

SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE ("Settlement Agreement") is made and entered into this _____ day of _____ 20____ by and between B____, E____ and L____ M____ ("Plaintiffs") and Barrington School District and Patricia Moore ("Defendants") and New Jersey School Boards Association Insurance Group ("Insurer") for the purpose of settling the claims, controversies and disputes among the aforesaid parties arising out of incidents alleged to have occurred between September, 2003 and April, 2004 described more particularly below.

RECITALS

- A. The Plaintiffs have presented claims against Defendants in the United States District Court for the District of New Jersey under Docket No. 1:05-CV-5377 arising out of incidents which occurred between September, 2003 and April, 2004.
- B. NEW JERSEY SCHOOL BOARDS ASSOCIATION INSURANCE GROUP is the Insurer of the Defendants and as such would be obligated to pay any judgment against the Defendants covered by its policies.
- C. The parties desire to enter into this Settlement Agreement to discharge all claims which are the subject of the Complaint, upon the payment of the settlement amounts, which terms and conditions are set forth herein.

AGREEMENT

The parties hereby agree as follows:

1. RELEASE AND DISCHARGE

In consideration of the payments called for herein, the Plaintiffs hereby completely release and forever discharge the Defendants and the Insurers, and their past, present and future officers, directors, stockholders, attorneys, agents, servants, representatives, employees, subsidiaries, affiliates, partners,

predecessors, and successors in interest, and assigns and all other persons, firms or corporations with whom any of the former have been, are now or may hereafter be affiliated, of and from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, costs, expenses and compensation of any nature whatsoever, whether based on a tort, contract or other theory of recovery, and whether for compensatory or punitive damages, which the Plaintiffs now has, or which may hereafter accrue or otherwise be acquired, on account of, or in any way growing out of, or which are the subject of, the Complaint (and all related pleadings) including, without limitation, any and all known or unknown claims for bodily and personal injuries to Plaintiffs, and the consequences thereof, which have resulted or may result from the alleged negligent acts or omissions of, or breaches of warranty by, the Defendants. This release shall be a fully binding and complete settlement between the Plaintiffs, the Defendants, and the Insurers and all parties represented by or claiming through the Plaintiffs save only the executory provisions of this Settlement Agreement.

2. PAYMENTS

In consideration of the release set forth above, the Insurers, on behalf of the Defendants, hereby agrees to pay the Plaintiffs \$13,413.41 (Thirteen thousand four hundred thirteen dollars and forty-one cents) in the following manner:

- a. The sum of \$3,318.62 immediate cash for the Plaintiffs' attorney fees and case expenses;
- b. The sum of \$1,617.79 immediate cash to L. M. and
- c. The Periodic Payments described more specifically in Addendum No. 1 attached hereto (the "Periodic Payments"), through the purchase of an annuity at a total cost of \$8,477.00.

All sums set forth herein constitute damages on account of emotional distress.

3. FURTHER CONSIDERATION

As further consideration, the defendants and insurer agree that neither they nor their attorney(s) will seek to depose us in the state action, *Richard Morgenroth v. Barrington School District et al.*, currently pending in the Superior Court of New Jersey, Law Division, Camden County, Docket No. CAM-L-5324-05 or

otherwise. It is understood that if requested by you, plaintiffs will be available for interview conducted by defendants' counsel, John Marquess, Esquire, at a reasonable time with reasonable notice to my counsel, Jeffrey P. Fritz, Esquire. It is further understood that I may be called to testify during the trial of such matter, should the matter proceed to trial. This settlement and its terms are to be kept confidential by all parties.

4. RIGHT TO PURCHASE AN ANNUITY

For its own convenience, the Insurers or its Assignee may fund its obligation as described more specifically in Addendum No. 1 attached hereto (the "Periodic Payments") through the purchase of an annuity from ALLSTATE INTERNATIONAL ASSIGNMENTS. The life insurance company, at the direction of the Insurers or its Assignee, shall mail all periodic payments directly to the Plaintiffs described in Addendum No. 1. The Plaintiffs shall be responsible for communicating a current mailing address to the Insurers or its Assignee, and for communicating any changes of mailing address to the Insurers or its Assignee in a reasonable and prompt manner. Any delay in payment due to Plaintiffs failure to so inform the Assignee will result in no penalty to the Defendants or the Insurers for any reason.

5. ATTORNEY FEES

Each party hereto shall bear all attorney fees and costs arising from the actions of its own counsel in connection with the Complaint, Settlement Agreement and all matters and documents referred to herein, except as specifically provided in Paragraph 2a. The attorney fee provided for in Paragraph 2a is being made by the Insurers as part of the settlement on behalf of the Plaintiffs.

6. PAYEE'S BENEFICIARY

Any payments to be made after the death of any Payee pursuant to the terms of the Settlement Agreement shall be made to such person or entity as shall be designated in writing by Plaintiffs to the Insurers or the Insurers' Assignee. If no person or entity is so designated by Plaintiffs, or if the person designated is not living at the time of the Payee's death, such payments shall be made to the Estate of the Payee. No such designation, nor any revocation thereof, shall be effective unless it is in writing and delivered to the Insurers

or the Insurers' Assignee. The designation must be in a form acceptable to the Insurers or the Insurers' Assignee before such payments are made.

7. **GENERAL RELEASE**

Subject to The Recitals, the Plaintiffs hereby acknowledge and agree that the release set forth in Section 1 hereof is a general release and expressly waives and assumes the risk of any and all claims for damages which exist as of this date, but which the Plaintiffs do not know of or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, would materially affect their decision to enter into this Settlement Agreement. The Plaintiffs further agree that they have accepted payment of the sums specified herein as a complete compromise of matters involving disputed issues of law and fact and fully assumes the risk that the facts or the law may be otherwise than believed or understood.

8. **DELIVERY OF DISMISSAL ORDER**

Upon satisfaction and compliance with The Recitals, counsel for the Plaintiffs will deliver to counsel for the Defendants and Insurers an order of dismissal with prejudice of the civil action described in Recital A above, after appropriate review and approval of the Court.

9. **WARRANTY OF CAPACITY TO EXECUTE AGREEMENT**

The Plaintiffs represent and warrant that no other person or entity has or has had any interest in the claims, demands, obligations, or causes of action referred to in this Settlement Agreement; that they have the sole and exclusive right to receive sums specified in it, and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations, or causes of action referred to in this Settlement Agreement.

10. **DISCLAIMER OF LIABILITY**

The Plaintiffs agree and acknowledge that payment of the sums specified in this Settlement Agreement are a full and complete compromise of matters involving disputed issues; that neither payment of the sums by the Defendants and the Insurers nor the negotiations for this settlement (including all statements, admissions or communications) by the Insurers, the Defendants, or its attorneys or representatives shall be considered

admissions by any of said parties and same is hereby expressly denied by all parties; and that no past or present wrongdoing on the part of the Defendants shall be implied by such payment or negotiations.

11. INDEMNITY

Plaintiffs agree to indemnify and save harmless the Defendants and Insurers from any and all claims or liens presently existing against the settlement herein by any person, entity or corporation.

12. ENTIRE AGREEMENT AND SUCCESSORS IN INTEREST

This Settlement Agreement contains the entire agreement between the Plaintiffs, the Defendants, and the Insurers with regard to the matters set forth in it and shall be binding upon and inure to the benefit of the executors, administrators, personal representatives, heirs, successors and assigns of each.

13. CONSTRUCTION BY STATE LAW

This Settlement Agreement is entered into in the State of New Jersey and shall be construed and interpreted in accordance with its laws.

14. REPRESENTATION OF COMPREHENSION OF DOCUMENT

In entering into this Settlement Agreement, B [REDACTED] E [REDACTED] and L [REDACTED] M [REDACTED] represent that they are more than eighteen (18) years of age and have relied upon the advice of personally selected counsel and that the terms of the Settlement Agreement have been completely read and explained and that those terms are fully understood and voluntarily agreed to.

15. ADDITIONAL DOCUMENTS

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

16. PAYEE'S RIGHT TO PAYMENTS

Plaintiffs acknowledge that the Periodic Payments cannot be accelerated, deferred, increased or decreased by the Plaintiffs or any Payee; nor shall the Plaintiffs or any payee have the power to sell, mortgage, encumber or anticipate the Periodic Payments, or any part thereof, by assignment or otherwise.

17. **NONASSIGNMENT BY PLAINTIFFS**

The periodic payments to be received by Plaintiffs as described more specifically in Addendum No. 1 attached hereto ("Periodic Payments") are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge or encumbrance by Plaintiffs.

18. **CONSENT TO QUALIFIED ASSIGNMENT**

Plaintiff acknowledges and agrees that the Insured may enter into a Non-Qualified Assignment with Allstate International Assignments, Ltd. Allstate International Assignments, Ltd. obligation for payment of the periodic payments outlined under the Payments section, above, shall be no greater than that of the Insured (whether by judgment or agreement) immediately preceding the transfer of the periodic payments obligation.

Any such transfer, if made, shall be accepted by the Plaintiff without right of rejection and shall completely release and discharge the Insured from the periodic payments obligation assigned to Allstate International Assignments, Ltd. The Plaintiff recognizes that, in the event of such an assignment, Allstate International Assignments, Ltd. shall be the sole obligor with respect to the periodic payments obligation, and that all other releases with respect to the periodic payments obligation that pertain to the liability of the Insured shall thereupon become final, irrevocable and absolute.

Allstate Life Insurance Company will issue a letter guaranteeing the performance of the obligations assigned to Allstate International Assignments, Ltd., by way of a Qualified Assignment Agreement and for which Allstate International Assignments, Ltd. purchases an annuity from Allstate Life Insurance Company to cover these same obligations.

19. **RIGHT TO ENTER INTO A NON-QUALIFIED ASSIGNMENT**

The Insurer reserves the right to fund the liability to make the periodic payments by entering into a Non-Qualified Assignment with Allstate International Assignments, Ltd. Allstate International Assignments, Ltd. shall be the owner of the annuity policy and shall have all rights of ownership. Allstate International Assignments, Ltd. may direct Allstate Life Insurance Company (the "Annuity Issuer") to remit payments

directly to the Payee and the Payee shall be responsible for maintaining the accuracy of the proper mailing address and evidence of survivorship with the Annuity Issuer.

20. DISCHARGE OF OBLIGATION

The obligation of the Assignee to make each periodic payment shall be discharged upon mailing of a valid check or electronic funds transfer in the amount of such payment on or before the due date to the last address on record for the Payee or Beneficiary with the Annuity Issuer. If the Payee or Beneficiary notifies the Assignee that a check or electronic funds transfer was not received, a replacement check will be issued according to current check re-issue procedures.

21. TAX CONSEQUENCES

It is further understood among the parties that those parties receiving monies hereunder have not relied upon any representations, expressed or implied, made by the Defendants, the Insurers or its attorneys or representatives, as to the possible tax consequences of this agreement and that said parties receiving monies hereunder release the Defendants, the Insurers, and its attorneys and representatives from any and all liability in connection with any such tax consequences.

22. ENTIRE AGREEMENT

This Settlement Agreement contains the entire agreement between the Plaintiffs, Defendants and the Insurers with regard to the matters set forth herein. There are no other understandings or agreements, verbal or otherwise, in relation thereto, between the parties except as herein expressly set forth. This settlement and its terms are to be kept confidential by all parties.

23. EFFECTIVENESS

This Settlement Agreement shall become effective immediately following execution by all of the parties, after having obtained appropriate Court approval.

Executed at _____ this 17th day of December, 2007.



B. E.

[REDACTED]

[Handwritten Signature]

ATTORNEY FOR THE PLAINTIFFS

**NEW JERSEY SCHOOL BOARDS
ASSOCIATION INSURANCE GROUP**

ADDENDUM NO. 1

DESCRIPTION OF PERIODIC PAYMENTS

PAYEE: B [REDACTED] E [REDACTED]
PAYMENT: A SINGLE PAYMENT OF \$10,423.87 PAYABLE 5/24/2013
BENEFICIARY: The Estate of B [REDACTED] E [REDACTED]



Date Prepared: 12/17/2007

Allstate Life Insurance Company

| Description Of Benefits | Guaranteed Benefits | Cost |
|---|---------------------|---------|
| For: BE | | |
| Sex: Male Age: 18 DOB: 05/24/1990 NLE: 57.5 Years | | |
| A guaranteed payment of \$10,423.87 on 05/24/2013. | \$10,424 | \$8,477 |
| Sub Total | \$10,424 | \$8,477 |

IRR

3.92%

TOTAL EXPECTED AND GUARANTEED BENEFITS:

\$10,424

ASSIGNMENT FEE:

TOTAL COST:

Assumed Deposit Date: 01/10/2008
Rate Code: YGLRSVPA2

Quotes are valid for 7 days.
Normal Life Expectancies are taken from the 2002 U.S. Life Tables.



Allstate.
You're in good hands.

STATEMENT OF GUARANTEE

Claimant:

Date:

Allstate Life Insurance Company (Allstate Life), an insurance company domiciled in the State of Illinois, hereby states the following:

Whereas Allstate International Assignment, Ltd. has established certain structured settlement arrangements and assumed third party payment obligations to Claimant through a structured settlement agreement, dated _____, (the "structured settlement agreement") that is intended to be a Nonqualified Assignment, and

Whereas the payments that are to be made to Claimant under the structured settlement agreement are funded by an annuity issued by Allstate Life or Allstate Life of New York, and Allstate Life desires to facilitate such structured settlement arrangements and provide assurance to Claimant that (s)he will receive all payments required to be made by Allstate International Assignment, Ltd. under the terms of the structured settlement agreement.

Now, therefore, Allstate Life guarantees that if Allstate International Assignment, Ltd. shall fail to make any payment to the Claimant or his/her beneficiary(ies) as required under said structured settlement agreement, then Allstate Life shall make such payment(s) in accordance with the terms and conditions of the structured settlement agreement promptly after receipt of written notice from Claimant of Allstate International Assignment, Ltd. default. This Guarantee is not an insurance contract and does not guarantee any obligation under an insurance contract.

All notices to Allstate Life regarding this guarantee must be in writing, identifying the structured agreement parties and the date thereof, and sent to Allstate Life Insurance Company, ATTN: Payout Annuities, 3100 Sanders Road, Northbrook, Illinois 60062 by certified mail, return receipt requested, or by a nationally recognized air courier or delivery service providing receipts for proof of delivery.

Said guarantee is irrevocable as to the above referenced Claimant.

ALLSTATE LIFE INSURANCE COMPANY

**J. Eric Smith
Vice President**

Life Insurer Financial Profile

| | |
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| Company | Allstate Life |
| Ratings | |
| A.M. Best Company (Best's Rating, 15 ratings) | A+ (2) |
| Standard & Poor's (Financial Strength, 20 ratings) | AA (3) |
| Moody's (Financial Strength, 21 ratings) | Aa2 (3) |
| Fitch Ratings (Financial Strength, 24 ratings) | AA (3) |
| Weiss Ratings (Safety Rating, 16 ratings) | A- (3) |
| Comdex (Percentile in Rated Companies) | 95 |
| Assets & Liabilities | |
| Total Admitted Assets | 76,698,470 |
| Total Liabilities | 72,931,790 |
| Separate Accounts | 20,440,300 |
| Total Surplus & AVR | 3,930,371 |
| As % of General Account Assets | 7.0% |
| Invested Asset Distribution & Yield | |
| Total Invested Assets | 54,904,613 |
| Bonds (%) | 83.6% |
| Stocks (%) | 1.6% |
| Mortgages (%) | 11.2% |
| Real Estate (%) | 0.0% |
| Policy Loans (%) | 1.3% |
| Cash & Short-Term (%) | 1.6% |
| Other Invested Assets (%) | 0.8% |
| Net Yield on Mean Invested Assets | |
| 2005 (Industry Average 5.52%) | 5.65% |
| 5 Year Average (Industry Average 6.05%) | 6.22% |
| Non-Performing Assets as % of Surplus & AVR | |
| Bonds In or Near Default | 1.5% |
| Problem Mortgages | 0.0% |
| Real Estate Acquired by Foreclosure | 0.0% |
| Total Non-Performing Assets | 1.5% |
| As a Percent of Invested Assets | 0.1% |
| Bond Quality | |
| Total Value of Bonds | 46,713,685 |
| Class 1-2: Highest Quality | 94.2% |
| Class 3-5: Lower Quality | 5.7% |
| Class 6: In or Near Default | 0.1% |
| Weighted Bond Class | 1.4 |
| Income & Earnings | |
| Total Income | 11,041,756 |
| Net Premiums Written | 7,855,787 |
| Earnings Before Dividends and Taxes | 452,992 |
| Net Operating Earnings | 310,004 |

Data for Year-End 2005 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown are current as of March 01, 2007.