interest of the AmCare-LA estate, will efficiently marshal the property and assets of the AmCare-LA estate, and will further the goals

identified in the order of liquidation entered by this Court in this matter.

9.

The Receiver submits to the Court that the terms of the Settlement Agreement constitute a fair and reasonable settlement of the claims asserted by the AmCare Entities, that the funds received pursuant to the Settlement Agreement will be used by AmCare-LA in accordance with procedures utilized in this proceeding, as well as for attorneys fees and costs and related expenses arising out of the pending lawsuit filed against the D&Os, that the settlement is intended to resolve all claims against the D&Os, and that the settlement terms, under all applicable circumstances, are in the best interests of the creditors and other persons affected by the settlement and the liquidation of AmCare-LA through these proceedings.

10.

Pursuant to the terms of the Settlement Agreement, the Receiver desires and is entitled to an order of this Court finding that the settlement is fair and equitable to all interested parties and claimants (including all creditors of AmCare-LA); that the Receiver has specific authority to release all claims pursuant to the terms of the Settlement Agreement and to dismiss the claims asserted against the D&Os in the pending lawsuit with prejudice; that the Receiver has specific authority to execute the Settlement Agreement; that all creditors, claimants, and interested persons of AmCare-LA are and will be bound by the Settlement Agreement; and declaring that the claims of AmCare-LA creditors against the D&Os, except direct claims, if any, which the Receiver is unable by assignment or operation of law to assert, shall be deemed released as a result of this Court's finding of the fairness of the proposed settlement and approval of the proposed settlement.

11.

The Receiver further requests notice of this motion and order and the Court's ruling be given by posting a copy of this motion and order and the Court's ruling on the Louisiana Department of Insurance website at [www.lds.la.gov](http://www.lds.la.gov) ; Office Directory; Receivership; Domestic Receivers in receivership-Open; AmCare Health Plans of Louisiana; Receivership Pleadings and that such be deemed sufficient notice to all interested persons or entities.

12.

The Receiver requests that the judgment rendered as to the proposed settlement be certified as a final judgment for purposes of appeal by this Court for the reasons that the judgment as prayed for will dismiss all claims of AmCare-LA against the D&Os with prejudice and there is no just reason for

delay since the D&Os will no longer be a party to the recovery actions in accordance with Louisiana Code of Civil Procedure article 1915.

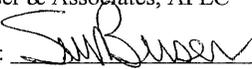
WHEREFORE, Marlon V. Harrison, Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation, prays that this motion be deemed good and sufficient and that this honorable Court approve the proposed settlement with the D&Os and authorize the Receiver to enter into the proposed agreement with the D&Os and the AmCare entities, as reflected in **Exhibit A**, and to sign such documents, to take such actions as may be required to accomplish same, and to implement same, in the sole discretion of the Receiver; that the Court make a finding that (1) the settlement is fair and equitable to all interested parties and claimants (including all creditors of AmCare-LA); (2) that the Receiver has specific authority to release all claims pursuant to the terms of the Settlement Agreement and to dismiss the claims asserted against the D&Os in the pending lawsuit with prejudice; (3) that the Receiver has specific authority to execute the Settlement Agreement; (4) that all creditors, claimants, and interested persons of AmCare-LA are and will be bound by the Settlement Agreement, and (5) and declaring that the claims of AmCare-LA creditors against the D&Os, except direct claims, if any, which the Receiver is unable by assignment or operation of law to assert, shall be deemed released as a result of this Court's finding of the fairness of the proposed settlement and approval of the proposed settlement, that notice of this motion and order and the Court's ruling be given by posting a copy of this motion and order and the Court's ruling on the Louisiana Department of Insurance website at [www.lidi.la.gov](http://www.lidi.la.gov) ; Office Directory; Receivership; Domestic Receivers in receivership-Open; AmCare Health Plans of Louisiana; Receivership Pleadings and that such be deemed sufficient notice to all interested persons or entities, and the judgment rendered as to the proposed settlement be certified as a final judgment for purposes of appeal by this Court for the reasons that the judgment as prayed for will dismiss all claims of AmCare-LA against the D&Os with prejudice and there is no just reason for delay since the D&Os will no longer be a party to the recovery actions in accordance with Louisiana Code of Civil Procedure article 1915, and for all other appropriate relief.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR

J. Robert Wooley, Commissioner of Insurance  
for the State of Louisiana, in his capacity as  
Liquidator of AmCare Health Plans of Louisiana, Inc.

Buser & Associates, APLC

BY: 

Sue Buser #18151  
1518 Highway 30 East  
Gonzales, LA 70737  
Telephone: (225) 644-6100  
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NINETEENTH JUDICIAL DISTRICT COURT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS  
ACTING COMMISSIONER OF INSURANCE  
FOR THE STATE OF LOUISIANA  
VERSUS  
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: \_\_\_\_\_

\_\_\_\_\_  
DEPUTY CLERK

**ORDER**

Considering the foregoing Motion and Incorporated Memorandum Requesting Approval of Settlement of the Claims of AmCareCo, Inc., Thomas S. Lucksinger, Stephen J. Nazaremus, Michael D. Nadler, William F. Galtney, Jr., Michael K. Jhin, John P. Mudd, Scott Westbrook, Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., Executive Risk Management Associates, XL Specialty Insurance Company and Greenwich Insurance Company filed on behalf of AmCare Health Plans of Louisiana, Inc. In Liquidation, and the Court finding that the parties are entitled to the relief granted:

**IT IS ORDERED, ADJUDGED AND DECREED** that the Motion Requesting Approval of Settlement of the Claims of AmCareCo, Inc., Thomas S. Lucksinger, Stephen J. Nazaremus, Michael D. Nadler, William F. Galtney, Jr., Michael K. Jhin, John P. Mudd, Scott Westbrook, Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., Executive Risk Management Associates, XL Specialty Insurance Company and Greenwich Insurance Company be and hereby is GRANTED.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that the proposed settlement with AmCareCo, Inc., Thomas S. Lucksinger, Stephen J. Nazaremus, Michael D. Nadler, William F. Galtney, Jr., Michael K. Jhin, John P. Mudd, Scott Westbrook, Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., Executive Risk Management Associates, XL Specialty Insurance Company and Greenwich Insurance Company be and hereby is APPROVED.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that the Receiver for AmCare Health Plans of Louisiana, Inc. In Liquidation be and hereby is authorized to enter into the proposed settlement agreement with AmCareCo, Inc., Thomas S. Lucksinger, Stephen J. Nazaremus, Michael D. Nadler, William F. Galtney, Jr., Michael K. Jhin, John P. Mudd, Scott Westbrook,

Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., Executive Risk Management Associates, XL Specialty Insurance Company and Greenwich Insurance Company, and AmCare Health Plans of Texas, Inc. In Receivership, AmCare Management, Inc. In Receivership, and AmCare Health Plans of Oklahoma, Inc. In Receivership, as reflected in the proposed agreement attached as **Exhibit A**, and to sign such documents, to take such actions as may be required to accomplish same, and to implement same, in the sole discretion of the Receiver.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that the settlement is fair and equitable to all interested parties and claimants (including all creditors of AmCare-LA); that the Receiver has specific authority to release all claims pursuant to the terms of the Settlement Agreement and to dismiss the claims asserted against AmCareCo, Inc., Thomas S. Lucksinger, Stephen J. Nazarenus, Michael D. Nadler, William F. Galtney, Jr., Michael K. Jhin, John P. Mudd, Scott Westbrook, Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., Executive Risk Management Associates, XL Specialty Insurance Company and Greenwich Insurance Company in the pending lawsuit with prejudice; that the Receiver has specific authority to execute the Settlement Agreement; that all creditors, claimants, and interested persons of AmCare-LA are and will be bound by the Settlement Agreement, and that the claims of AmCare-LA creditors against AmCareCo, Inc., Thomas S. Lucksinger, Stephen J. Nazarenus, Michael D. Nadler, William F. Galtney, Jr., Michael K. Jhin, John P. Mudd, Scott Westbrook, Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., Executive Risk Management Associates, XL Specialty Insurance Company and Greenwich Insurance Company, except direct claims, if any, which the Receiver is unable by assignment or operation of law to assert, be and hereby are deemed released as a result of this Court's finding of the fairness of the settlement and this Court's approval of the settlement.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that notice of this motion and order and the Court's ruling be given by posting a copy of this motion and order and the Court's ruling on the Louisiana Department of Insurance website at [www.ldi.la.gov](http://www.ldi.la.gov); Office Directory; Receivership; Domestic Receivers in receivership-Open; AmCare Health Plans of Louisiana; Receivership Pleadings and that such notice shall be deemed sufficient notice to all interested persons or entities.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that the motion of the

Receiver to certify this judgment as a final judgment pursuant to Louisiana Code of Civil Procedure article 1915 be and hereby is granted and this judgment is certified as a final judgment for purposes of appeal.

The Court, in accordance with Louisiana Civil Code Article 1915, designates this as a final judgment by the Court after an express determination that there is no just reason for delay since the judgment rendered by the Court herein dismisses all claims in the recovery actions as to AmCareCo, Inc., Thomas S. Lucksinger, Stephen J. Nazarenius, Michael D. Nadler, William F. Galtney, Jr., Michael K. Jhin, John P. Mudd, Scott Westbrook, Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., Executive Risk Management Associates, XL Specialty Insurance Company and Greenwich Insurance Company with prejudice.

THUS DONE AND SIGNED this 27<sup>th</sup> day of June, 2005 at  
Baton Rouge, Louisiana.

19TH JUDICIAL DISTRICT  
EAST BATON ROUGE PARISH, LA.  
FILED

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BY B  
DEPUTY CLERK RECORDED FOR  
DOUG WELBORN  
CLERK OF COURT E.B.R. PARISH

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DEPUTY CLERK OF COURT

Janeir Clark  
JUDGE, NINETEENTH JUDICIAL DISTRICT COURT

CERTIFIED  
TRUE COPY

JUN 27 2005

BY Shirley Ferdinand  
DEPUTY CLERK

I hereby certify that on this day a notice of the above judgement was mailed by me, with sufficient postage affixed, to: All Parties

Done and signed on 6-27-05  
Shirley Ferdinand  
Deputy Clerk of Court

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a copy of the above and foregoing document has been forwarded via First Class Mail, postage prepaid and properly addressed, to the following:

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Austin, TX 78701

on this \_\_\_\_ day of \_\_\_\_\_, 2005.

  
\_\_\_\_\_

**SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This Settlement Agreement and Mutual Release (hereinafter “Settlement Agreement” or “Agreement”) is made and entered into by and among (1) J. Robert Wooley, as Commissioner of Insurance for the State of Louisiana, as Liquidator for AmCare Health Plans of Louisiana, Inc., through his appointed Receiver, Marlon V. Harrison; (2) Kim Holland, Insurance Commissioner for the State of Oklahoma, as Receiver for AmCare Health Plans of Oklahoma, Inc.; (3) Mike Geeslin, Insurance Commissioner for the State of Texas, as Receiver for AmCare Health Plans of Texas, Inc. and AmCare Management, Inc., through his appointed Special Deputy Receiver, Jean Johnson; (4) AmCareco, Inc.; (5) Thomas S. Lucksinger; (6) Stephen J. Nazarenus; (7) Michael D. Nadler; (8) William F. Galtney, Jr.; (9) Michael K. Jhin; (10) John P. Mudd; (11) Scott Westbrook; (12) Executive Risk Specialty Insurance Company; (13) Executive Risk Indemnity Inc.; (14) Executive Risk Management Associates; (15) XL Specialty Insurance Company; and (16) Greenwich Insurance Company, all as more fully described in Paragraph I(A) of the Definitions Section below (each individually a “Party”, collectively the “Parties”), as follows:

**I.  
DEFINITIONS**

The following terms, as used in this Settlement Agreement, shall have the definitions set forth below. Other specific terms may be defined elsewhere in the Agreement.

**A. Parties**

“AmCareco” shall mean AmCareco, Inc., a Delaware corporation, together with any and all past or present subsidiaries, affiliates, officers, directors, servants, agents, employees, shareholders, insurers and attorneys, each represented for purposes of this Settlement Agreement by AmCareco, Inc., to the fullest extent allowed by law.

“AmCare-LA” shall mean AmCare Health Plans of Louisiana, Inc., a Louisiana corporation and wholly owned subsidiary of AmCareco.

“AmCare-LA Creditors” shall mean all creditors of AmCare-LA, including without limitation health care providers and hospitals providing services to beneficiaries of AmCare-LA health plans as well as the beneficiaries themselves.

“AmCare-OK” shall mean AmCare Health Plans of Oklahoma, Inc., an Oklahoma corporation and wholly owned subsidiary of AmCareco.

“AmCare-OK Creditors” shall mean all creditors of AmCare-OK, including without limitation health care providers and hospitals providing services to beneficiaries of AmCare-OK health plans as well as the beneficiaries themselves.

“AmCare-TX” shall mean AmCare Health Plans of Texas, Inc., a Texas corporation and wholly owned subsidiary of AmCareco.

“AmCare-TX Creditors” shall mean all creditors of AmCare-TX, including without limitation health care providers and hospitals providing services to beneficiaries of AmCare-TX health plans as well as the beneficiaries themselves.

“AmCare Management” shall mean AmCare Management, Inc., a Texas corporation and wholly owned subsidiary of AmCareco.

“AmCare Management Creditors” shall mean all creditors of AmCare Management.

“Executive Risk” shall mean Executive Risk Specialty Insurance Company, Executive Risk Management Associates, and Executive Risk Indemnity Inc., together with any and all past or present agents, employees, officers, directors, affiliates, parent companies, subsidiaries, successors, assigns and attorneys, each represented for purposes of this Settlement Agreement by

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Executive Risk Specialty Insurance Company, Executive Risk Indemnity, Inc., and Executive Risk Management Associates, collectively, to the fullest extent allowed by law.

“Galtney” shall mean William F. Galtney, Jr., individually, as well as in his capacities as a current or former director, officer, member and/or shareholder of 1) AmCareco and/or its subsidiaries, 2) The Galtney Group LLC, 3) Cedar Equities LLC, or 4) Gallagher Health Care Insurance Services, Inc., together with any and all past or present representatives, servants, insurers, agents and attorneys, each represented for purposes of this Settlement Agreement by William F. Galtney, Jr., to the fullest extent allowed by law.

“Galtney Companies” shall mean Galtney Group LLC, Cedar Equities LLC, and Gallagher Healthcare Insurance Services, Inc., together with any all past or present subsidiaries, affiliates, officers, directors, servants, agents, employees, shareholders, insurers and attorneys, each represented for purposes of this Settlement Agreement by William F. Galtney, Jr., to the fullest extent allowed by law.

“Greenwich” shall mean Greenwich Insurance Company and XL Specialty Insurance Company, together with any and all past or present agents, employees, officers, directors, affiliates, parent companies, subsidiaries, successors, assigns and attorneys, each represented for purposes of this Settlement Agreement by Greenwich Insurance Company and XL Specialty Insurance Company, collectively, to the fullest extent allowed by law.

“Jhin” shall mean Michael K. Jhin, individually, as well as in his capacity as a current or former director, officer and/or shareholder of 1) AmCareco and/or its subsidiaries or 2) St. Lukes and/or its subsidiaries, together with any and all past or present representatives, servants, insurers, agents and attorneys, each represented for purposes of this Settlement Agreement by Michael K. Jhin, to the fullest extent allowed by law.

“Louisiana Receiver” shall mean J. Robert Wooley, as Commissioner of Insurance for the State of Louisiana, as Liquidator for AmCare-LA and representative and/or assignee of the AmCare-LA Creditors, through his appointed Receiver, Marlon V. Harrison, together with any and all past or present agents, representatives, servants, and employees, each represented for purposes of this Settlement Agreement by J. Robert Wooley, as Commissioner of Insurance for the State of Louisiana, as Liquidator for AmCare-LA and representative and/or assignee of the AmCare-LA Creditors, to the fullest extent allowed by law.

“Lucksinger” shall mean Thomas S. Lucksinger, individually, as well as in his capacity as a current or former director, officer and/or shareholder of AmCareco and/or its subsidiaries, together with any and all past or present representatives, servants, insurers, agents and attorneys, each represented for purposes of this Settlement Agreement by Thomas S. Lucksinger, to the fullest extent allowed by law.

“Mudd” shall mean John P. Mudd, individually, as well as in his capacity as a current or former director and/or officer of AmCareco and/or its subsidiaries, together with any and all past or present representatives, servants, insurers, agents and attorneys, each represented for purposes of this Settlement Agreement by John P. Mudd, to the fullest extent allowed by law.

“Nadler” shall mean Michael D. Nadler, individually, as well as in his capacity as a current or former director, officer and/or shareholder of AmCareco and/or its subsidiaries, together with any and all past or present representatives, servants, insurers, agents and attorneys, each represented for purposes of this Settlement Agreement by Michael D. Nadler, to the fullest extent allowed by law.

“Nazarenus” shall mean Stephen J. Nazarenus, individually, as well as in his capacity as a current or former director, officer, and/or shareholder of AmCareco and/or its subsidiaries,

together with any and all past or present representatives, servants, insurers, agents and attorneys, each represented for purposes of this Settlement Agreement by Stephen J. Nazareus, to the fullest extent allowed by law.

“Oklahoma Receiver” shall mean Kim Holland, Insurance Commissioner for the State of Oklahoma, as Receiver for AmCare-OK and representative and/or assignee of the AmCare-OK Creditors, together with any and all past or present agents, representatives, and employees, each represented for purposes of this Settlement Agreement by Kim Holland, Insurance Commissioner for the State of Oklahoma, as Receiver for AmCare-OK and representative and/or assignee of the AmCare-OK Creditors, to the fullest extent allowed by law.

“St. Lukes” shall mean St. Luke’s Episcopal Health System Corporation together with any and all past or present subsidiaries, affiliates, successors, assigns, legal representatives, officers, directors, servants, agents, employees, shareholders, insurers and attorneys.

“Texas Receiver” shall mean Mike Geeslin, Insurance Commissioner for the State of Texas, and his successors and duly appointed designees, as court-appointed Receiver for AmCare-TX and AmCare Management and representative and assignee of the AmCare-TX Creditors and AmCare Management Creditors, together with any and all past or present agents, representatives, servants, and employees, each represented for purposes of this Settlement Agreement by Special Deputy Receiver Jean Johnson to the fullest extent allowed by law.

“Westbrook” shall mean Scott Westbrook, individually, as well as in any alleged capacity as current or former director, officer, and/or shareholder of AmCareco and/or its subsidiaries, together with any and all past or present representatives, servants, insurers, agents and attorneys, each represented for purposes of this Settlement Agreement by Scott Westbrook, to the fullest extent allowed by law.

**B. Pending Lawsuits**

“Texas Case” shall mean Cause No. GN 303897, *Jean Johnson, Special Deputy Receiver of AmCare Health Plans of Texas, Inc. et al v. Pricewaterhouse Coopers, LLP, et al.*, in the 250th Judicial District Court of Travis County, Texas.

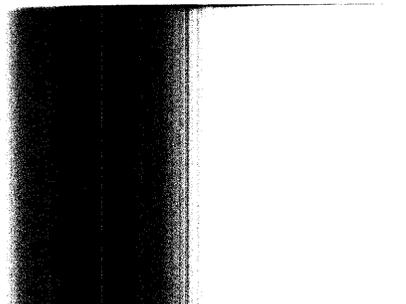
“Louisiana Case” shall mean Cause No. 499,737, Section D, *J. Robert Wooley, as Commissioner of Insurance for the State of Louisiana v. Thomas S. Lucksinger et al.*, in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, which has been consolidated with the following two actions: 1) Cause No. 509,297, Section D, *J. Robert Wooley, as Commissioner of Insurance for the State of Louisiana v. Foundation Health Corporation et al.*, in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, State of Louisiana; and 2) Cause No. 512,366, Section D, *J. Robert Wooley, as Commissioner of Insurance for the State of Louisiana, as Liquidator for AmCare Health Plans of Louisiana, Inc. v. PricewaterhouseCoopers*, in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, State of Louisiana.

**C. Other Terms**

“Action” shall mean any action, lawsuit, cause of action, arbitration or other proceeding of any kind.

“AmCare HMOs” shall mean AmCare-TX, AmCare-OK and AmCare-LA.

“Claims” shall mean all existing, known, and unknown claims, demands, causes of action and counterclaims, pending or threatened, asserted or unasserted, direct or indirect, personal or received by assignment or other operation of law, presently existing or which might accrue in the future, which have been or which could have been asserted by any Party, by or through an assignment, operation of law, or in any capacity, for all existing, known, and unknown damages and remedies arising out of or related to the Incident and occurring before all Parties execute this



Agreement, including without limitation claims that have been brought or that could have been brought by or on behalf of any of the Parties (a) in the Texas Case or Louisiana Case, or (b) in any court, tribunal or forum, in this or any other jurisdiction, in these United States or anywhere else. Under this definition, "Claims" includes, BUT IS NOT LIMITED TO, all claims, demands, causes of action, counterclaims, lawsuits, debts, accounts, covenants, agreements, actions, cross-actions, liabilities, obligations, losses, costs, expenses, remedies, and causes of action of any nature, whether in contract or in tort, or based upon conspiracy, fraud, concealment, misrepresentation, breach of fiduciary duty, breach of regulatory obligations, negligence, gross negligence, intentional acts, breach of duty or statutory or common law, and/or concerning the scope and/or existence of insurance coverage related to or arising out of the Incident, and/or arising under or by virtue of any judicial decision, statute or regulation, for past or present, known or unknown injuries, property or economic damage, and all other losses and damages of any kind, including BUT NOT LIMITED TO the following: all actual damages; all exemplary and punitive damages; all penalties of any kind, including WITHOUT LIMITATION any tax liabilities or penalties; damage to business reputation; lost profits or good will; consequential damages; damages ensuing from loss of credit; and, prejudgment and post judgment interest, costs and attorney's fees. This definition further includes, BUT IS NOT LIMITED TO, all elements of damages, all remedies, and all claims, demands, and causes of action that are now recognized by law or that may be created or recognized in the future in any manner, including WITHOUT LIMITATION by statute, regulation, or judicial decision, including WITHOUT LIMITATION by virtue of the Texas Deceptive Trade Practices-Consumer Protection Act or Article 21.21 of the Texas Insurance Code, and/or by virtue of or arising under any actual or implied covenant of common law good faith and fair dealing, and/or by virtue of or arising under

any of the laws or regulations of the states of Texas, Louisiana or Oklahoma or under the laws of the United States of America or of any other state thereof, and/or arising under any judicial decision interpreting any such laws, which may presently exist or which may be passed or issued in the future. This definition DOES NOT INCLUDE actions brought by a Party to enforce the terms of this Settlement Agreement.

“Consideration” shall have the meaning set forth in Section VI, *infra*.

“Incident” shall mean (1) all actions or omissions relating in any way to AmCareco, AmCare-TX, AmCare-OK, AmCare-LA or AmCare Management ; and (2) the Insurance Policies. Incident includes without limitation all allegations contained in the Lawsuits, including without limitation the allegations that the Individual Defendants breached common law, statutory and contractual duties owed to AmCareco, AmCare-TX, AmCare-OK, AmCare-LA, AmCare Management, AmCare-TX Creditors, AmCare-OK Creditors, AmCare-LA Creditors, and AmCare Management Creditors.

“Individual Defendants” shall mean Luksinger, Nadler, Nazareus, Galtney, Mudd, Jhin and Westbrook, and each individually, and collectively.

“Insurance Policies” shall mean a Managed Care Organization Errors and Omissions Liability Policy, number 8165-6713, issued by Executive Risk Specialty Insurance Company for the policy period May 1, 2001 to May 1, 2002 and extended by endorsement to July 1, 2002; Diversified Health Care Organizations Directors, Officers and Trustees Liability Insurance Including Employment Practices Liability Coverage, number 8165-6711, issued by Executive Risk Indemnity Inc. for the policy period May 1, 2001 to July 1, 2002; and a Management Liability and Company Reimbursement Insurance Policy, number ELU 83458-02, issued by Greenwich Insurance Company with an inception date of July 1, 2002, and all endorsements and

other attachments thereto, and any other policy issued by the Insurers to the extent that the policy does or may provide coverage in respect to AmCareco or in respect to any of the Individual Defendants in any capacity relating to AmCareco.

“Insurers” shall mean Greenwich and Executive Risk, each individually, and collectively.

“Lawsuits” shall mean the Texas Case and the Louisiana Case.

“Plaintiffs” shall mean the Texas Receiver, Oklahoma Receiver, and Louisiana Receiver, each individually, and collectively.

“Settling Defendants” shall mean the Individual Defendants, AmCareco and the Insurers, each individually, and collectively.

## **II. RECITALS**

On or about April 30, 1999, AmCareco acquired three HMO health plans from Foundation Health Systems, Inc., predecessor to Health Net, Inc. (“Health Net”). Those three HMOs became AmCare-TX, AmCare-LA and AmCare-OK (the AmCare HMOs). The Individual Defendants were involved in various capacities and to varying degrees with AmCareco and the AmCare HMOs, either in managing or directing AmCareco or the AmCare HMOs, or investing -- individually or through a business entity -- in AmCareco. As a result of this transaction, Health Net also was a shareholder in AmCareco, during all time periods relevant to this Agreement. The AmCare HMOs were operated and managed, in part, through AmCare Management. The AmCare HMOs conducted business under the ownership of AmCareco from 1999 until approximately 2002, when the respective States in which the AmCare HMOs operated took regulatory action and ultimately placed the AmCare HMOs into receivership.

The Plaintiffs have been appointed and authorized by courts supervising the receivership of the AmCare HMOs in the respective states where they operated. In Texas, the receivership

proceedings for AmCare-TX and AmCare Management are in the 200<sup>th</sup> Judicial District Court of Travis County, Texas, Cause No. GV204523. In Oklahoma, the receivership proceedings for AmCare-OK are in the District Court for Oklahoma County, Oklahoma, Case No. CJ-2003-5311. In Louisiana, the receivership proceedings for AmCare-LA are in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, Louisiana, Case No. 499,737.

Plaintiffs variously filed the Texas and Louisiana Cases against several parties, including the Settling Defendants, asserting as to the Individual Defendants and AmCareco, Inc. causes of action related to the Incident, seeking a variety of damages and other remedies. Plaintiffs and the Settling Defendants now intend to globally resolve all alleged liability between and among the Parties arising out of or relating to the Incident, and/or the Claims, for the Consideration. The Parties acknowledge and agree that an essential and integral condition for completion of the settlement described in this Agreement is that the Settling Defendants intend that they will be fully released and/or indemnified pursuant to the terms of this Agreement.

**III.**  
**APPROVAL OF RECEIVERSHIP COURTS**

This Settlement Agreement is expressly conditioned on approval by the Texas, Oklahoma and Louisiana receivership courts, pursuant to the statutory and/or common law requirements for approval in each State. Even if signed by all Parties, this Agreement does not become final unless and until the orders approving this Agreement are entered by the three receivership courts and become final and non-appealable.

The Parties agree that each Plaintiff, as appropriate in each of the respective receivership courts and/or the courts in which the Lawsuits are pending, will prepare and file all applications, petitions, pleadings and/or other documents, and issue any and all required notices and citations, necessary to seek approval of the Settlement Agreement in the manner required by the law of

each State. Plaintiffs will exercise their best efforts to undertake in good faith all actions necessary to accomplish valid approvals of the Settlement Agreement. In so doing, the Parties will jointly represent that the funds received pursuant to this Agreement will be administered in accordance with procedures utilized in each of the receivership proceedings, including but not limited to payments for attorneys' fees and related expenses arising out of the Lawsuits defined herein; that the settlement is intended to resolve all Claims against all Settling Defendants; and that the settlement terms, under all applicable circumstances, are in the best interests of the creditors and other persons affected by the settlement and the liquidation of the HMOs through the receivership proceedings.

In connection with the settlement approval procedures described herein, Plaintiffs and the Settling Defendants will seek appropriate orders from each respective receivership court for approval of the Settlement Agreement and for the court actions described in Section IV and other provisions of this Agreement. Plaintiffs further agree to promptly notify the Settling Defendants or their counsel of the status of the settlement approval process and of all hearing dates or other significant developments or proceedings affecting the approval of this Agreement.

**IV.**  
**RELEASE OF CLAIMS OF CREDITORS OF THE AMCARE HMOS AND AMCARE MANAGEMENT**

Plaintiffs, through assignments, proofs of claim, and/or other operation of law, have asserted claims in the Texas and Louisiana Cases on behalf of the creditors of the AmCare HMOs and AmCare Management, including but not limited to hospitals and other health care providers and individual members of the AmCare HMOs' health plans. Save and except for direct claims of creditors, if any, which the Plaintiffs are unable by assignment or operation of law to assert, 1) the Texas Receiver represents and warrants that it has authority to prosecute and settle the Claims the AmCare-TX Creditors or AmCare Management Creditors may have against

the Settling Defendants; 2) the Oklahoma Receiver represents and warrants that it has authority to prosecute and settle the Claims the AmCare-OK Creditors may have against the Settling Defendants; 3) the Louisiana Receiver represents and warrants that it has authority to prosecute and settle the Claims the AmCare-LA Creditors may have against the Settling Defendants. The Creditor Claims for which Plaintiffs provide the above-stated representations and warranties are included in Plaintiffs' Releases in Section VII, *infra*, and Plaintiffs' indemnification obligations in Section V, *infra*.

The Plaintiffs agree that, as part of the settlement approval process described in Section III, above, they will seek an order from each receivership court 1) providing that the proposed Settlement Agreement is in the best interests of the AmCare HMOs, AmCare Management, and their creditors; and 2) enforcing the release of creditor claims provided in Section VII, *infra*, by declaring that all Claims by creditors of the AmCare HMOs or of AmCare Management against the Settling Defendants, except direct claims, if any, which the Plaintiffs are unable by assignment or operation of law to assert, shall be deemed released, as a result of the courts' finding of the fairness of the settlement, and approval thereof.

V.

**DISMISSAL OF / INDEMNIFICATION FOR CERTAIN CLAIMS**

Plaintiffs, and each of them, agree to indemnify and hold the Settling Defendants harmless (including costs of defense) from and against any claim against any Settling Defendant by any person or entity on whose behalf Plaintiffs, or any of them, purported to bring the Louisiana Case or the Texas Case, that is based upon facts, matters, or circumstances alleged, or which could have been alleged, by Plaintiffs, or any of them, in whole or in part, or derivative thereof, in the Louisiana Case or the Texas Case. Plaintiffs, and each of them, further agree to indemnify and hold the Settling Defendants harmless (including costs of defense) from and



against any claims made by anyone acting or claiming by, through, for, or under the Plaintiffs, or any of them, that are based upon facts, matters, or circumstances alleged, or which could have been alleged, by Plaintiffs, or any of them, in whole or in part, or derivative thereof, in the Louisiana Case or the Texas Case.

The Parties acknowledge that incidental demands have been filed in the Lawsuits by other defendants in the Lawsuits which have not settled the Lawsuit claims, including but not limited to Health Net, and that such non-settling defendants, other non-settling defendants, and other persons or entities not parties to the Lawsuits (hereafter collectively "Third Party Claimants") might still assert claims against some or all of the Settling Defendants in connection with the Incident and/or the matters pending in the Lawsuits. Plaintiffs agree to make reasonable efforts to effectuate the terms of this Settlement Agreement and dismissal of all claims in the Lawsuits in a manner consistent with the best interests of the HMO estates and in accordance with applicable law.

If, following final judgment in favor of Plaintiffs, or any of them, against any Third Party Claimant(s) ("Plaintiffs' Final Judgment"), any Third Party Claimants have contribution and/or indemnity rights, according to the law applied, then, if any Third Party Claimant(s), including but not limited to Health Net, should obtain a judgment ("Third Party Judgment") against any of the Settling Defendants based on any contribution and/or indemnity rights such Third Party Claimant(s) may have against Settling Defendants as a result of the Plaintiffs' Final Judgment, Plaintiffs shall reduce the Plaintiffs' Final Judgment against such Third Party Claimant(s) by the amount to which the Third Party Claimant(s) would be entitled to contribution or indemnity from a Settling Defendant(s).

**VI.**  
**CONSIDERATION**

For the releases, covenants, representations, warranties, and promises made herein, the Consideration is as follows:

1. Within ten ("10") days of the date on which the orders entered by the Texas, Louisiana and Oklahoma receivership courts approving this Settlement Agreement become final and non-appealable, a financial payment shall be made to Plaintiffs by delivering a bank check or checks totaling (Eight Million Six Hundred Sixty-Seven Thousand Dollars (\$8,667,000.00) payable to "McKernan Law Firm; Moore, Walters, Thompson, Thomas, Papillion and Cullens; Morgan Law Firm; Hohmann, Taube & Summers, L.L.P.; George & Brothers, L.L.P., and Wisener Nunnally Gold, L.L.P., as payees and for the benefit of the AmCare LA, OK, and TX Receiverships." Such bank check(s) will be delivered jointly to Edward Walters and Jerry McKernan.
2. The releases, covenants, and other provisions of this Agreement;
3. Plaintiffs' dismissal with prejudice of the Texas Case and Louisiana Case; and
4. Other good and valuable consideration by and on behalf of the Parties.

Notwithstanding the above, the Settling Defendants represent that no monies are being paid by or on behalf of Mudd. By their signatures below, the Parties acknowledge the sufficiency of the consideration stated above.

**VII.**  
**RELEASES AND COVENANT NOT TO SUE**

**A. Releases**

The releases provided in this Section by the Parties are intended to be broad, global releases of all liability between and among the Parties in all of their capacities and should be interpreted as such.

1. Plaintiffs hereby release, acquit and forever discharge the Individual Defendants, AmCareco, the Insurers, St. Lukes and the Galtney Companies from all Claims. Notwithstanding the foregoing, Plaintiffs specifically and expressly reserve all claims, rights and

causes of action they may possess, collectively or individually, against all parties not specifically released by this Agreement, including but not limited to Health Net, Inc., Stuart Rosow, and Proskauer Rose, L.L.P.

2. Except as noted below, the Settling Defendants and the Galtney Companies hereby release, acquit and forever discharge each other and the Plaintiffs from all Claims. Notwithstanding the foregoing, Settling Defendants specifically and expressly reserve all claims, rights and causes of action they may possess, collectively or individually, against Health Net. Further, notwithstanding the foregoing, Lucksinger, Nazareus, Nadler, Galtney, Jhin, Mudd, Westbrook and AmCareco, Inc.(the "D&O Defendants") do not release or waive their rights, if any, under Insurance Policies issued to AmCareco by Executive Risk or Greenwich for amounts the Insurers have agreed to pay in connection with this Settlement Agreement, nor do they release or waive any rights separately negotiated and agreed to in writing concurrently with this Agreement between the D&O Defendants and Executive Risk related to any continuing costs necessary to finalizing this Settlement, in accordance with the terms of any applicable Executive Risk insurance policies or litigation guidelines.

Plaintiffs acknowledge that the releases set out in this Agreement are valid and enforceable as to the respective releasors, and that the releases should be broadly construed to effectuate the Parties' intent for a global, comprehensive release of all claims that are within the Parties' power to release. Plaintiffs further agree that should they settle their claims against PricewaterhouseCoopers, Health Net, Proskauer Rose, Stuart Rosow or any other person or entity against whom they assert a claim related to the Incident, Plaintiffs shall attempt to obtain a release by such person or entity of the Settling Defendants that is at least as broad as the one provided by Plaintiffs in this Agreement.

**B. Covenant Not to Sue**

The Parties do hereby agree, promise and forever covenant not to bring or allow to be brought on their behalf any Action related in any way to the Incident and/or the Claims released herein. In the event that any person, firm, corporation, heir, successor, assign or other entity, claiming to act by, through, under or on behalf of one of the Parties to this Agreement brings an Action related in any way to the Claims released herein, then the Parties shall jointly take all action reasonably necessary to obtain a prompt dismissal of such Action.

**VIII.  
PENDING CASES AND MATTERS**

Within ten ("10") days of the date on which all Parties have executed this Agreement, Plaintiffs shall take all actions necessary to obtain orders from the Louisiana, Texas, and Oklahoma receivership courts approving this Settlement Agreement, as provided in Sections III and IV, above.

On the day payment is made to Plaintiffs pursuant to Section VI, *supra*, the Parties shall take the following actions with respect to the Texas and Louisiana Cases:

1. The Parties shall file agreed motions for entry of final judgments in the Louisiana Case and the Texas Case, dismissing such cases with prejudice against the Settling Defendants. The Judgments to be entered will be substantially in the form attached hereto as Exhibits "A" and "B".
2. The Settling Defendants shall take all actions necessary to dismiss all pending appeals and/or writ applications.

**IX.  
DENIAL OF LIABILITY**

The agreements and the transfer of consideration contained herein are intended to compromise doubtful and disputed claims, to avoid the expense, uncertainties and hazards of litigation, and to buy peace. It is expressly understood and agreed that no payments made or

releases or other consideration given shall be construed as an admission of liability on the part of any Party to this Settlement Agreement, all such liability being expressly denied.

**X.**

**AMCARECO, INC.'S CORPORATE STANDING**

The Settling Defendants represent that the State of Delaware had previously forfeited AmCareco, Inc.'s corporate privileges for non-payment of franchise taxes. The Settling Defendants represent that the approximate amount of \$2,700.00 has recently been paid to reinstate AmCareco, Inc.'s corporate status and privileges. Payment of such amount shall not be considered a violation of any injunction or other Order issued in any of the receivership courts, or in connection with either of the Lawsuits (the Settling Defendants deny that such payment would constitute a violation).

The Parties agree and acknowledge that valid execution of this Agreement by AmCareco, Inc. is an express condition of this Agreement.

**XI.**

**ADDITIONAL TERMS**

It is expressly understood and agreed that all of the terms hereof are contractual and not merely recitals. This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their respective heirs, successors, assigns, and legal representatives.

The Parties represent that each has the authority to enter into this Settlement Agreement, except that the Texas Receiver shows that his authority is contingent upon final approval of the Settlement Agreement by the Texas receivership court; that each completely understands that this is a complete and final release in full of any claim each has against the others, except as expressly provided; that each relies solely and wholly upon his/its own judgment, belief and knowledge of his/its rights and claims and relies upon his/its own judgment, belief and

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knowledge of the nature and extent of his/its rights in making this settlement; that in entering into this Settlement Agreement, each is doing so freely and voluntarily and upon the advice of his/its attorneys and has had the opportunity to retain additional counsel or experts of his/its own selection; that no representations, promises or statements made by any agent, attorney, or other representative of another Party that is not expressly provided for in this Agreement has influenced him/it in the making of this Settlement Agreement; and that each has read and fully understands this Agreement.

All Parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

Plaintiffs acknowledge that the monetary payments made as part of the Consideration for this Agreement shall be made in accordance with reasonable instructions by Plaintiffs to the Settling Defendants, and that the funds received will be apportioned among the Plaintiffs without input or direction from or by the Settling Defendants. Each Plaintiff agrees to release and relieve the Settling Defendants from all responsibility or liability with respect to the apportionment or allocation of the settlement funds among the Plaintiffs.

All Parties to this Agreement acknowledge that they, through their counsel, have participated in the drafting and preparation of this Agreement, and that no Party shall be entitled to the benefit of any rule or presumption in favor of or against any Party as the “drafter” of such Agreement should there be a challenge to this Agreement, based upon any alleged ambiguity contained herein.

Save and except for the agreements between the D&O Defendants and Executive Risk referenced in Section VII(A)(2), and any agreements among the Settling Defendants concerning

contributions to the financial payments to be made to Plaintiffs as part of the Consideration for this Agreement, this Agreement constitutes the entire and exclusive agreement between the Parties related to the matters addressed herein and any and all prior or contemporaneous agreements, understandings, promises, representations, warranties, and covenants, whether written or oral, or whether expressed, implied, or apparent, are hereby deemed merged into and made a part of this Agreement.

In the event that for any reason this Agreement is not consummated, this Agreement, its terms, and the negotiations leading up to it may not be used for any purpose in the Texas Case, Louisiana Case, or any other Action filed by Plaintiffs, or for any other purpose not mutually agreeable to the Parties.

The Parties agree that by entering into and executing this Settlement Agreement that no Settling Defendant is waiving any previously filed challenge to jurisdiction of the courts in Louisiana and/or Texas; that entry into this settlement cannot be used against any Settling Defendant for the purpose of establishing personal jurisdiction over that Settling Defendant in any future action filed in either Texas or Louisiana; and that entry into this settlement shall not be used as evidence to support the position that any Settling Defendant has acquiesced or otherwise submitted to jurisdiction in Texas or Louisiana. The Settling Defendants reserve all rights to challenge jurisdiction in either State.

The Parties each agree that they will not challenge the validity of this Agreement, or of specific provisions or clauses contained herein, and agree that the Parties will exercise their best efforts to support the validity of and enforce the Agreement, in the event it is challenged by other persons or entities.

In the event that any provision of this Agreement is determined to be invalid or unenforceable, only such invalid provision will be stricken from the Agreement, and the other terms and conditions of the Agreement will remain enforceable and will be given full effect. Notwithstanding the foregoing, the Parties acknowledge that the Agreement contains certain prerequisite terms and conditions essential to the binding effect of the Agreement, including the requirements for certain court orders, indemnification, provisions regarding reduction of judgments under certain conditions, efforts to obtain dismissals or other bar orders concerning claims of Third Party Claimants, final release and dismissal of Settling Defendants by Plaintiffs, valid execution of the Agreement by AmCareco, Inc. and the other Parties, such that invalidation or a declaration of unenforceability of any of these prerequisite conditions will render the entire Settlement Agreement non-binding and unenforceable.

Under circumstances in which Notice is required and/or appropriate relative to the terms and conditions of the Settlement Agreement, and any items or issues contained therein, Notice shall be given to the appropriate Party(ies) and shall be considered sufficient if given by certified mail, postage prepaid, to the Parties through the individual representative and at the addresses set out hereafter:

1. **J. Robert Wooley**  
*Commissioner of Insurance for the State of Louisiana as Liquidator of AmCare Health Plans of Louisiana, Inc.*  
**Kim Holland**  
*Oklahoma Commissioner of Insurance*
  2. **Mike Geeslin**  
*Texas Commissioner of Insurance as Receiver of AmCare Health Plans Of Texas, Inc. and AmCare Management, Inc.*
- J. E. Cullens, Jr.  
Moore, Walters, Thompson,  
Thomas, Papillion, & Cullens  
6513 Perkins Road  
Baton Rouge, LA 70808
- Joseph J. McKernan  
McKernan Law Firm  
8710 Jefferson Highway  
Baton Rouge, LA 70809

3. **AmCareco, Inc.**  
**Thomas S. Lucksinger**  
**Stephen J. Nazareus**  
**Michael D. Nadler**  
J. Wendell Clark  
Adams and Reese, L.L.P.  
450 Laurel Street  
Suite 1900  
Baton Rouge, LA 70801
  
4. **William F. Galtney, Jr.**  
**Michael K. Jhin**  
**John P. Mudd**  
Harry J. Philips, Jr.  
Taylor, Porter, Brooks & Phillips, LLP  
451 Florida Street, 8<sup>th</sup> Floor  
Bank One Centre  
P.O. Box 2471  
Baton Rouge, LA 70821
  
5. **Scott Westbrook**  
David L. Guerry  
Long Law Firm  
4041 Essen Lane  
Suite 500  
Baton Rouge, LA 70809
  
6. **Executive Risk Specialty Insurance Company**  
**Executive Risk Indemnity Inc.**  
**Executive Risk Management Associates**  
Merril J. Hirsh  
Rose Dixon & Bell, L.L.P.  
2001 K. Street, NW  
Washington, DC 20006-1040
  
7. **XL Specialty Insurance Company**  
**Greenwich Insurance Company, Inc.**  
David H. Topol  
Wiley, Rein & Fielding, L.L.P.  
1776 K. Street NW  
Washington, DC 20006-2398

This Agreement shall be construed and enforced in accordance with the laws of the State of Louisiana, including Louisiana's laws concerning conflicts of law. However, this choice of law provision relative to interpretation of this Agreement shall not apply to the Courts' determinations of rights, obligations or defenses in connection with the claims remaining in the Lawsuits..

The signatories to this Agreement each warrant his/her respective authority to bind the Parties on whose behalf each has purported to sign as reflected below.

The court in the Louisiana Case shall retain jurisdiction for purposes of interpreting and enforcing this Settlement Agreement.

EFFECTIVE upon execution by all Parties. Further, this Agreement may be executed in multiple counterparts, by facsimile or original, each of which shall constitute an original for all purposes.

**Mike Geeslin, Texas Commissioner of Insurance, as Receiver, represented by Jean Johnson, Special Deputy Receiver for AmCare Health Plans of Texas, Inc. and AmCare Management, Inc.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_

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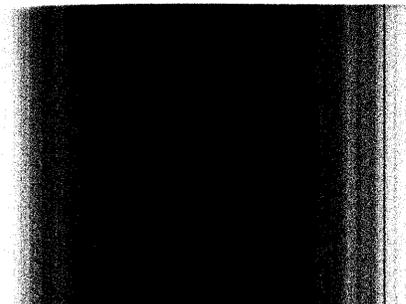
COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_ day of \_\_\_\_\_, 2005, by **Jean Johnson, Special Deputy Receiver for AmCare Health Plans of Texas, Inc. and AmCare Management, Inc.**

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_



**Kim Holland, Insurance Commissioner for the  
State of Oklahoma, as Receiver for AmCare  
Health Plans of Oklahoma, Inc.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_

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COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_ day of \_\_\_\_\_, 2005,  
by **Kim Holland, Insurance Commissioner for the State of Oklahoma, as Receiver for  
AmCare Health Plans of Oklahoma, Inc.**

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

**J. Robert Wooley, Commissioner of Insurance  
for the State of Louisiana as Liquidator for  
AmCare Health Plans of Louisiana, Inc.**

By: \_\_\_\_\_  
Marlon V. Harrison, Receiver

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by **Marlon V. Harrison, Receiver, on behalf of J. Robert Wooley, Insurance Commissioner  
of the State of Louisiana, as Liquidator for AmCare Health Plans of Louisiana, Inc.**

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

**AmCareco, Inc.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

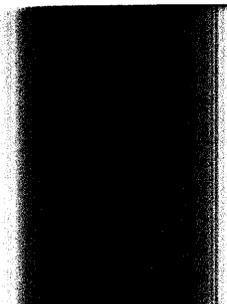
Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by \_\_\_\_\_, \_\_\_\_\_ of **AmCareco, Inc.**, a Delaware corporation,  
on behalf of said corporation.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_



\_\_\_\_\_  
**Thomas S. Lucksinger**

THE STATE OF \_\_\_\_\_

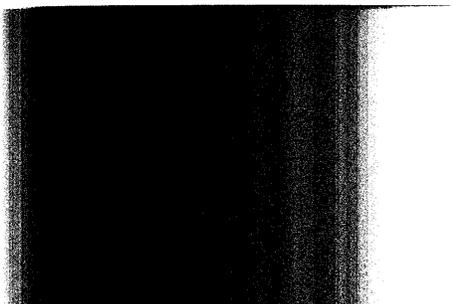
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COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by **Thomas S. Lucksinger**.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_



\_\_\_\_\_  
**Stephen J. Nazareus**

THE STATE OF \_\_\_\_\_

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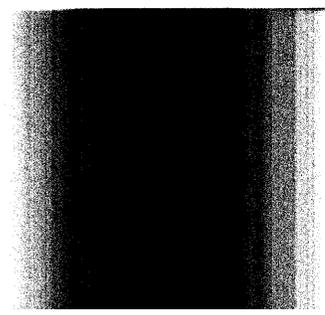
COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by **Stephen J. Nazareus**.

Notary Public, State of \_\_\_\_\_



\_\_\_\_\_  
**Michael D. Nadler**

THE STATE OF \_\_\_\_\_

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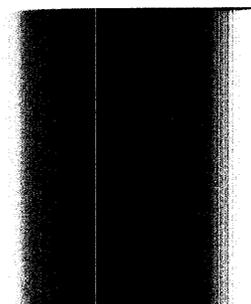
COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by **Michael D. Nadler**.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_



\_\_\_\_\_  
**William F. Galtney, Jr.**

THE STATE OF \_\_\_\_\_

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COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by **William F. Galtney, Jr.**

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

\_\_\_\_\_  
**Michael K. Jhin**

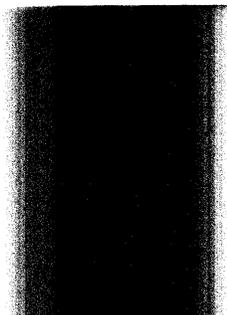
THE STATE OF \_\_\_\_\_

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COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on this \_\_\_ day of \_\_\_\_\_, 2005,  
by **Michael K. Jhin**.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_



\_\_\_\_\_  
**John P. Mudd**

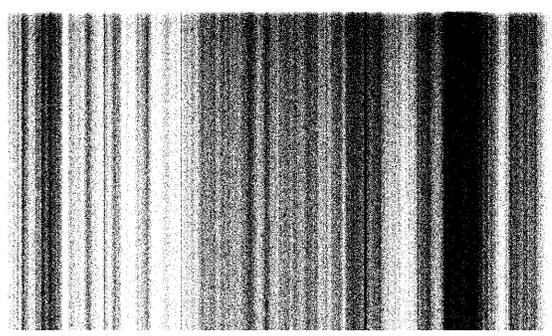
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COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by **John P. Mudd**.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_



**Executive Risk Specialty Insurance Company**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_

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COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by \_\_\_\_\_, \_\_\_\_\_ of **Executive Risk Specialty Insurance  
Company**, a \_\_\_\_\_, on behalf of said \_\_\_\_\_.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

**Executive Risk Indemnity Inc.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_

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COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_ day of \_\_\_\_\_, 2005,  
by \_\_\_\_\_, \_\_\_\_\_ of **Executive Risk Indemnity Inc.**, a  
\_\_\_\_\_ corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

**Executive Risk Management Associates**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_

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COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by \_\_\_\_\_, \_\_\_\_\_ of **Executive Risk Management Associates**, a \_\_\_\_\_, on behalf of said \_\_\_\_\_.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_



**Greenwich Insurance Company, Inc.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_

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COUNTY OF \_\_\_\_\_

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This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by \_\_\_\_\_, \_\_\_\_\_ of **Greenwich Insurance Company, Inc.**, a  
\_\_\_\_\_ corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_