Settlement Agreement, Release and Consent Decree

1. Parties

1.1 This settlement agreement, release, and consent decree (the "Settlement Agreement"), is made and entered into as of _____, 2010, by the following parties in Illinois State Chamber of Commerce v. Filan, No. 04 CH 6750, pending in the Circuit Court of Cook County, Illinois (the "Lawsuit"):

1.1.1 Plaintiff/Intervenor, Jack Gore, doing business as Sabra Management ("Plaintiff"); and

1.1.2 The "Plaintiff Class" as defined more fully below; and

1.1.3 The Illinois State Chamber of Commerce (the "Chamber of Commerce"); and

1.1.4 The following representatives of the State of Illinois:

(a) The Director of the Governor's Office of Management and Budget (David Vaught as the successor to Ginger Ostro, who was the successor to John Filan);

(b) the Director of the Illinois Department of Insurance as the successor to the Division of Insurance of the Illinois Department of Financial and Professional Regulation;

(c) the Chairman of the Illinois Workers' Compensation Commission (the "Commission");

(d) the Illinois State Treasurer;

(e) the parties identified in subsection 1.1.4 are collectively referred to in this Agreement as the "State Defendants;" and

1.1.5 Certain insurance companies and their various affiliate companies who have intervened in the Lawsuit who are identified on Schedule A to this Agreement and who are collectively referred to in this agreement as the "Insurance Company Intervenors."

1.2 Plaintiff Gore, the Plaintiff Class, the Chamber of Commerce, the State Defendants and the Insurance Company Intervenors are referred to collectively as the "Parties."

2. Recitals

2.1 The Lawsuit.

2.1.1 The Chamber of Commerce filed the Lawsuit challenging the constitutionality of the State of Illinois' 2004 Budget Implementation Act, P.A. 93-0032, which imposed the Workers' Compensation Commission Operations Fund Surcharge (the "Surcharge"), now codified as 215 ILCS 5/416.

2.1.2 The Chamber of Commerce alleged that the Surcharge had been deliberately set to raise amounts in excess of the money needed to pay for the operations of the Illinois Workers Compensation Commission (the "Commission") and to thus generate revenue for the State's General Revenue Fund ("GRF"). The Chamber of Commerce alleged that the Surcharge thereby violated the federal and State constitutions. The State Defendants disputed the Chamber of Commerce's claims of unconstitutionality.

2.1.3 In a Memorandum Opinion and Order dated November 29, 2004 (the "Order"), the Circuit Court of Cook County ("the Court") granted the Chamber of Commerce's motion for summary judgment on the ground that the Budget Implementation Act's imposition of the Surcharge was unconstitutional.

2.1.4 The Order further required the Illinois State Treasurer to deposit all monies being held at the time of the Order or thereafter received pursuant to the levy contained in the Act into a separate escrow fund from which no disbursements were to be allowed without the court's order. The Illinois State Treasurer subsequently established that escrow as The Industrial Commission Surcharge Escrow (the "Escrow Fund"). Since the entry of the Order, all monies collected under the Surcharge, other than those described in subsection 2.2.2(a), have been paid into the Escrow Fund.

2.1.5 In October, 2005, the Illinois Supreme Court reversed the Circuit Court's declaration that the Budget Implementation Act's imposition of the Surcharge was unconstitutional and remanded the case for further proceedings on the Chamber of Commerce's claims.

2.2 The Intervenors.

2.2.1 In January, 2005, Plaintiff intervened as a plaintiff seeking to represent a class of employers who paid the Surcharge. Plaintiff also alleged the Surcharge was

unconstitutional. Plaintiff also named as a defendant the insurance company that had provided him with workers' compensation insurance coverage and alleged a Defendant class consisting of all persons and entities who had collected the Surcharge from its inception to the present.

2.2.2 Beginning in January, 2005, the Insurance Company Intervenors intervened seeking declaratory relief regarding the status of the Surcharge monies they collected and remitted to the State.

(a) Starting in 2005, the Insurance Company Intervenors paid the Surcharge collected under protest under the Illinois State Officers and Employees Money Disposition Act (the "Protest Payments"). The Protest Payments were deposited into the Protest Fund.

(b) By a series of injunction orders entered after the Insurance Company Intervenors made the Protest Payments (the "Injunction Orders"), the Circuit Court ordered that the Protest Payments would remain in the Protest Fund until the termination of the Lawsuit.

(c) The Protest Payments and the Injunction Orders were contested by the State Defendants and were the subject of various rulings by the Illinois Appellate Court.

2.3 **Impact of Borrowing From the GRF by the Rate Adjustment Fund.**

2.3.1 In 2005, there was a shortage in the Rate Adjustment Fund which necessitated a loan from the GRF to the Rate Adjustment Fund. As of December 1, 2009, the balance of the loan was $13,184,230.92.

2.3.2 The existence of the loan causes the assessments on Illinois employers called for by 820 ILCS 305(7)(f) and 820 ILCS 305(8)(e) to be at a level higher than the level that would be required if the loan did not exist.

2.4 **Impact of Rate Adjustment Fund Underpayments.**

2.4.1 In March, 2009, the Illinois Auditor General concluded an audit of the Commission which asserted that the Commission had failed to make cost of living increases owed to beneficiaries and that the Rate Adjustment Fund may be liable for the shortfall in an undetermined amount. (The audit is hereafter referred to as the "RAF Audit.") To the extent that the Rate Adjustment Fund has such liability, employers are liable for assessments to make up the shortfall.

2.5 **The Monies Involved in the Settlement.**

2.5.1 The monies involved in this settlement are Surcharge monies paid after July 1, 2003 and before July 1, 2009 and are currently in two separate funds:

(a) The Escrow Fund

(i) The Escrow Fund contains Surcharge monies that would have been placed in the Illinois Workers' Compensation Commission Operations Fund (the "Operations Fund") had the Order not created the Escrow Fund;

(ii) Pursuant to its findings made at a hearing on October 25, 2005, the Circuit Court permits the State Defendants to petition the Court on a periodic basis to move money from the Escrow Fund to the Operations Fund so the Commission can maintain its daily operations; and

(b) The Protest Fund

(i) The Protest Fund contains Surcharge monies that would have been placed in the Operations Fund had the Lawsuit not been maintained and had the Insurance Company Intervenors not paid Surcharge assessments under protest.

(c) All Surcharge monies paid subsequent to June 30, 2009 are not subject to the terms of the Settlement Agreement and shall be transferred to the Operations Fund when the Final Order and Judgment becomes Final as defined in subsections 3.1.11 and 3.1.12.

2.6 To avoid further expense, the parties wish to settle and compromise their differing claims and contentions regarding the legal issues and reach an amicable resolution of all aspects of the Lawsuit.

2.7 To that end, in consideration of the foregoing and of the following mutually agreed upon promises and covenants and other good and valuable consideration, the adequacy and sufficiency of which are hereby expressly acknowledged, the parties agree as follows:

3. **Definitions**

3.1 In addition to the defined terms set forth above, as used in this Settlement Agreement, the following terms shall have the following meaning:

3.1.1 "Actions" means all claims or causes of action which refer or relate to, in any way, the constitutionality, enforcement, payment, collection, or remittance of the Surcharge,

including but not limited to the case consolidated with the Lawsuit captioned *American Country Insurance Co. v. John Filan, et al.*, No. 05 CH 00999.

3.1.2 "Administration Fund" means a fund to be established in the State Treasury for the purpose of administering Section 4.4 of this Agreement and the payment of the amounts to be spent thereunder.

3.1.3 "Capital or System Improvements" means improvements or enhancements to the administration of the Workers' Compensation and Workers' Occupational Diseases Acts which are above and beyond or in addition to the current level of appropriated programs. A Capital or System Improvement is an expenditure related to a one-time initiative for the Commission. However, such an initiative may entail multiple payments over a period of time and may involve multiple vendors. For example, a technology upgrade such as a new computer system, including electronic filing functions, or equipment which would enhance and improve current programs, together with the contractual services needed to implement such a system or install such equipment, would constitute a Capital or System Improvement. A Capital or System Improvement shall not include any expenditure for items classified as "Personal Services and Fringe Benefits" in the State of Illinois' Comptroller's SAMS manual. A Capital or System Improvement shall not include an expenditure for any of the services classified as a "Contractual Service" for which the Commission received an appropriation in the State of Illinois Budget for Fiscal Year 2010. Pages 9-23 through 9-25 of the Budget for Fiscal Year 2010, which relate to the Commission, are attached as Exhibit 1. The Contractual Services for which the Commission received an appropriation in Fiscal Year 2010 are listed in Exhibit 2. A Capital or System Improvement shall not include an expenditure for any program listed as having received an appropriation for Fiscal Year 2010 on Exhibit 1 under the subheading "Designated Purposes."

3.1.4 "Claims Administrator" means Robert Langendorf, who will be appointed by the Court to implement the procedures for repayments as described in Section 4.3.

3.1.5 "Claim Form" means the form attached to this Settlement Agreement as Exhibit 3 by which a Plaintiff Class Member may make a claim for reimbursement from the Claims Fund, as defined below.

3.1.6 "Claims Fund" means a fund to be established in the State Treasury for the purpose of administering Section 4.3 of this Agreement and the payment of claims thereunder.

3.1.7 "Claims Period" means the period of time commencing on the date of the second publication of the Publication Notice and expiring 60 days later.

3.1.8 "Class Member" means an employer who paid the Surcharge at any time from July 1, 2003 through June 30, 2009 and who has not requested an exclusion from this Lawsuit pursuant to the procedures set forth in the Notice of Class Action and Proposed Settlement.

3.1.9 "Class Period" means the period commencing July 1, 2003 through June 30, 2009.

3.1.10 "Effective Date" means the date on which this Settlement Agreement becomes Final.

3.1.11 "Final" means that this Settlement Agreement has been granted final approval by the Court without material modification or condition pursuant to the Final Order and Judgment, as defined in Paragraph 3.1.12 and either

(a) the time to appeal from the Final Order and Judgment has expired and no appeal has been taken from the Final Order and Judgment; or

(b) all appeals taken from the Final Order and Judgment, including petitions for rehearing or re-argument, petitions for rehearing en banc, petitions for review, petitions for certiorari, and all other forms of review, have been finally disposed of in a manner that affirms the Final Order and Judgment in all respects without any material modification or condition, and that the time for any further appeal or review has expired.

3.1.12 "Final Order and Judgment" means the order issued by the Court in the Actions approving and implementing the Settlement Agreement, as described in Subparagraph 4.9.

3.1.13 "Notice of Class Action and Proposed Settlement" or "Publication Notice" means the form attached to this Settlement Agreement as Exhibit 4,to be made available in accordance with Section 4.8.

3.1.14 "Order of Preliminary Approval" means the Order Granting Preliminary Approval of Class Action Settlement, Class Certification, Appointment of Class Representative and Class Counsel, Directing Class Notice and Setting the Final Fairness Hearing, attached as Exhibit 5 which the Court will be asked to approve pursuant to subsection 4.1.1.

3.1.15 "Plaintiff Class" means the class certified by the Court to include all employers who paid the Surcharge at any time from July 1, 2003 through June 30, 2009, who

have not requested an exclusion from this Lawsuit pursuant to the procedures set forth in the Notice of Class Action and Proposed Settlement.

3.1.16 "Rate Adjustment Fund" means the fund established under 820 ILCS 305/8(e)(19), from which the Commission pays cost-of-living adjustments (i) to individuals who have been found to be either permanently and totally disabled or (ii) to the survivors of fatally-injured workers. The Commission collects assessments from employers, and then pays cost-of-living adjustments to beneficiaries.

3.1.17 "Settlement Agreement" means this Settlement Agreement, Release and Consent Decree, including all of its exhibits.

3.1.18 "Settlement Fund" means a fund to be established in the State Treasury for the purpose of administering Section 4.2 of this Agreement and the payment of the amounts to be spent thereunder.

3.1.19 "Settlement Hearing" means the hearing at which the Court will determine whether or not the Settlement Agreement is fair, reasonable, and adequate.

3.1.20 "Settling Parties" means the State Defendants, the Chamber of Commerce, the Insurance Company Intervenors, Plaintiff and all Class Members.

4. Terms of the Settlement Agreement

4.1 Order of Preliminary Approval and Exclusion from the Settlement Agreement.

4.1.1 Promptly after execution of this Settlement Agreement by all Parties, counsel for the Plaintiff Class ("Class Counsel") shall move that the Court enter the Order of Preliminary Approval.

4.1.2 A Class Member may be excluded from the Settlement Agreement if that Class Member requests exclusion in accordance with the procedure set forth in the Notice of Class Action and Proposed Settlement.

(a) A valid and timely request for exclusion will preclude such Class Member from participating in the Proposed Settlement and that excluded Class Member will be unaffected by this Settlement Agreement.

4.1.3 Any Class Member who does not timely submit a written request for exclusion will become a member of the Plaintiff Class and will be bound by this Settlement Agreement if, and when, it is finally approved by the Court and becomes Final.

4.1.4 Any Class Member who does not submit a timely request for exclusion shall be bound by all subsequent proceedings, orders and judgments in the Lawsuit, regardless of whether such Class Member is, or subsequently becomes, a party in any other lawsuit.

4.2 **Allocation of Funds for Use by Commission and Department of Insurance.**

4.2.1 Pursuant to the Final Order and Judgment, a total of $44,000,000, consisting of $12,400,000 of the monies in the Escrow Fund and $31,600,000 of the monies generated from the Surcharge and maintained in the Protest Fund, will be placed in the Settlement Fund to be distributed as follows:

(a) The sum of $13,184,230.92 shall be transferred from the Settlement Fund to the State's GRF to reimburse the State's GRF for the loan made to the Commission's Rate Adjustment Fund. The $13,184,230.92 is the outstanding balance of a $19,000,000 loan to the Rate Adjustment Fund from GRF that was authorized by Public Act 94-277. Repayment of the loan lowers the financial obligation on Class Members who are subject to annual assessments which fund the Rate Adjustment Fund.

(i) The State Defendants will provide the Settling Parties with written evidence that the GRF Loan has been discharged in full and that the Rate Adjustment Fund has been credited with the discharge as soon as is practical following the payment.

(b) The balance remaining following the transfer required by subsection 4.2.1 (a) (the "Settlement Balance") shall remain in the Settlement Fund for use by the Commission (or, pursuant to subsection 4.2.1(b)(iii), for use by the Department of Insurance) as follows:

(i) For payment of liabilities that the Rate Adjustment Fund is determined to have pursuant to the RAF Audit.

(ii) For Capital or System Improvements.

(iii) For increased staff and equipment for the fraud unit operated by the Department of Insurance.

4.2.2 The process for the release and expenditure of the Settlement Balance shall be as follows:

(a) At the discretion and initiative of the Commission, the Commission shall seek a Court order releasing any portion of the Settlement Balance and granting the Commission or Department of Insurance authority to spend the monies for payment of liabilities determined pursuant to the RAF Audit or for relevant Capital or System Improvements.

(b) The State Defendants and the Commission shall retain the exclusive authority to determine what Capital or System Improvement expenditures should be made for the benefit of the Commission.

(c) The Commission shall move the Court with notice to the Chamber of Commerce and Class Counsel for an order releasing the Settlement Balance in accordance with subsection 4.2.2(a).

(d) The Chamber of Commerce and Class Counsel shall have the opportunity to challenge the Commission's motion for an order releasing the Settlement Balance under subsection 4.2.2(a) if, and only if, the proposed expenditure is not for payment of a liability of the Rate Adjustment Fund pursuant to the RAF Audit or a Capital or System Improvement as defined by this Settlement Agreement.

(e) The Commission shall maintain a prominent location on its website labeled "Settlement of Lawsuit by State Chamber of Commerce and Gore Settlement of Class Action Lawsuit by Employers" that will provide updated information on the use that has been made of the settlement funds.

(f) The Commission agrees to provide the Chamber of Commerce and Class Counsel with prompt written documentation to show that any expenditures authorized under subsection 4.2.2(a) are in compliance with the Court order releasing and authorizing such expenditures. Additionally, the Commission will provide the Chamber of Commerce and Class Counsel with semi-annual accountings of the distributions to satisfy the RAF liability.

(g) The Court shall retain jurisdiction of the Action for the purpose of adjudicating any disputes arising under subsection 4.2.2.

4.3 **Repayments to Plaintiff Class Members.**

4.3.1 For the benefit of the Plaintiff Class, including Plaintiff and the Chamber of Commerce, $3,300,000 of the monies generated from the Surcharge and now residing in the Protest Fund will be placed in a Claims Fund to be distributed to Class Members as follows:

(a) Time of Claim. A Class Member may make a claim for repayment at any time during the Claims Period.

(b) A claim shall be made on a claim form provided by the Claims Administrator. A claim form may be obtained one of two ways:

(i) At the Commission's website at www.iwcc.il.gov; or

(ii) By email request to the Claims Administrator at robert.langendorf.gmail.com.

(c) Methods of Making Claim. A Class Member may make a claim in any one of two ways to the Claims Administrator:

(i) by mailing a Claim Form by U.S. Mail to the Claims Administrator, or

(ii) by email to the Claims Administrator at robert.langendorf.gmail.com.

(d) Timely Claim Required.

(i) All claims must be made within the Claims Period.

(ii) Every claim not made within the Claims Period shall be refused.

(iii) For a claim made by U.S. Mail, the claim shall be considered as made within the Claims Period if the envelope within which it was mailed is postmarked on a date within the Claims Period.

(e) The documentation to support the claim may consist of copies of cancelled checks, invoices showing the Surcharge or other proof of payment.

(i) The Claims Administrator may request additional information if the claim is incomplete.

(f) Amount of Refund.

(i) The amount of refund is limited to 45% of the Surcharge paid between July 1, 2003, and June 30, 2004, and 10% of the Surcharge paid between July 1, 2004 and June 30, 2009.

(ii) The Claims Administrator will collect and aggregate all claims. All approved claims will be reduced pro rata by the Claims Administrator if the amount of claims exceeds the Settlement Amount.

(g) Dispute Resolution.

(i) In the event of a dispute as to the amount to be refunded, the Claims Administrator shall notify Class Counsel and counsel for the State Defendants of the dispute.

(ii) Thereafter, Class Counsel and counsel for the State Defendants shall make reasonable efforts to resolve the dispute.

(iii) Disputes that remain unresolved may be brought to the Court for mediation or disposition by the Court.

(h) Claims Administrator.

(i) The Court shall appoint Robert Langendorf as Claims Administrator to implement these procedures for refunds.

(ii) The Claims Administrator and Claims Office is located at 134 North LaSalle Street, Suite 1515, Chicago, Illinois 60602. The telephone number is 312-782-5933.

(i) Payment of Claims. The Claims Administrator shall submit a list of approved claims to Class Counsel and counsel for the State Defendants, along with supporting documentation, and they shall review the claims and jointly move the Court for entry of an order approving the claims for payment by the State Comptroller from the Claims Fund.

(j) Reversion. Once the Final Order and Judgment has become Final, any monies remaining in the Claims Fund that are not distributed to claimants by the Claims

Administrator shall be transferred to the Settlement Fund to be used for payment of a liability of the Rate Adjustment Fund pursuant to the RAF Audit or a Capital or System Improvement as defined by this Settlement Agreement.

4.4 **Administration Fund.**

4.4.1 For administrative matters, including the cost of notice, attorneys' fees and expenses, $1,040,000.00 of the monies generated from the Surcharge and now residing in the Protest Fund will be placed in an Administration Fund to be distributed as follows:

(a) $37,000 to cover the cost of Publication Notice described in Section 4.8 below.

(b) $350,000 to Class Counsel, Larry D. Drury, Ltd., for attorneys' fees and expenses incurred in connection with Drury's representation of the Plaintiff Class in this Lawsuit.

(c) $500,000 to the Chamber of Commerce as partial reimbursement for attorneys' fees and expenses incurred in this Lawsuit.

(d) $150,000 to the law firm of Wildman Harrold Allen & Dixon LLP, to hold on behalf of the Insurance Company Intervenors as partial reimbursement for their attorneys' fees and expenses incurred in the Actions. The Insurance Company Intervenors shall agree to a division of the $150,000 among themselves without further involvement of any of the other Settling Parties.

(e) $3,000 to Plaintiff as an incentive award.

(f) The State Defendants and the Plaintiff Class expressly agree that the terms of this Settlement Agreement are not conditioned upon any minimum or maximum attorneys' fees award.

4.5 **Distribution of Remaining Funds**.

4.5.1 For the benefit of the State of Illinois, when the Settlement Agreement is Final, all monies generated from the Surcharge prior to July 1, 2009, and residing in the Protest Fund and not subject to distributions provided for by Section 4.2 (Allocation of Funds for Use by Commission), Section 4.3 (Repayments to Class Members) and Section 4.4 (Administration Fund), shall be transferred to the State's GRF.

4.6 **Application for Preliminary Approval of Proposed Settlement and Other Approvals.**

4.6.1 As soon as practicable after execution of this Settlement Agreement by all Parties, the Parties shall provide the Court with the proposed Order of Preliminary Approval which shall ask the Court for the following:

(a) preliminary approval of the Settlement Agreement;

(b) appointment of Plaintiff as the class representative;

(c) appointment of the law firm of Larry D. Drury Ltd. as Class Counsel;

(d) commencement of the settlement approval process;

(e) approval of the Publication Notice and Notice of Class Action and Settlement Agreement attached hereto as Exhibit 4;

(f) setting of a date for the filing of objections, exclusions and claims by members of the proposed Plaintiff Class with respect to the Settlement Agreement;

(g) appointment of Robert Langendorf as Claims Administrator; and

(h) setting of a date for the Settlement Hearing.

4.7 **Releases.**

4.7.1 Release from Plaintiff Class. Once the Final Order and Judgment has become Final, every member of the Plaintiff Class shall be deemed to have released and forever discharged the State Defendants in their individual and official capacities, the Governor's Office of Management and Budget, the Illinois Department of Insurance, the Workers' Compensation Commission, the Illinois State Treasurer and the State of Illinois, their agents, former and present employees, successors, heirs and assigns (hereinafter "State Releasees") from all actions, claims, demands, setoffs, suits, causes of action, controversies, disputes, equitable relief, compensatory and punitive damages, costs and expenses which arose or could have arisen from the facts alleged or claims made in the Actions, which the Plaintiff owns, has or may have against the State Releasees, whether known or unknown, from the beginning of time until the Effective Date of this Agreement, including but not limited to those at law, in tort (including actions under 42 U.S.C. Section 1983) or in equity and the Insurance Company Intervenors, the Chamber of Commerce and their/its agents, former and present employees, successors, heirs and assigns,

direct and indirect parents, affiliates, subsidiaries, predecessors, officers, directors, attorneys and accountants (hereinafter respectively, the "Insurance Company Releasees" and the "Chamber of Commerce Releasees") from all actions, claims, demands, setoffs, suits, causes of action, controversies, disputes, equitable relief, compensatory and punitive damages, costs and expenses which arose or could have arisen from the facts alleged or claims made in the Actions, which the Plaintiff owns, has or may have against the Insurance Company Releasees and the Chamber of Commerce Releasees, whether known or unknown, from the beginning of time until the Effective Date of this Agreement, including but not limited to those at law, in tort (including actions under 42 U.S.C. Section 1983) or in equity from any and all causes of action, claims, or demands of any nature whatsoever (whether for damages, unjust enrichment, punitive damages, injunctive relief, declaratory relief, restitution or otherwise), whether known or unknown, arising out of or relating in any way to the Actions, including but not limited to any act or failure to act related to the payment, collection, or remittance of the Surcharge imposed by the State Defendants during the Class Period.

4.7.2 Release from the Insurance Company Intervenors. Once the Final Order and Judgment has become Final, each of the Insurance Company Intervenors shall be deemed to have released and forever discharged the State Releasees, the Chamber of Commerce, and every member of the Plaintiff Class, their agents, former and present employees, successors, heirs and assigns from all actions, claims, demands, setoffs, suits, causes of action, controversies, disputes, equitable relief, compensatory and punitive damages, costs and expenses which arose or could have arisen from the facts alleged or claims made in the Actions, which the Insurance Company Intervenors own, have or may have against the releasees named in this subpart, whether known or unknown, from the beginning of time until the Effective Date of this Agreement, including but not limited to those at law, in tort (including actions under 42 U.S.C. Section 1983) or in equity including but not limited to any act or failure to act related to the payment, collection, or remittance of the Surcharge during the Class Period.

4.7.3 Release from the Chamber of Commerce. Once the Final Order and Judgment has become Final, the Chamber of Commerce shall be deemed to have released and forever discharged the State Releasees and the Insurance Company Intervenors, their agents, former and present employees, successors, heirs and assigns, direct and indirect parents, affiliates, subsidiaries, predecessors, officers, directors, attorneys and accountants from all actions, claims, demands, setoffs, suits, causes of action, controversies, disputes, equitable relief, compensatory and punitive damages, costs and expenses which arose or could have arisen from the facts alleged or claims made in the Actions, which the Chamber of Commerce owns, has or may have against the releasees named in this subpart, whether known or unknown, from the beginning of time until the Effective Date of this Agreement, including but not limited to those at law, in tort (including actions under 42 U.S.C. Section 1983) or in equity arising out of or

relating in any way to the Actions, including but not limited to any act or failure to act related to the payment, collection, or remittance of the Surcharge during the Class Period.

4.7.4 Release from the State Defendants. Once the Final Order and Judgment has become Final, the State Defendants shall be deemed to have released and forever discharged the Insurance Company Intervenors, the Chamber of Commerce and their/its agents, former and present employees, successors, heirs and assigns, direct and indirect parents, affiliates, subsidiaries, predecessors, officers, directors, attorneys and accountants from all actions, claims, demands, setoffs, suits, causes of action, controversies, disputes, equitable relief, compensatory and punitive damages, costs and expenses which arose or could have arisen from the facts alleged or claims made in the Actions, which the State Defendants own, has or may have against the releasees named in this subpart, whether known or unknown, from the beginning of time until the Effective Date of this Agreement, including but not limited to those at law, in tort (including actions under 42 U.S.C. Section 1983) or in equity arising out of or relating in any way to the Actions, including but not limited to any act or failure to act related to the payment, collection, or remittance of the Surcharge during the Class Period.

4.8 **Publication of Notice.**

4.8.1 Within 14 days after entry of the Order of Preliminary Approval or such other time approved by the Court, counsel for the State Defendants shall cause to be published a Publication Notice in the Chicago Tribune, the Daily Herald, the State Journal Register and the Belleville News-Democrat. Notice to potential claimants will also be given through the State of Illinois Department of Insurance website and the Commission's website.

(a) Prior to publication, the State Defendants will provide counsel for the Parties with facsimiles of the galley proofs of each publication.

(b) The Publication Notice will inform potential Class Members of the Settlement Agreement, and how to obtain information relating to the Settlement Agreement, refunds, the claims process, objections, exclusions and their rights.

(c) The Publication Notice shall be published once a week for two consecutive weeks, with one publication occurring on a weekend, beginning within two weeks after entry of the Order of Preliminary Approval.

(d) The cost of the notice is to be drawn from the Administration Fund.

4.9 **Final Order and Judgment.**

4.9.1 If, at or after the Settlement Hearing, the Court grants final approval of this Settlement Agreement, then counsel for the Parties shall apply to the Court for a Final Order and Judgment, which order will, among other things:

(a) find that the Parties have submitted to the jurisdiction of the Court for purposes of the Settlement Agreement, that the Court has personal jurisdiction over the Parties and the Plaintiff Class, and that the Court has subject matter jurisdiction to approve the Settlement Agreement;

(b) direct the Parties and their counsel to comply with the terms of the Settlement Agreement;

(c) find that the notice methodology implemented pursuant to this Settlement Agreement complied in all respects with the Illinois Code of Civil Procedure and the Illinois Supreme Court Rules; and

(i) constituted reasonable and the best practicable notice;

(ii) constituted notice that is reasonably calculated under the circumstances to notify potential Class Members of the pendency of the Actions, the terms of the Settlement Agreement, and the right to object to or exclude themselves from the Settlement Agreement, to file claims and to appear at the Settlement Hearing;

(iii) constituted due, adequate, and sufficient notice to all persons entitled to receive notice;

(iv) notified potential Class Members of the procedures for making claims;

(v) met the requirements of due process, the Illinois Code of Civil Procedure, and all other applicable rules of the Court;

(d) rule on all claims for exclusion from the class, objections, and petitions to intervene;

(e) bar and enjoin

(i) the Plaintiff Class, and all persons acting on behalf of or in concert or participation with such Plaintiff Class, from filing, commencing, prosecuting, intervening in, or participating in any lawsuit in any jurisdiction on behalf of any Class Member based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in the Actions;

(ii) the Plaintiff Class and all persons acting on behalf of or in concert or participation with a Class Member from bringing a class action on behalf of any such Class Member or the Plaintiff Class or seeking to certify a class which includes such any such Class Member or the Plaintiff Class in any lawsuit based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in the Actions;

(f) retain continuing and exclusive jurisdiction over all matters relating to the administration, consummation, enforcement, and interpretation of the Settlement Agreement and the Final Order and Judgment, to protect and effectuate the Final Order and Judgment, and for any other necessary purposes;

(g) order that once the Final Order and Judgment becomes Final as defined in subsection 3.1.11, the following will occur:

(i) the Settlement Agreement shall become binding on the Plaintiff Class and be preclusive in all pending and future lawsuits or other proceedings;

(ii) within 10 business days, the State Treasurer shall complete the necessary paperwork to establish the Settlement Fund, the Claims Fund and the Administration Fund and transmit the paperwork to the State Comptroller;

(iii) within 5 business days of the State Comptroller having established the funds set forth in the preceding paragraph, the State Treasurer shall disburse funds as follows:

(1) from the Escrow Fund, $12,400,000.00 to the Settlement Fund for use as provided in subsection 4.2.1

(2) the balance of the Escrow Fund to the Operations Fund;

(3) from the Protest Fund, $31,600,000.00 to the Settlement Fund for use as provided in subsection 4.2.1;

(4) from the Protest Fund, $11,254,375.46 to the Workers' Compensation Commission Operations Fund as provided in subsection 2.5.1(c);

(5) from the Protest Fund, $3,300,000.00 to the Claims Fund as provided in subsection 4.3.1;

(6) from the Protest Fund, $1,003,000.00 to the Administration Fund as provided in Section 4.4.1(b), (c), (d) and (e);

(7) the balance of the Protest Fund that is associated with Illinois State Chamber of Commerce v. Filan, No. 04 CH 6750, to the General Revenue Fund as provided in subsection 4.5.1;

(8) from the Settlement Fund, $13,184,230.92 to the General Revenue Fund in return for the release of the loan from the General Fund to the Rate Adjustment Fund as provided in subsection 4.2.1(a);

(9) from the Claims Fund, payments to the claimants whose claims have been approved by the Court;

(10) the balance remaining in the Claims Fund, if any, to the Settlement Fund as provided in subsection 4.3(i);

(11) from the Administration Fund, amounts to the Chamber of Commerce, Class Counsel and Counsel for the Intervening Insurers and for the cost of publication as provided in subsection 4.4.1;

(iv) the Covenants Not To Sue and Releases set forth in Section 4.7 shall become effective and permanently discharge the parties as provided therein from all claims or liabilities relating to the Actions;

(v) the Injunction Orders holding the Surcharge monies in the Protest Fund shall be dissolved;

(vi) the Escrow Fund shall be dissolved;

(vii) the Actions will be dismissed with prejudice without fees or costs to any party except as provided in this Settlement Agreement ; and

(h) The Final Order and Judgment shall further provide that it shall be stayed upon the filing of a timely appeal pending the final disposition of the appeal.

4.10 **Settlement Agreement Conditioned on Approval.**

4.10.1 This Settlement Agreement shall be null and void for all purposes and no party to this Settlement Agreement shall be bound by any of its terms if:

(a) the Settlement Agreement is not preliminarily approved as provided herein; or

(b) the Final Order and Judgment is not entered, is materially modified by the Court, or is materially modified or reversed on appeal; or

(c) the Settlement Agreement does not become Final; or

(d) the following opt-out provision is invoked.

(i) Within 7 days after the deadline established by the Court for Class Members to request exclusion from the Settlement Agreement, Class Counsel shall furnish to counsel for the Parties, a complete list of all timely and valid requests for exclusion (the "opt-out" list). The Parties shall each have the option to terminate this Settlement Agreement if the aggregate number of Class Members who submit valid and timely requests for exclusion from the Settlement Class exceeds 1,000.

4.10.2 In the event the Court certifies a class other than as provided herein, or in the event the Court or any reviewing court enters an order or judgment with respect to the Settlement Agreement materially at variance with the terms of this Settlement Agreement, then this Settlement Agreement shall be null and void for all purposes.

(a) In such event, any and all steps taken or positions asserted by the Parties in contemplation of the Settlement Agreement shall be of no force or effect and shall neither be binding on the Parties nor be referred to in the Actions or in any other proceedings, including without limitation those cases comprising the Actions.

4.10.3 Other provisions:

(a) No interest.

(i) The payments provided for under this Agreement are of principal only.

(ii) The Parties release, waive, and relinquish any claims or rights they may have to interest under 30 ILCS 230/2a or otherwise.

(b) No admission of liability.

(i) It is further understood and agreed that the above-tendered consideration is not to be construed as an admission by the Parties of any liability therefore. Any such liability is expressly denied.

(c) Entire agreement.

(i) No promise has been made to pay or give any party any greater or further consideration other than as stated in this Settlement Agreement. All agreements, covenants, representations and warranties, express or implied, oral or written, of the Parties hereto concerning the subject matter of this Settlement Agreement are contained in this Settlement Agreement. No other agreements, covenants, representations, or warranties, express or implied, oral or written, have been made by any party hereto to any other party concerning the subject matter of this Settlement Agreement. All prior or contemporaneous negotiations, possible and alleged agreements, representations, covenants, and warranties, between the Parties concerning the subject matter of this Settlement Agreement are merged into this Settlement Agreement. This Settlement Agreement contains the entire agreement between the Parties.

(d) Assent.

(i) Each of the Parties has entered into this Settlement Agreement as a free and voluntary act and with full knowledge of its legal consequences.

(e) Choice of law.

(i) This Settlement Agreement shall be construed and interpreted in accordance with the laws of the State of Illinois, without regard to principles of conflict of laws.

(f) Modification.

(i) This Settlement Agreement may not be changed, modified, or assigned except by written agreement of the Parties and the Illinois Attorney General.

(g) No waiver of sovereign immunity.

(i) This Settlement Agreement shall not be construed to constitute a waiver of sovereign immunity of the State of Illinois, any state agency or department, or any state official or employee of the State of Illinois.

(h) Counterparts.

(i) This Settlement Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all counterparts so executed shall constitute one agreement binding on the Parties hereto, notwithstanding that all of the Parties are not signatory to the same counterpart. A facsimile copy of this Settlement Agreement (or a counterpart thereof) shall be treated as an original.

(i) Drafting.

(i) This Settlement Agreement was negotiated at arm's length, mutually drafted, and entered into freely by the Parties with the advice of their respective counsel. In the event an ambiguity exists in any provision of this Settlement Agreement, such ambiguity is not to be construed by reference to any doctrine or statute calling for ambiguities to be construed against the drafter of the document.

(j) No Representations.

(i) Each of the Parties has had the benefit of the advice of his or its own legal counsel prior to executing this Settlement Agreement. None of the Parties is relying on any representation of the other except as may be expressly stated in this Settlement Agreement.

(k) Authority. To the extent that this Settlement Agreement is being executed on behalf of any of the Parties by their respective counsel of record, each such counsel, by his or her execution and delivery of this Settlement Agreement, personally represents and warrants that he or she has all the requisite authority to, and has been duly authorized to, execute this Settlement Agreement on behalf of his or her client and bind his or her principal.

(l) Headings. The headings have been inserted in this Settlement Agreement for the convenience of the Parties and do not limit or govern the parties' obligations or rights under this Settlement Agreement.

(m) Confirmatory discovery. Confirmatory discovery can commence upon the entry of the Order of Preliminary Approval but shall only proceed as agreed by and between the Parties hereto or by order of Court.

(n) No liability as a result of the distribution of benefits. No person shall have any claim against the Parties, the Claims Administrator or Class Counsel based on

distribution of benefits made substantially in accordance with the Settlement Agreement and the settlement contained herein, or further order(s) of the Court.

EXECUTED AS OF THE DATE STATED IN SECTION 1.1.

ACE, CHUBB, AND FIREMAN'S FUND,
HARTFORD LIBERTY MUTUAL
TRAVELER'S COMPANIES AS SET FORTH
IN SCHEDULE A

By:_____
Elizabeth Doolin, under Power of Attorney

Maryland Casualty Company
Zurich American Insurance Company, for itself and as
successor in interest to Valiant Insurance Company
with respect to the insurance policies at issue
American Zurich Insurance Company
American Guarantee & Liability Insurance Company
Zurich American Insurance Company of Illinois
Northern Insurance Company of New York
Assurance Company of America
Fidelity & Deposit Company of Maryland
Colonial American Casualty & Surety Company
Universal Underwriters Insurance Company

By: _____

William A. Peterson
Vice President & Senior Assistant General Counsel - Litigation
Zurich North America
Corporate Law Division
600 Red Brook Boulevard
Suite 600
Owings Mills, MD 21117

AIG COMPANIES

American Home Assurance Company
Insurance Company of the State of Pennsylvania
Commerce & Industry Insurance Company
Chartis Property Casualty Company
National Union Fire Insurance Company of Pittsburgh, PA
New Hampshire Insurance Company
Granite State Insurance Company
Illinois National Insurance Company
American International South Insurance Company

By: _____

Print Name: _____

By: _____

Print Name: _____

AIU Insurance Company

By: _____

Print Name: _____

By: _____

Print Name: _____

CNA COMPANIES

Continental Casualty Company

By:_____

Print Name:_____

By:_____

Print Name:_____

Transportation Insurance Company

By:_____

Print Name:_____

By:_____

Print Name:_____

National Fire Insurance Company of Hartford

By:_____

Print Name:_____

By:_____

Print Name:_____

Transcontinental Insurance Company

By:_____

Print Name:_____

By:_____

Print Name:_____

American Casualty Company of Reading, PA

By:_____

Print Name:_____

By:_____

Print Name:_____

Valley Forge Insurance Company

By:_____

Print Name:_____

By:_____

Print Name:_____

Continental Insurance Company

By:_____

Print Name:_____

By:_____

Print Name:_____

Country Mutual Insurance Company

By:_____

Print Name:_____

Country Casualty Insurance Company

By:_____

Print Name:_____

ILLINOIS STATE CHAMBER OF COMMERCE

By:_____
Doug Whitley, President

GOVERNOR'S OFFICE OF
MANAGEMENT AND BUDGET

By:_____
David Vaught, Director

ILLINOIS STATE TREASURER

By:_____
Alexi Giannoulias, State Treasurer

ILLINOIS WORKERS COMPENSATION COMMISSION

By:_____
Amy J. Masters, Acting Chairman

ILLINOIS DEPARTMENT OF INSURANCE

By:_____
Michael T. McRaith, Director,

JACK GORE D/B/A/ SABRA MANAGEMENT

By:_____
Jack Gore

CHI99 5186010-15.050821.0012

Schedule A

ACE Companies

ACE American Insurance Company
ACE Fire Underwriters Insurance Company
ACE Insurance Company of Illinois
ACE Property & Casualty Insurance Company
Bankers' Standard Insurance Company
Indemnity Insurance Company of North America
Insurance Company of North America
Pacific Employers Insurance Company

Chubb Companies

Chubb Indemnity Insurance Company
Chubb National Insurance Company
Federal Insurance Company
Great Northern Insurance Company
Pacific Indemnity Company
Vigilant Insurance Company

Fireman's Fund Companies

American Automobile Insurance Company
Associated Indemnity Corporation
Fireman's Fund Insurance Company
National Surety Corporation
The American Insurance Company

Hartford Companies

Hartford Accident and Indemnity Company
Hartford Casualty Insurance Company
Hartford Fire Insurance Company
Hartford Insurance Company of Illinois
Hartford Insurance Company of the Midwest
Hartford Underwriters Insurance Company
Sentinel Insurance Company Ltd.
Twin City Fire Insurance Company

Liberty Mutual Companies

American Economy Insurance Company
American States Insurance Company
First National Insurance Company of America
General Insurance Company of America

Travelers Companies

Athena Assurance Company
Charter Oak Fire Insurance Company
Discover Property & Casualty Insurance Company
Farmington Casualty Company
Fidelity & Guaranty Insurance Company
Fidelity & Guaranty Insurance Underwriters, Inc.
Gulf Insurance Company
NIPPONKOA Insurance Company, Limited (U.S. Branch)
Phoenix Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
St. Paul Protective Insurance Company
St. Paul Fire & Marine Insurance Company
Standard Fire Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty Insurance Company of America
Travelers Indemnity Company
Travelers Indemnity Company of America
Travelers Indemnity Company of Connecticut
Travelers Property Casualty Company of America
United States Fidelity & Guaranty Company

AIG Companies

American Home Assurance Company
Insurance Company of the State of Pennsylvania
Commerce & Industry Insurance Company
AIU Insurance Company
Chartis Property Casualty Company
National Union Fire Insurance Company of Pittsburgh, PA
New Hampshire Insurance Company
Granite State Insurance Company
Illinois National Insurance Company
American International South Insurance Company

CNA Companies

Continental Casualty Company
Transportation Insurance Company
National Fire Insurance Company of Hartford
Transcontinental Insurance Company
American Casualty Company of Reading, PA
Valley Forge Insurance Company
Continental Insurance Company

Country Mutual Companies

Country Mutual Insurance Company
Country Casualty Insurance Company

Zurich Companies

Maryland Casualty Company
Zurich American Insurance Company, in its own capacity and as successor to Valiant Insurance Company
American Zurich Insurance Company
American Guarantee & Liability Insurance Company
Zurich American Insurance Company of Illinois
Northern Insurance Company of New York
Assurance Company of America
Fidelity & Deposit Company of Maryland
Colonial American Casualty & Surety Company
Universal Underwriters Insurance Company

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State of Illinois
Pat Quinn, Governor

Illinois State Budget

Fiscal Year 2010

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EXHIBIT
1

Workers' Compensation Commission

www.iwcc.il.gov
100 West Randolph Street
Chicago, IL 60601
312.814.6560

OVERVIEW

Agency Mission

To resolve disputes between injured workers and their employers regarding workers' compensation, and assure financial protection to injured workers and their dependents at a reasonable cost to employers.

To provide employers timely resolution of cases, allowing for lower legal bills and higher levels of productivity.

Strategic Priorities

- Enhance timeliness and quality of case resolutions and other services.
- Improve technology to enhance customer access to and usefulness of Workers' Compensation Commission data.
- Monitor and investigate the incidence of employer noncompliance with workers' compensation insurance requirements.

Summary of Agency Operations

The Illinois Workers' Compensation Commission (IWCC) is dedicated to resolving workers' compensation disputes in a fair and timely manner. It protects the rights of employees and employers under the Illinois Workers' Compensation and Occupational Diseases Acts, and monitors employers covered by the acts to confirm that they are adequately insuring their liabilities. The IWCC evaluates and approves eligible employers that seek to insure themselves for their workers' compensation liabilities. Finally, the IWCC compiles information on work-related injuries and diseases.

Agency Resources Employed

Fund Category	Appropriations ($ thousands)		
	FY 2008 Actual	FY 2009 Enacted	FY 2010 Recommended
General Funds	0.0	0.0	0.0
Other State Funds	20,769.3	22,144.8	21,037.4
Federal Funds	0.0	0.0	0.0
Total	**20,769.3**	**22,144.8**	**21,037.4**
	Actual	Estimated	Recommended
Headcount (FTE)	**174.0**	**202.0**	**202.0**

MAJOR ACCOMPLISHMENTS

- **Participated in legislative negotiations** resulting in a comprehensive overhaul of the Workers' Compensation Act. The reform has allowed the IWCC to:
  - Streamline commission procedures.
  - Authorize a medical fee schedule to contain rising healthcare costs in workers' compensation claims.
  - Create a workers' compensation fraud law and strengthen penalties for failure to have workers' compensation insurance. IWCC has collected more than $3 million in fines.
- **Collected $2 million** from uninsured employers and brought nearly 500 employees under the protection of the law in its effort to make sure that employers obtain insurance coverage for their workers' compensation liabilities.

KEY BUDGET INITIATIVES

- **Review and continually update the recently created medical fee schedule** to reduce medical costs of workers' compensation claims.
- **Implement the revised insurance compliance laws** that enforce new civil and criminal penalties for those employers that do not procure workers' compensation insurance.

PROGRAMS

Administration of Workers' Compensation

The IWCC administers the workers' compensation system to impartially arbitrate disputed work-related injury and illness claims. The IWCC also maintains data collection, data analysis, and case management systems that allow it to properly schedule and track hearings throughout the state.

Workers' Compensation Commission

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100 West Randolph Street
Chicago, IL 60601
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Education and Information
The IWCC prints and distributes to employers and workers free information handbooks informing them of their rights and obligations under the Workers' Compensation Act. These publications are also available on the commission Web site.

Accident Reporting
The IWCC collects, analyzes, and publishes aggregate statistics associated with work-related injuries and illnesses.

Program	Appropriations ($ thousands)			Headcount (FTE)		
	FY 2008 Actual	FY 2009 Enacted	FY 2010 Recommended	FY 2008 Actual	FY 2009 Estimated	FY 2010 Recommended
Administration of Workers' Compensation	19,243.4	20,621.8	19,514.4	168.0	187.0	187.0
Education and Information	118.0	118.0	118.0	0.0	0.0	0.0
Accident Reporting	255.0	255.0	255.0	2.0	3.0	3.0
Anti-Fraud Program	1,152.9	1,150.0	1,150.0	4.0	12.0	12.0
Total	**20,769.3**	**22,144.8**	**21,037.4**	**174.0**	**202.0**	**202.0**

PERFORMANCE MEASURES

Performance Metric	Actual			Estimated	Projected
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Average time to resolve regular cases by arbitrators (months)	36	35	33	33	34
Average time to resolve emergency cases by arbitrators (months)	7	7	7	7	8
Percent case load reduction since fiscal year 2003	10.2%	11.7%	11.7%	11.7%	12.5%
Number of cases filed more than 3 years ago[a]	16,500	16,000	16,000	16,000	16,000
Number of Arbitrator decisions resulting from formal hearings	3,890	3,640	3,500	3,400	3,600
Number of Web site hits regarding case status	707,701	800,000	850,000	900,000	900,000
Amount of fines collected for Workers' Compensation Insurance Compliance ($000)	$100	$1,300	$2,000	$2,000	$1,000

[a] This metric reports on progess in reducing backlog.

Workers' Compensation Commission

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Appropriations Requiring General Assembly Action ($ thousands)	Fiscal Year 2008		Fiscal Year 2009		Fiscal Year 2010
	Enacted Appropriation	Actual Expenditure	Enacted Appropriation	Estimated Expenditures	Recommended Appropriation
OTHER STATE FUNDS					
Total Personal Services and Fringe Benefits	**16,666.9**	**14,907.7**	**17,842.8**	**17,416.9**	**16,739.3**
Total Contractual Services	**1,624.0**	**1,472.6**	**1,870.0**	**1,870.0**	**1,866.1**
Total Other Operations and Refunds	**684.0**	**630.5**	**684.0**	**684.0**	**684.0**
Designated Purposes					
All costs associated with establishment of the Medical Fee Schedule	250.0	45.3	225.0	225.0	225.0
All costs associated with establishment, administration and operations of Insurance Compliance Division of Workers' Compensation Anti-Fraud program administered by IWCC	1,085.0	784.3	1,150.0	910.0	1,150.0
For Accident Reporting	255.0	208.0	255.0	255.0	255.0
For Information Handbooks	118.0	97.1	118.0	118.0	118.0
All costs associated with establishment, administration and operations of a third Commission panel	67.9	67.9	0.0	0.0	0.0
For Collinsville Office	11.1	11.1	0.0	0.0	0.0
Peoria Office	7.5	7.5	0.0	0.0	0.0
Total Designated Purposes	**1,794.4**	**1,221.1**	**1,748.0**	**1,508.0**	**1,748.0**
TOTAL OTHER STATE FUNDS	**20,769.3**	**18,231.9**	**22,144.8**	**21,478.9**	**21,037.4**
TOTAL ALL FUNDS	**20,769.3**	**18,231.9**	**22,144.8**	**21,478.9**	**21,037.4**
BY FUND					
Illinois Workers' Compensation Commission Operations Fund	20,769.3	18,231.9	22,144.8	21,478.9	21,037.4
TOTAL ALL FUNDS	**20,769.3**	**18,231.9**	**22,144.8**	**21,478.9**	**21,037.4**
BY DIVISION					
General Office	19,393.1	17,022.0	20,653.8	20,012.8	19,555.1
Electronic Data Processing	1,357.7	1,191.4	1,491.0	1,466.1	1,482.3
Peoria Office	7.5	7.5	0.0	0.0	0.0
Metro East	11.1	11.1	0.0	0.0	0.0
TOTAL ALL DIVISIONS	**20,769.3**	**18,231.9**	**22,144.8**	**21,478.9**	**21,037.4**

HEADCOUNT BY DIVISION	Actual	Estimated	Authorized
General Office	164.0	190.0	190.0
Electronic Data Processing	10.0	12.0	12.0
TOTAL HEADCOUNT	**174.0**	**202.0**	**202.0**

FY 2009 AND 2010 CONTRACTS							
VENDOR NAME, ADDRESS & FEIN	**OBLIGATION #**	**NATURE OF CONTRACT**	**FY09 CONTRACT $**	**FY09 EXPENDED**	**FY10 CONTRACT $**	**FY10 EXPENDED AS OF 12/31/09**	**COMMENTS**
Capitol Strategies	CAPITOL	Services for business analysis & software development	30,000.00	29,825.00			
2413 Heather Mill Court							
Springfield, Il 62704							
371375133							
Reed Elsevier inc LexisNexis Division	LEXIS	Provide online access for 75 employees	23,754.00	23,754.00	12,054.00	10,045.00	FY2010 effective until 12/31/2009. Still working on new contract
P O Box 2314							
Carol Stream, Il 60132							
521471842							
Boyle, Glen A	TRUECOURSE	Services to provide assistance in developing medical fee	60,000.00	30,058.78	45,000.00	36,471.90	
True Course Medical Data							
1101 N Old World 3rd St #105							
Milwaukee, WI 53203							
396843702							
Hollander Moving & Storage	4255	Lease storage space for IWCC files	25,200.00	23,033.16	25,200.00	8,621.32	
1801 Pratt Blvd							
Elk Grove Village, Il 60007							
363151248							

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FY 2009 AND 2010 CONTRACTS							
VENDOR NAME, ADDRESS & FEIN	**OBLIGATION #**	**NATURE OF CONTRACT**	**FY09 CONTRACT $**	**FY09 EXPENDED**	**FY10 CONTRACT $**	**FY10 EXPENDED AS OF 12/31/09**	**COMMENTS**
Johnson Brothers Properties	5880	Rent for Collinsville office	51,608.64	51,608.64	52,193.44	26,038.24	
2888 Keswick Court							
Swansea, Il 62226							
371235269							
Tobin Brothers Development	5785	Lease of Peoria office	44,304.00	44,010.48	44,304.00	22,005.24	
2010 NE Perry Avenue							
Peoria, Il 61603							
371199622							
Illinois State Medical Society	4838	Lease for Springfield office Under Holdover Notice.	56,555.38	47,315.38			Forced to vacate building by end of May 2009.
600 South Second St							
Springfield, Il 62704							
362436054							
Harold Oshea Builders	CONTRUCT	Install cooling unit for Server room in Springfield IWCC	10,982.00	10,982.00			
3401 Constitution Drive							
Springfield, Il 62711							
371272815							
Neal Gerber & Eisenberg	LEGALSERV	Provide consultation and legal advice when necessary	200,000.00	20,582.38			
2 North LaSalle St Suite 2200							
Chicago, Il 60602							
363532950							

FY 2009 AND 2010 CONTRACTS							
VENDOR NAME, ADDRESS & FEIN	**OBLIGATION #**	**NATURE OF CONTRACT**	**FY09 CONTRACT $**	**FY09 EXPENDED**	**FY10 CONTRACT $**	**FY10 EXPENDED AS OF 12/31/09**	**COMMENTS**
Keefe & DePauli	KEEFE	Represent the Self Insurers Advisory Board and Old Ben	10,000.00	1,514.00	6,000.00	878.41	
2 Executive Drive		Coal Co in cases befor the courts					
Fairview Heights, Il 62208							
371037665							
Ingenix Health Intelligence	INGENIX	Service in establising medical fee schedule and manual	41,011.25	27,011.25			
9900 Bren Road East		Amended contract. Up to 02/01/2009					
Minnetonka, MN 55343							
352170347							
Ingenix Inc	INGENIXA	Service and maintain the medical fee schedule for the IWCC	57,504.35	57,504.35	5,495.00	0.00	Contract effective until 02/10/2010. Working on new contract
P O Box 27156		Contract for 02/02/09 to 02/01/2010					
Salt Lake City, UT 84127							
411858498							
Xerox Corporation	2101COP	Lease 2101 DIG System copier	15,954.03	15,375.84	14,178.60	5,330.40	
2301 West 22nd							
OakBrook, Il 60523							
160468020							

FY 2009 AND 2010 CONTRACTS							
VENDOR NAME, ADDRESS & FEIN	**OBLIGATION #**	**NATURE OF CONTRACT**	**FY09 CONTRACT $**	**FY09 EXPENDED**	**FY10 CONTRACT $**	**FY10 EXPENDED AS OF 12/31/09**	**COMMENTS**
Ewing Lunberg & Assoc	SECURITY	Provide security services during IWCC business hours	50,000.00	29,678.67	10,000.00	9,075.13	
DBA ELA Security Inc							
7756 S Harlem Ave Suite 2A							
Bridgeview, Il 60455							
363253080							
A&R Security Services	SECURITY1	Provide security services during IWCC business hours			40,000.00	0.00	
2552 W 135th Street							
Blue Island, Il 60406							
363384519							
Ellis System Corporation	JACKETS	Purchase and Print IWCC file jackets	14,791.00	14,791.00			
28457 N Ballard Dr							
Lake forest, Il 60045							
363485000							
CDS Office Systems Inc	COMPUTERS	Purchase of computer equipment	97,730.00	97,730.00			
612 S Dirksen Parkway							
P O Box 3566							
Springfield, Il 62703							
371052665							

FY 2009 AND 2010 CONTRACTS

VENDOR NAME, ADDRESS & FEIN	OBLIGATION #	NATURE OF CONTRACT	FY09 CONTRACT $	FY09 EXPENDED	FY10 CONTRACT $	FY10 EXPENDED AS OF 12/31/09	COMMENTS
CDS Office Systems Inc 612 S Dirksen Parkway P O Box 3566 Springfield, Il 62703 371052665	CDSQUIP	Purchase of computer equipment	13,341.00	13,340.00			
Illinois Graphics Inc 810 IAA Drive Bloomington, Il 61701 370920882	HANDBOOKS	Printing of 200000 IWCC handbooks	39,500.00	39,500.00			
Quality Carpet Brothers 18 Southgate Drive Tilton, Il 61833 261317091	CARPETS	Purchase and installation of new carpeting	45,423.67	45,423.67			
Rossi Anthony D DBA Rossi and Associates 401 W Edwards Suite 1 Springfield, Il 62704 326501008	ROSSI	Represent IWCC in Springfield for legeslative issues	10,000.00	10,000.00	36,000.00	9,093.00	
Quality Carpet Brothers 18 Southgate Drive Tilton, Il 61833 261317091	CARPETSA	Installation of additional carpets	24,675.67	24,675.67			

FY 2009 AND 2010 CONTRACTS							
VENDOR NAME, ADDRESS & FEIN	**OBLIGATION #**	**NATURE OF CONTRACT**	**FY09 CONTRACT $**	**FY09 EXPENDED**	**FY10 CONTRACT $**	**FY10 EXPENDED AS OF 12/31/09**	**COMMENTS**
Low Samuel	ANALYSIS	Develop & provide disaster recovery & preparedness plan	8,050.00	8,050.00	18,975.00	0.00	
Viable Network Solutions LLC		for IWCC					
12216 S Stewart							
Chicago, Il 60628							
324787303							
IBM Corporation	300170	Provide Mainframe developer			84,097.41	33,854.85	
2401 W Jefferson St							
Springfield, Il 62702							
130871985							
Total			930,384.99	665,764.27	393,497.45	161,413.49	

REFUND CLAIM FORM FOR EMPLOYERS THAT PAID WORKERS' COMPENSATION OPERATIONS FUND SURCHARGE

Company Name: _____

Address: _____

_____

Telephone: _____

FEIN: _____

(Note: If the company is no longer in business, an authorized agent may submit a claim using his/her current address and taxpayer identification number.)

The undersigned, _____, an owner, officer or other authorized agent of the Employer listed above, submits this application for refund of Workers' Compensation Commission Operations Fund Surcharge ("Surcharge") pursuant to the Settlement Agreement, Release and Consent Decree approved by the Circuit Court of Cook County in case captioned *Illinois State Chamber of Commerce v. Filan, et al.*, No. 04 CH 6750. To be eligible for a refund, the Employer must have obtained workers' compensation insurance and been charged an amount on the premium invoice related to the Surcharge between July 1, 2003, and June 30, 2009. You may submit invoices to support your application for refund but are not required to do so. A formula for computing the eligible claim amount in the absence of invoices is contained on the attached Refund Claim Worksheet. The amount of refund is limited to 45% of the Surcharge paid between July 1, 2003, and June 30, 2004, and 10% of the Surcharge paid between July 1, 2004, and June 30, 2009. All claims will be reduced pro rata if the number of claims exceeds the Settlement Amount. More information regarding the Settlement Agreement, Release and Consent Decree may be obtained by visiting the Commission's website, http://www.iwcc.il.gov.

VERIFICATION

1. _____, was an employer in Illinois and obtained workers' compensation insurance between July 1, 2003, and June 30, 2009.

2. The undersigned, _____, is a duly authorized agent of Employer.

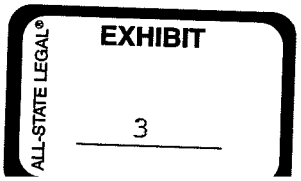
3. I have completed the Refund Claim Worksheet using Method ___.

4. The eligible refund claim amount listed on Line C of Claim Method 1 or Line D of Claim Method 2 or 3 of the Refund Claim Worksheet is $_____.

I certify under penalty of perjury that the information provided in this application for refund is true and correct.

_____
Signature

_____
Title



How to Submit Your Claim:

All claims must be postmarked by _____. Complete the Refund Claim Form and Refund Claim Worksheet. Enclose the documentation required to support a claim under Claim Method 1 or Claim Method 2. Also enclose a completed Form W-9 Request for Taxpayer Identification Number and Certification, available at www.irs.gov. Mail your application materials to the following claims address:

Robert Langendorf
Claims Administrator
134 North LaSalle Street, Suite 1515
Chicago, IL 60602

Applications may also be submitted by a pdf file via email to robert.langendorf@gmail.com. All claims submitted email must be received by 5 p.m. on _____.

Once all claims have been received, the final refund amounts will be determined and approved. The Illinois Comptroller will issue a refund check in the appropriate amount. Please allow six to eight weeks for processing. Refunds cannot be issued by the Illinois Comptroller without a valid Form W-9 on file. You will be notified if your claim is not approved, along with the available dispute resolution procedures, i.e. mediation or disposition by the court.

For more information:

For more information regarding claims and disputing the amount of refund, contact the Claims Administrator by mail or email as follows: Robert Langendorf, 134 North LaSalle Street, Suite 1515, Chicago, Illinois 60602; Email: robert.langendorf@gmail.com. A complete copy of the Settlement Agreement, Release and Consent Decree is posted on the Commission's website, http://www.iwcc.il.gov.

Check List:

- ☐ Complete Refund Claim Worksheet
- ☐ Complete Refund Claim Form
- ☐ Sign Verification
- ☐ Enclose documents to support application materials
  - ☐ Claim Method 1, enclose workers' compensation insurance invoices
  - ☐ Claim Method 2, enclose cancelled checks or other proof of payment
  - ☐ Claim Method 3, no documentation required
- ☐ Enclose completed Form W-9, available at www.irs.gov. Refunds cannot be processed without a valid Form W-9 on file.
- ☐ Attach proper postage
- ☐ Submit application materials to the claims address by the deadline

WORKERS' COMPENSATION OPERATIONS FUND SURCHARGE
REFUND CLAIM WORKSHEET

Instructions: Claims may be submitted using one of three methods for computing the amount of refund you may be entitled to. If you have invoices for workers' compensation insurance premiums billed to you from July 1, 2003, through June 30, 2009, complete Claim Method 1. If you do not have invoices but have proof of payment for workers' compensation insurance premiums billed to you from July 1, 2003, through June 30, 2004, complete Claim Method 2. If you have neither type of documentation, complete Claim Method 3.

☐ **Claim Method 1. Surcharge Amounts on Invoices**

In Column A, enter the actual amount of surcharge listed on your invoices for workers' compensation insurance premiums for each period listed. Attach copies of invoices. Multiply the surcharge amounts in Column A by the settlement factor as indicated and enter the product in Column B. Add the amounts in Column B and enter the sum on Line C.

Period	Column A	Factor	Column B
7/1/2003 – 6/30/2004		x 0.45	
7/1/2004 – 6/30/2005		x 0.10	
7/1/2005 – 6/30/2006		x 0.10	
7/1/2006 – 6/30/2007		x 0.10	
7/1/2007 – 6/30/2008		x 0.10	
7/1/2008 – 6/30/2009		x 0.10	

Line C. Claim Amount. Add the amounts in Column B and enter here $_____

☐ **Claim Method 2. Amount of Workers' Compensation Insurance Premiums Paid**

In Column A, enter the actual amount you paid to obtain workers' compensation insurance for each period listed. Attach copies of cancelled checks, bank statements or other proof of payment. Multiply the premium amounts in Column A by the surcharge rate as indicated and enter the product in Column B. Multiply the amounts in Column B by the settlement factor as indicated and enter the product in Column C. Add the amounts in Column C and enter the sum on Line D.

Period	Column A	Surcharge Rate	Column B	Factor	Column C
7/1/2003 – 6/30/2004		x 0.015		x 0.45	
7/1/2004 – 6/30/2005		x 0.0101		x 0.10	
7/1/2005 – 6/30/2006		x 0.0101		x 0.10	
7/1/2006 – 6/30/2007		x 0.0101		x 0.10	
7/1/2007 – 6/30/2008		x 0.0101		x 0.10	
7/1/2008 – 6/30/2009		x 0.0101		x 0.10	

Line D. Claim Amount. Add the amounts in Column C and enter here $_____

☐ **Claim Method 3. Estimated Surcharge Based on Number of Employees**

In Column A, enter the number of persons you employed as of each date listed as reported to your workers' compensation insurance carrier or the Illinois Department of Employment Security. Multiply the number of employees in Column A by the surcharge allowance amount as indicated and enter the product in Column B. Multiply the amounts in Column B by the settlement factor as indicated and enter the product in Column C. Add the amounts in Column C and enter the sum on Line D.

Period	Column A	Surcharge Allowance	Column B	Factor	Column C
7/1/2003		x $5		x 0.45	
7/1/2004		x $4		x 0.10	
7/1/2005		x $4		x 0.10	
7/1/2006		x $4		x 0.10	
7/1/2007		x $4		x 0.10	
7/1/2008		x $4		x 0.10	

Line D. Claim Amount. Add the amounts in Column C and enter here $_____

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT AND HEARING

If you are an employer who has paid workers' compensation insurance in Illinois between July 1, 2003 and June 30, 2009, this class action lawsuit may affect your rights.

This Notice is being published by order of the Circuit Court of Cook County to inform you of the proposed settlement of a class action lawsuit brought by Jack Gore d/b/a Sabra Management ("Gore") as an intervenor in the case titled *Illinois State Chamber of Commerce v. Filan*, Case No. 04 CH 6750 (the "Gore Class Action"). The terms of that settlement are set forth in a proposed Settlement Agreement, Release and Consent Decree ("Consent Decree") entered into between the plaintiffs and the State Defendants (the Governor's Office of Management and Budget, the Illinois Department of Insurance, and the Illinois Workers' Compensation Commission) and numerous insurance companies which are also parties to the case. The Consent Decree concerns the Workers' Compensation Commission Operations Fund Surcharge ("Surcharge"), which is imposed by the State of Illinois on employers based upon the amount of workers' compensation insurance premiums they pay, primarily to fund the operations of the Illinois Workers' Compensation Commission.

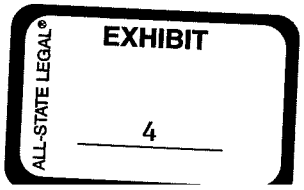
The parties to this lawsuit have reached a proposed settlement (including a settlement of the Gore Class Action) that, if approved by the Court, would provide certain rights and benefits to eligible employers that have paid the Surcharge from July 1, 2003, to June 30, 2009.

Who is included? You are a class member whose rights may be affected by the proposed Consent Decree if you are an employer who paid the Surcharge billed between July 1, 2003, and June 30, 2009. As required by law, employers were billed the Surcharge by their workers' compensation insurance company.

What does the proposed settlement provide? The Court is being asked to enter an order that, if approved, would provide certain rights and benefits (as more fully described in the Consent Decree) to employers who have paid the Surcharge. Under the settlement of the Gore Class Action, employers who can establish they paid the Surcharge during the relevant time period may submit a claim for a partial refund of Surcharge payments from the $3,300,000 settlement fund. The amount refunded will depend on how much and when it was paid, as well as the number of claims made. If the settlement fund is insufficient to pay all claims made, each claim will be prorated. The State is also committing to devote a substantial portion of the Surcharge money collected both to upgrade the systems and operations of the Workers' Compensation Commission and to repay a debt to the Rate Adjustment Fund for which employers are responsible. Other Surcharge money will be deposited in the state's General Revenue Fund to meet other state financial obligations. Additional funds will be used for attorneys' fees and other administrative costs associated with the Consent Decree.

What are your rights?

You can remain a member of the class. You do not need to do anything to remain a Class Member. By remaining in the class, all of the Court's orders will apply to you and you will not be able to file your own lawsuit about any of the matters raised in the lawsuit. You will be bound by the terms of the Consent Decree.



You can exclude yourself. If you do not want to be a part of the settlement and you want to file a separate lawsuit about any of the matters involved in this case, you must exclude yourself from the Class by filing a request for exclusion with the Clerk of the Circuit Court of Cook County, 50 W. Washington St., Room 802, Chicago, IL 60602, with copies provided to Class Counsel and counsel for the State Defendants at the addresses provided below. The request must state your name, address and phone number, along with a signed statement that: "I/We hereby request that I/We be excluded from the proposed Gore Class Action settlement class in *Illinois State Chamber of Commerce v. Filan,* Case No. 04 CH 6750." Requests for exclusion must be postmarked by _____, 2010. If you do not send a request for exclusion by this date you will be included in the Class and bound by the terms of the Consent Decree.

You can object. If you do not exclude yourself from the Class, you may object to the Settlement by filing a written objection with the Clerk of the Circuit Court of Cook County, with copies provided to Class Counsel and counsel for the State Defendants at the addresses provided below. Objections must be postmarked by _____, 2010. Your objection must include your name, address and telephone number; the name and address of your lawyer, if any, who must file an appearance with the Clerk of the Circuit Court of Cook County and provide copies to Class Counsel and counsel for the State Defendants at their respective addresses below; a statement of all objections, including the factual and legal basis for your objection; and a statement whether you intend to appear at the hearing on final approval of the settlement. The Court will not consider any objections that are not mailed by _____, 2010, or that do not contain all of the required information.

Written requests to be excluded and objections must be mailed, via first class U.S. Mail, to Class Counsel and counsel for the State Defendants at the following addresses:

<u>Class Counsel</u>
Larry D. Drury
Larry D. Drury Ltd.
205 W. Randolph St., Suite 1430
Chicago, IL 60606

<u>Counsel for the State Defendants</u>
Thomas A. Ioppolo, Assistant Attorney General
Attorney General's Office
100 W. Randolph St., 13th Floor
Chicago, IL 60601

How to Receive Benefits. Eligible class members may request benefits by submitting a completed claim form, with any supporting documentation, to the Claims Administrator. The claim form may be obtained at http://www.iwcc.il.gov or by requesting one from the Claims Administrator by email to robert.langendorf@gmail.com.

Where to get more information. A copy of the Consent Decree, which includes all the terms of the settlement, and a claim form with instructions on how to submit a claim, can be found on the Illinois Workers' Compensation Commission website, http://www.iwcc.il.gov. The Consent Decree explains in more detail the terms of the settlement. If you have any questions for plaintiff's lawyers, you may write to Class Counsel at the address listed above.

When the final fairness hearing will be held to determine approval of the settlement. The Court will hold a hearing on _____, 2010, at _____ am/pm to consider whether to give final approval to the settlement, Class Counsel's request for attorney's fees and expenses of up to

$350,000, and Gore's request for an incentive fee of $3,000 to reimburse him for the risks he assumed and the value of his time expended on this lawsuit as Class Representative. The hearing will be held in Room 2508 of the Richard J. Daley Center, 50 W. Washington St., Chicago, Illinois.

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

THE ILLINOIS STATE CHAMBER OF COMMERCE, Plaintiff, v. JOHN FILAN, in his capacity as Director of the Governor's Office of Management and Budget; DENNIS R. RUTH, in his capacity as Chairman of the Illinois Industrial Commission; DEIRDRE K. MANNA, in her capacity as Acting Director of the Illinois Department of Insurance; and JUDY BAAR TOPINKA, in her capacity as Treasurer of the State of Illinois, Defendants. and MARYLAND CASUALTY CO., et al., Plaintiffs in Intervention, AIU INSURANCE CO., et al., Plaintiffs in Intervention, CONTINENTAL CASUALTY CO., et al., Plaintiffs in Intervention, COUNTRY MUTUAL INSURANCE CO., et al., Plaintiffs in Intervention, v. ILLINOIS CHAMBER OF COMMERCE, et al., Defendants in Intervention, and JACK GORE d/b/a/ SABRA MANAGEMENT, on behalf of himself and all other persons and entities similarly situated, Plaintiff in Intervention, v. ST. PAUL TRAVELERS COMPANIES, INC, et al., Defendants in Intervention.	**DRAFT 2/2/10** No. 04 CH 6750 Hon. Daniel A. Riley

ALL-STATE LEGAL®
EXHIBIT
5

[Proposed] Order Granting Preliminary Approval of Class Action Settlement, Class Certification, Appointment of Class Representative and Class Counsel, Directing Class Notice and Setting Final Fairness Hearing.

I. Background Statement

A. The plaintiff, the Illinois State Chamber of Commerce, filed this suit on April 22, 2004. The Chamber is an employer who is required to pay the Workers' Compensation Commission Operations Fund Surcharge that was levied on employers who pay workers' compensation insurance. 215 ILCS 5/416. On or about January 18, 2005, Jack Gore, d/b/a Sabra Management, intervened as a plaintiff on behalf of a putative plaintiff class of employers required to pay the Surcharge and sought leave to file a class action complaint requesting certification of a plaintiff and defendant class. The putative class sought restitution of Surcharge monies paid.[1]

B. The Chamber challenged the constitutionality of the Surcharge on a number of grounds. Its principal argument was that the Surcharge violated Article 9, section 2 of the Illinois Constitution, the Uniformity Clause, because the Surcharge was deliberately set at a rate intended to generate revenue in excess of the amount needed to fund the Illinois Workers' Compensation Commission, and that the use of the monies generated by the Surcharge for general revenue purposes violated the Uniformity Clause.

C. The defendants denied the Chamber's allegations and have argued that the Surcharge is constitutional.

D. In addition, numerous insurance companies intervened in the suit in 2005.

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[1] A consolidated case, *American Country Mutual Insurance Co. v. Filan*, 05 CH 999, makes basically the same claims and seeks the same relief as the *Chamber of Commerce* case.

These insurance companies provided workers' compensation insurance to Illinois employers. Under Illinois law, the insurance companies are annually charged by the Director of the Department of Insurance and pay to the Director a Surcharge amount, which they are directed to collect from their insureds, 215 ILCS 5/416(b)(1). The intervening insurance companies have paid under protest the surcharge monies they have been charged since their intervention. The intervening insurance companies deny that they have any liability to the intervening plaintiff or plaintiff class, or any other party in this case.

E. In November 2004, the Circuit Court of Cook County ruled that the Surcharge was unconstitutional. It further required that Surcharge monies paid during the pendency of the suit be placed in a separate escrow account. The Illinois Supreme Court reversed the judgment in favor of the Chamber and remanded the case to the circuit court for further proceedings. *State Chamber of Commerce v. Filan*, 216 Ill. 2d 653 (2005).

F. Counsel for all the parties have reached an agreement on a class-wide settlement of this action. This settlement encompasses significant allocations of money for the benefit of all employers and to the Illinois Workers' Compensation Commission, as well as a claims process for partial refunds of Surcharge payments to the class. The settlement agreement provides payments of other funds to the Workers' Compensation Commission Operations Fund and the State General Revenue Fund.

G. Class Plaintiff has submitted a Motion for Preliminary Approval of Class Action Settlement, Settlement Class Certification, Appointment of Plaintiff Gore as Class Representative and Larry D. Drury as Class Counsel, Directing Class Notice and Setting Final Fairness Hearing.

H. Defendants and the insurance company intervenors do not oppose preliminary approval of the settlement, settlement class certification, appointment of Plaintiff Gore as class representative and Larry D. Drury as class counsel, directing class notice and setting a final fairness hearing.

THEREFORE, having considered the motion and supporting documents submitted as part of the settlement, the Court hereby **ORDERS** as follows:

1. **Settlement Class**. The Court finds: (a) that the members of the proposed class are so numerous–consisting of thousands of employers in the State who have paid the Surcharge–that the joinder of all such individuals as plaintiffs in this action would be impracticable; (b) that there are questions of law or fact common to the class, which common questions predominate over any questions affecting only individual members; (c) that the representative parties will fairly and adequately protect the interests of the class; and (d) that a class action is an appropriate method for the fair and efficient adjudication of the controversy. The Court further finds that the State imposes the Surcharge in a manner that applies generally to the proposed settlement class. Therefore, the Court finds that certification of the proposed settlement class is appropriate under 735 ILCS 5/2-802, and the following class of plaintiffs is hereby certified:

> All employers who paid the Industrial Commission Operations Surcharge (also called the Workers' Compensation Commission Operations Surcharge) from July 1, 2003, to June 30, 2009.

2. **Class Representative.** Jack Gore d/b/a Sabra Management is appointed Class

Representative. Gore's claims and interest are typical of the claims and interests of the other class members, and he will adequately represent the claims and interests of the settlement class.

3. **Class counsel.** Larry D. Drury is appointed Class Counsel. Mr. Drury has been involved in this litigation since 2005 and has the knowledge and experience sufficient to represent the plaintiff class.

4. **Claims Administrator.** Robert Langendorf is appointed Claims Administrator.

5. **Preliminary Approval of Settlement Agreement, Release and Consent Decree.** The Court finds that the terms of the parties' Settlement Agreement, Release and Consent Decree are fair, reasonable and adequate to the Plaintiff Settlement Class. Specifically, the Court finds that the agreement, which designates Surcharge monies for purposes specifically related to the Workers' Compensation Commission, such as system and capital improvements, will benefit the Plaintiff Settlement Class and all parties who use the services of the Commission. The Court also finds that the claims process offers the opportunity for additional relief to the Plaintiff Settlement Class and for those former employers that no longer require the services of the Commission. The allocation of Surcharge monies for refunds to the Plaintiff Settlement Class and for Commission purposes, for retirement of a debt owed to the State's General Revenue Fund by the Commission's Rate Adjustment Fund, for relief from a potential liability to the Rate Adjustment Fund for which employers would be assessed, and for the state's General Revenue Fund represent a reasonable compromise of claims in light of the complexity and risk of further litigation. Therefore, the Court preliminarily approves the Settlement

Agreement, Release and Consent Decree executed by the parties.

6. **Notice of Settlement.** The Court hereby ORDERS that the state defendants shall provide notice to settlement class members by posting the notice, attached hereto as Exhibit A, on the Illinois Workers' Compensation Commission and Illinois Department of Insurance websites. The notice shall appear on the websites for a period commencing upon the entry of this order granting preliminary approval until 60 days following the second Publication Notice provided hereafter. The same notice shall be published once a week for two consecutive weeks, with one publication occurring on a weekend, beginning within two weeks after entry of this order granting preliminary approval. Publication Notice shall appear in the newspapers listed in paragraph 4.8.1 of the Settlement Agreement, Release and Consent Decree.

7. **Deadline for Submission of Claims, Objections and Exclusions by Members of the Settlement Class.** As stated in the notice to settlement class members, all claims must be submitted to the Claims Administrator on or before _____. Objections and requests to be excluded from the settlement class must be filed with the Clerk of the Circuit Court of Cook County, with copies provided to Class Counsel and counsel for the state defendants on or before _____.

8. **Final Fairness Hearing.** The Court ORDERS that a hearing for final approval of the Settlement Agreement and consent decree shall be held on _____, 2010, at _____ pm/am. Any interested person may appear at the final fairness hearing to show cause why the proposed Settlement Agreement, Release and Consent Decree should or should not be approved as fair, reasonable and adequate; provided, however, that no

person shall be heard or entitled to contest the terms of the Settlement Agreement, Release and Consent Decree unless that person has filed an objection with the Clerk of the Circuit Court of Cook County and served it upon counsel below by the deadline. Any class member who does not submit an objection in the manner provided above shall be deemed to have waived any objection to the class action settlement and shall forever be foreclosed from making any objection to the class certification and to the fairness, adequacy and reasonableness of the Settlement Agreement, Release and Consent Decree.

9. **Release of Protest Funds.** The Court ORDERS that the State Treasurer shall establish the Administration Fund as defined in the Settlement Agreement, Release and Consent Decree and transfer the amount of $37,000 from the Protest Fund to the Administration Fund for the payment of publication costs as provided in paragraph 4.4.1(a).

Dated:_____

_____
Judge Daniel A. Riley

Class Counsel:
Larry D. Drury
Larry D. Drury Ltd.
205 W. Randolph St., Suite 1430
Chicago, IL 60606

Counsel for State Defendants:
Lisa Madigan, Illinois Attorney General
Thomas A. Ioppolo, Assistant Attorney General
100 W. Randolph St., 13th Floor
Chicago, IL 60601

Claims Administrator:
Robert Langendorf
134 North LaSalle Street
Suite 1515
Chicago, IL 60602

CHI99 5225336-1.050821.0012

WORKERS' COMPENSATION OPERATIONS FUND SURCHARGE
REFUND CLAIM WORKSHEET

Instructions: Claims may be submitted using one of three methods for computing the amount of refund you may be entitled to. If you have invoices for workers' compensation insurance premiums billed to you from July 1, 2003, through June 30, 2009, complete Claim Method 1. If you do not have invoices but have proof of payment for workers' compensation insurance premiums billed to you from July 1, 2003, through June 30, 2004, complete Claim Method 2. If you have neither type of documentation, complete Claim Method 3.

☐ **Claim Method 1. Surcharge Amounts on Invoices**

In Column A, enter the actual amount of surcharge listed on your invoices for workers' compensation insurance premiums for each period listed. Attach copies of invoices. Multiply the surcharge amounts in Column A by the settlement factor as indicated and enter the product in Column B. Add the amounts in Column B and enter the sum on Line C.

Period	Column A	Factor	Column B
7/1/2003 – 6/30/2004		x 0.45	
7/1/2004 – 6/30/2005		x 0.10	
7/1/2005 – 6/30/2006		x 0.10	
7/1/2006 – 6/30/2007		x 0.10	
7/1/2007 – 6/30/2008		x 0.10	
7/1/2008 – 6/30/2009		x 0.10	

Line C. Claim Amount. Add the amounts in Column B and enter here $_____

☐ **Claim Method 2. Amount of Workers' Compensation Insurance Premiums Paid**

In Column A, enter the actual amount you paid to obtain workers' compensation insurance for each period listed. Attach copies of cancelled checks, bank statements or other proof of payment. Multiply the premium amounts in Column A by the surcharge rate as indicated and enter the product in Column B. Multiply the amounts in Column B by the settlement factor as indicated and enter the product in Column C. Add the amounts in Column C and enter the sum on Line D.

Period	Column A	Surcharge Rate	Column B	Factor	Column C
7/1/2003 – 6/30/2004		x 0.015		x 0.45	
7/1/2004 – 6/30/2005		x 0.0101		x 0.10	
7/1/2005 – 6/30/2006		x 0.0101		x 0.10	
7/1/2006 – 6/30/2007		x 0.0101		x 0.10	
7/1/2007 – 6/30/2008		x 0.0101		x 0.10	
7/1/2008 – 6/30/2009		x 0.0101		x 0.10	

Line D. Claim Amount. Add the amounts in Column C and enter here $_____

☐ **Claim Method 3. Estimated Surcharge Based on Number of Employees**

In Column A, enter the number of persons you employed as of each date listed as reported to your workers' compensation insurance carrier or the Illinois Department of Employment Security. Multiply the number of employees in Column A by the surcharge allowance amount as indicated and enter the product in Column B. Multiply the amounts in Column B by the settlement factor as indicated and enter the product in Column C. Add the amounts in Column C and enter the sum on Line D.

Period	Column A	Surcharge Allowance	Column B	Factor	Column C
7/1/2003		x $5		x 0.45	
7/1/2004		x $4		x 0.10	
7/1/2005		x $4		x 0.10	
7/1/2006		x $4		x 0.10	
7/1/2007		x $4		x 0.10	
7/1/2008		x $4		x 0.10	

Line D. Claim Amount. Add the amounts in Column C and enter here $_____

REFUND CLAIM FORM FOR EMPLOYERS THAT PAID WORKERS' COMPENSATION OPERATIONS FUND SURCHARGE

Company Name: _____

Address: _____

_____

Telephone: _____

FEIN: _____

(Note: If the company is no longer in business, an authorized agent may submit a claim using his/her current address and taxpayer identification number.)

The undersigned, _____, an owner, officer or other authorized agent of the Employer listed above, submits this application for refund of Workers' Compensation Commission Operations Fund Surcharge ("Surcharge") pursuant to the Settlement Agreement, Release and Consent Decree approved by the Circuit Court of Cook County in case captioned *Illinois State Chamber of Commerce v. Filan, et al.*, No. 04 CH 6750. To be eligible for a refund, the Employer must have obtained workers' compensation insurance and been charged an amount on the premium invoice related to the Surcharge between July 1, 2003, and June 30, 2009. You may submit invoices to support your application for refund but are not required to do so. A formula for computing the eligible claim amount in the absence of invoices is contained on the attached Refund Claim Worksheet. The amount of refund is limited to 45% of the Surcharge paid between July 1, 2003, and June 30, 2004, and 10% of the Surcharge paid between July 1, 2004, and June 30, 2009. All claims will be reduced pro rata if the number of claims exceeds the Settlement Amount. More information regarding the Settlement Agreement, Release and Consent Decree may be obtained by visiting the Commission's website, http://www.iwcc.il.gov.

VERIFICATION

1. _____, was an employer in Illinois and obtained workers' compensation insurance between July 1, 2003, and June 30, 2009.

2. The undersigned, _____, is a duly authorized agent of Employer.

3. I have completed the Refund Claim Worksheet using Method ___.

4. The eligible refund claim amount listed on Line C of Claim Method 1 or Line D of Claim Method 2 or 3 of the Refund Claim Worksheet is $_____.

I certify under penalty of perjury that the information provided in this application for refund is true and correct.

_____
Signature

_____
Title

How to Submit Your Claim:

All claims must be postmarked by June 1, 2010. Complete the Refund Claim Form and Refund Claim Worksheet. Enclose the documentation required to support a claim under Claim Method 1 or Claim Method 2. Also enclose a completed Form W-9 Request for Taxpayer Identification Number and Certification, available at www.irs.gov. Mail your application materials to the following claims address:

Robert Langendorf
Claims Administrator
134 North LaSalle Street, Suite 1515
Chicago, IL 60602

Applications may also be submitted as a pdf file via email to robert.langendorf@gmail.com. All claims submitted by email must be received by 5 p.m. on June 1, 2010.

Once all claims have been received, the final refund amounts will be determined and approved. The Illinois Comptroller will issue a refund check in the appropriate amount. Please allow six to eight weeks for processing. Refunds cannot be issued by the Illinois Comptroller without a valid Form W-9 on file. You will be notified if your claim is not approved, along with the available dispute resolution procedures, i.e. mediation or disposition by the court.

For more information:

For more information regarding claims and disputing the amount of refund, contact the Claims Administrator by mail or email as follows: Robert Langendorf, 134 North LaSalle Street, Suite 1515, Chicago, Illinois 60602; Email: robert.langendorf@gmail.com. A complete copy of the Settlement Agreement, Release and Consent Decree is posted on the Commission's website, http://www.iwcc.il.gov.

Check List:

- □ Complete Refund Claim Worksheet
- □ Complete Refund Claim Form
- □ Sign Verification
- □ Enclose documents to support application materials
  - □ Claim Method 1, enclose workers' compensation insurance invoices
  - □ Claim Method 2, enclose cancelled checks or other proof of payment
  - □ Claim Method 3, no documentation required
- □ Enclose completed Form W-9, available at www.irs.gov. Refunds cannot be processed without a valid Form W-9 on file.
- □ Attach proper postage
- □ Submit application materials to the claims address by the deadline

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

THE ILLINOIS STATE CHAMBER OF COMMERCE, Plaintiff, v. JOHN FILAN, in his capacity as Director of the Governor's Office of Management and Budget; DENNIS R. RUTH, in his capacity as Chairman of the Illinois Industrial Commission; DEIRDRE K. MANNA, in her capacity as Acting Director of the Illinois Department of Insurance; and JUDY BAAR TOPINKA, in her capacity as Treasurer of the State of Illinois, Defendants. and MARYLAND CASUALTY CO., et al., Plaintiffs in Intervention, AIU INSURANCE CO., et al., Plaintiffs in Intervention, CONTINENTAL CASUALTY CO., et al., Plaintiffs in Intervention, COUNTRY MUTUAL INSURANCE CO., et al., Plaintiffs in Intervention, v. ILLINOIS CHAMBER OF COMMERCE, et al., Defendants in Intervention, and JACK GORE d/b/a/ SABRA MANAGEMENT, on behalf of himself and all other persons and entities similarly situated, Plaintiff in Intervention, v. ST. PAUL TRAVELERS COMPANIES, INC, et al., Defendants in Intervention.	)	No. 04 CH 6750 Hon. Daniel A. Riley

Order Granting Preliminary Approval of Class Action Settlement, Class Certification, Appointment of Class Representative and Class Counsel, Directing Class Notice and Setting Final Fairness Hearing

Background Statement

A. The plaintiff, the Illinois State Chamber of Commerce, filed this suit on April 22, 2004. The Chamber is an employer who is required to pay the Workers' Compensation Commission Operations Fund Surcharge that was levied on employers who pay workers' compensation insurance. 215 ILCS 5/416. On or about January 18, 2005, Jack Gore, d/b/a Sabra Management, intervened as a plaintiff on behalf of a putative plaintiff class of employers required to pay the Surcharge and sought leave to file a class action complaint requesting certification of a plaintiff and defendant class. The putative class sought restitution of Surcharge monies paid.[1]

B. The Chamber challenged the constitutionality of the Surcharge on a number of grounds. Its principal argument was that the Surcharge violated Article 9, section 2 of the Illinois Constitution, the Uniformity Clause, because the Surcharge was deliberately set at a rate intended to generate revenue in excess of the amount needed to fund the Illinois Workers' Compensation Commission, and that the use of the monies generated by the Surcharge for general revenue purposes violated the Uniformity Clause.

C. The defendants denied the Chamber's allegations and have argued that the Surcharge is constitutional.

D. In addition, numerous insurance companies intervened in the suit in 2005.

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[1] A consolidated case, *American Country Mutual Insurance Co. v. Filan*, 05 CH 999, makes basically the same claims and seeks the same relief as the *Chamber of Commerce* case.

These insurance companies provided workers' compensation insurance to Illinois employers. Under Illinois law, the insurance companies are annually charged by the Director of the Department of Insurance and pay to the Director a Surcharge amount, which they are directed to collect from their insureds, 215 ILCS 5/416(b)(1). The intervening insurance companies have paid under protest the surcharge monies they have been charged since their intervention. The intervening insurance companies deny that they have any liability to the intervening plaintiff or plaintiff class, or any other party in this case.

E. In November 2004, the Circuit Court of Cook County ruled that the Surcharge was unconstitutional. It further required that Surcharge monies paid during the pendency of the suit be placed in a separate escrow account. The Illinois Supreme Court reversed the judgment in favor of the Chamber and remanded the case to the circuit court for further proceedings. *State Chamber of Commerce v. Filan*, 216 Ill. 2d 653 (2005).

F. Counsel for all the parties have reached an agreement on a class-wide settlement of this action. This settlement encompasses significant allocations of money for the benefit of all employers and to the Illinois Workers' Compensation Commission, as well as a claims process for partial refunds of Surcharge payments to the class. The settlement agreement provides payments of other funds to the Workers' Compensation Commission Operations Fund and the State General Revenue Fund.

G. Class Plaintiff has submitted a Motion for Preliminary Approval of Class Action Settlement, Settlement Class Certification, Appointment of Plaintiff Gore as Class Representative and Larry D. Drury as Class Counsel, Directing Class Notice and Setting Final Fairness Hearing.

H. Defendants and the insurance company intervenors do not oppose preliminary approval of the settlement, settlement class certification, appointment of Plaintiff Gore as class representative and Larry D. Drury as class counsel, directing class notice and setting a final fairness hearing.

THEREFORE, having considered the motion and supporting documents submitted as part of the settlement, the Court hereby **ORDERS** as follows:

1. **Settlement Class**. The Court finds: (a) that the members of the proposed class are so numerous–consisting of thousands of employers in the State who have paid the Surcharge–that the joinder of all such individuals as plaintiffs in this action would be impracticable; (b) that there are questions of law or fact common to the class, which common questions predominate over any questions affecting only individual members; (c) that the representative parties will fairly and adequately protect the interests of the class; and (d) that a class action is an appropriate method for the fair and efficient adjudication of the controversy. The Court further finds that the State imposes the Surcharge in a manner that applies generally to the proposed settlement class. Therefore, the Court finds that certification of the proposed settlement class is appropriate under 735 ILCS 5/2-802, and the following class of plaintiffs is hereby certified:

> All employers who paid the Industrial Commission Operations Surcharge (also called the Workers' Compensation Commission Operations Surcharge) from July 1, 2003, to June 30, 2009.

2. **Class Representative.** Jack Gore d/b/a Sabra Management is appointed Class

Representative. Gore's claims and interest are typical of the claims and interests of the other class members, and he will adequately represent the claims and interests of the settlement class.

3. **Class counsel.** Larry D. Drury is appointed Class Counsel. Mr. Drury has been involved in this litigation since 2005 and has the knowledge and experience sufficient to represent the plaintiff class.

4. **Claims Administrator.** Robert Langendorfis appointed Claims Administrator.

5. **Preliminary Approval of Settlement Agreement, Release and Consent Decree.** The Court finds that the terms of the parties' Settlement Agreement, Release and Consent Decree are fair, reasonable and adequate to the Plaintiff Settlement Class. Specifically, the Court finds that the agreement, which designates Surcharge monies for purposes specifically related to the Workers' Compensation Commission, such as system and capital improvements, will benefit the Plaintiff Settlement Class and all parties who use the services of the Commission. The Court also finds that the claims process offers the opportunity for additional relief to the Plaintiff Settlement Class and for those former employers that no longer require the services of the Commission. The allocation of Surcharge monies for refunds to the Plaintiff Settlement Class and for Commission purposes, for retirement of a debt owed to the State's General Revenue Fund by the Commission's Rate Adjustment Fund, for relief from a potential liability to the Rate Adjustment Fund for which employers would be assessed, and for the state's General Revenue Fund represent a reasonable compromise of claims in light of the complexity and risk of further litigation. Therefore, the Court preliminarily approves the Settlement

Agreement, Release and Consent Decree executed by the parties.

6. **Notice of Settlement.** The Court hereby ORDERS that the state defendants shall provide notice to settlement class members by posting the notice, attached hereto as Exhibit A, on the Illinois Workers' Compensation Commission and Illinois Department of Insurance websites. The notice shall appear on the websites for a period commencing upon the entry of this order granting preliminary approval until 60 days following the second Publication Notice provided hereafter. The same notice shall be published once a week for two consecutive weeks, with one publication occurring on a weekend, beginning within two weeks after entry of this order granting preliminary approval. Publication Notice shall appear in the newspapers listed in paragraph 4.8.1 of the Settlement Agreement, Release and Consent Decree.

7. **Deadline for Submission of Claims, Objections and Exclusions by Members of the Settlement Class.** As stated in the notice to settlement class members, all claims must be submitted to the Claims Administrator on or before June 1, 2010. Objections and requests to be excluded from the settlement class must be filed with the Clerk of the Circuit Court of Cook County, with copies provided to Class Counsel and counsel for the state defendants on or before June 1, 2010.

8. **Final Fairness Hearing.** The Court ORDERS that a hearing for final approval of the Settlement Agreement and consent decree shall be held on June 16, 2010, at 11:00 a.m. Any interested person may appear at the final fairness hearing to show cause why the proposed Settlement Agreement, Release and Consent Decree should or should not be approved as fair, reasonable and adequate; provided, however, that no person shall be

heard or entitled to contest the terms of the Settlement Agreement, Release and Consent Decree unless that person has filed an objection with the Clerk of the Circuit Court of Cook County and served it upon counsel below by the deadline. Any class member who does not submit an objection in the manner provided above shall be deemed to have waived any objection to the class action settlement and shall forever be foreclosed from making any objection to the class certification and to the fairness, adequacy and reasonableness of the Settlement Agreement, Release and Consent Decree.

9. **Release of Protest Funds.** The Court ORDERS that the State Treasurer shall establish the Administration Fund as defined in the Settlement Agreement, Release and Consent Decree and transfer the amount of $37,000 from the Protest Fund to the Administration Fund for the payment of publication costs as provided in paragraph 4.4.1(a).

ENTERED
JUDGE DANIEL A. RILEY-1644
MAR 1 1 2010
DOROTHY BROWN
CLERK OF THE CIRCUIT COURT
OF COOK COUNTY IL
DEPUTY CLERK

Dated:_____

_____
Judge Daniel A. Riley

Class Counsel:
Larry D. Drury
Larry D. Drury Ltd.
205 W. Randolph St., Suite 1430
Chicago, IL 60606

Counsel for State Defendants:
Lisa Madigan, Illinois Attorney General
Thomas A. Ioppolo, Assistant Attorney General
100 W. Randolph St., 13th Floor
Chicago, IL 60601

Claims Administrator:
Robert Langendorf
134 North LaSalle Street
Suite 1515
Chicago, IL 60602

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT AND HEARING

If you are an employer who has paid workers' compensation insurance in Illinois between July 1, 2003 and June 30, 2009, this class action lawsuit may affect your rights.

This Notice is being published by order of the Circuit Court of Cook County to inform you of the proposed settlement of a class action lawsuit brought by Jack Gore d/b/a Sabra Management ("Gore") as an intervenor in the case titled *Illinois State Chamber of Commerce v. Filan*, Case No. 04 CH 6750 (the "Gore Class Action"). The terms of that settlement are set forth in a proposed Settlement Agreement, Release and Consent Decree ("Consent Decree") entered into between the plaintiffs and the State Defendants (the Governor's Office of Management and Budget, the Illinois Department of Insurance, and the Illinois Workers' Compensation Commission) and numerous insurance companies which are also parties to the case. The Consent Decree concerns the Workers' Compensation Commission Operations Fund Surcharge ("Surcharge"), which is imposed by the State of Illinois on employers based upon the amount of workers' compensation insurance premiums they pay, primarily to fund the operations of the Illinois Workers' Compensation Commission.

The parties to this lawsuit have reached a proposed settlement (including a settlement of the Gore Class Action) that, if approved by the Court, would provide certain rights and benefits to eligible employers that have paid the Surcharge from July 1, 2003, to June 30, 2009.

Who is included? You are a class member whose rights may be affected by the proposed Consent Decree if you are an employer who paid the Surcharge billed between July 1, 2003, and June 30, 2009. As required by law, employers were billed the Surcharge by their workers' compensation insurance company.

What does the proposed settlement provide? The Court is being asked to enter an order that, if approved, would provide certain rights and benefits (as more fully described in the Consent Decree) to employers who have paid the Surcharge. Under the settlement of the Gore Class Action, employers who can establish they paid the Surcharge during the relevant time period may submit a claim for a partial refund of Surcharge payments from the $3,300,000 settlement fund. The amount refunded will depend on how much and when it was paid, as well as the number of claims made. If the settlement fund is insufficient to pay all claims made, each claim will be prorated. The State is also committing to devote a substantial portion of the Surcharge money collected both to upgrade the systems and operations of the Workers' Compensation Commission and to repay a debt to the Rate Adjustment Fund for which employers are responsible. Other Surcharge money will be deposited in the state's General Revenue Fund to meet other state financial obligations. Additional funds will be used for attorneys' fees and other administrative costs associated with the Consent Decree.

What are your rights?

You can remain a member of the class. You do not need to do anything to remain a Class Member. By remaining in the class, all of the Court's orders will apply to you and you will not be able to file your own lawsuit about any of the matters raised in the lawsuit. You will be bound by the terms of the Consent Decree.

ALL-STATE LEGAL®
EXHIBIT
A

You can exclude yourself. If you do not want to be a part of the settlement and you want to file a separate lawsuit about any of the matters involved in this case, you must exclude yourself from the Class by filing a request for exclusion with the Clerk of the Circuit Court of Cook County, 50 W. Washington St., Room 802, Chicago, IL 60602, with copies provided to Class Counsel and counsel for the State Defendants at the addresses provided below. The request must state your name, address and phone number, along with a signed statement that: "I/We hereby request that I/We be excluded from the proposed Gore Class Action settlement class in *Illinois State Chamber of Commerce v. Filan,* Case No. 04 CH 6750." Requests for exclusion must be postmarked by _____, 2010. If you do not send a request for exclusion by this date you will be included in the Class and bound by the terms of the Consent Decree.

You can object. If you do not exclude yourself from the Class, you may object to the Settlement by filing a written objection with the Clerk of the Circuit Court of Cook County, with copies provided to Class Counsel and counsel for the State Defendants at the addresses provided below. Objections must be postmarked by _____, 2010. Your objection must include your name, address and telephone number; the name and address of your lawyer, if any, who must file an appearance with the Clerk of the Circuit Court of Cook County and provide copies to Class Counsel and counsel for the State Defendants at their respective addresses below; a statement of all objections, including the factual and legal basis for your objection; and a statement whether you intend to appear at the hearing on final approval of the settlement. The Court will not consider any objections that are not mailed by _____, 2010, or that do not contain all of the required information.

Written requests to be excluded and objections must be mailed, via first class U.S. Mail, to Class Counsel and counsel for the State Defendants at the following addresses:

Class Counsel	Counsel for the State Defendants
Larry D. Drury	Thomas A. Ioppolo, Assistant Attorney General
Larry D. Drury Ltd.	Attorney General's Office
205 W. Randolph St., Suite 1430	100 W. Randolph St., 13th Floor
Chicago, IL 60606	Chicago, IL 60601

How to Receive Benefits. Eligible class members may request benefits by submitting a completed claim form, with any supporting documentation, to the Claims Administrator. The claim form may be obtained at http://www.iwcc.il.gov or by requesting one from the Claims Administrator by email to robert.langendorf@gmail.com.

Where to get more information. A copy of the Consent Decree, which includes all the terms of the settlement, and a claim form with instructions on how to submit a claim, can be found on the Illinois Workers' Compensation Commission website, http://www.iwcc.il.gov. The Consent Decree explains in more detail the terms of the settlement. If you have any questions for plaintiff's lawyers, you may write to Class Counsel at the address listed above.

When the final fairness hearing will be held to determine approval of the settlement. The Court will hold a hearing on _____, 2010, at _____ am/pm to consider whether to give final approval to the settlement, Class Counsel's request for attorney's fees and expenses of up to

$350,000, and Gore's request for an incentive fee of $3,000 to reimburse him for the risks he assumed and the value of his time expended on this lawsuit as Class Representative. The hearing will be held in Room 2508 of the Richard J. Daley Center, 50 W. Washington St., Chicago, Illinois.

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You can exclude yourself. If you do not want to be a part of the settlement and you want to file a

separate lawsuit about any of the matters involved in this case, you must exclude yourself from the Class by filing a request for exclusion with the Clerk of the Circuit Court of Cook County, 50 W. Washington St., Room 802, Chicago, IL 60602, with copies provided to Class Counsel and counsel for the State Defendants at the addresses provided below. The request must state your name, address and phone number, along with a signed statement that: "I/We hereby request that I/We be excluded from the proposed Gore Class Action settlement class in *Illinois State Chamber of Commerce v. Filan,* Case No. 04 CH 6750." Requests for exclusion must be postmarked by June 1, 2010. If you do not send a request for exclusion by this date you will be included in the Class and bound by the terms of the Consent Decree.

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