

## **SETTLEMENT AGREEMENT**

This Settlement Agreement is made and entered into by and between Plaintiff Robert Zajac (“Plaintiff” or “Class Representative”) on behalf of himself and the previously certified Class<sup>1</sup> and Defendants Aon Insurance Services (now known as Aon Private Risk Management of California Insurance Agency, Inc.), Aon Risk Services Companies, Inc. and Aon Corporation (jointly referred to as “Defendants”), collectively “the Parties,” and pertains to the action filed in the Superior Court of Los Angeles County, California, captioned: *Francisco Hoyng (Robert Zajac) v. Aon Insurance Services, Aon Risk Services Companies, and Aon Corporation*, No. BC 377184 (hereafter, “the Lawsuit” or “the Action”). This Settlement Agreement is subject to the terms and conditions hereof and the approval of the Court.

### **BACKGROUND AND RECITALS**

1. On or about September 7, 2007, Francisco Hoyng filed the initial Complaint in the Action. Over a year later, Mr. Hoyng was replaced as the putative class representative by Robert Zajac in connection with the filing of a Second Amended Complaint (“the Complaint”). The Complaint alleges five (5) causes of action: (1) Failure to Pay Overtime Compensation in Violation of Section 1194 of the California Labor Code; (2) Failure to Allow and Pay for Meal and Rest Breaks in Violation of California Labor Code Sections 200, 226.7 and 512; (3) Failure to Pay Compensation Upon Discharge in Violation of California Labor Code Sections 201-203;

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<sup>1</sup> For purposes of this Settlement Agreement, the Class consists of the following Class:

All persons who, since September 7, 2003, have been or currently are employed in California by Defendants in the following positions: Account Specialist, Senior Account Specialist, Relationship Specialist, Account Manager, Client Specialist, Client Services Representative, and/or Customer Service Representative.

(4) Failure to Furnish an Accurate Itemized Wage Statement in Violation of California Labor Code Section 226; and (5) Violation of California Business & Professions Code Section 17200. These causes of action are premised on Defendants' alleged misclassification of the members of the Class.

2. Plaintiff's Complaint seeks unpaid wages and overtime compensation, assorted penalties, pre-judgment interest, post-judgment interest, and reasonable attorneys' fees and costs associated with the Action. Plaintiff also seeks injunctive relief.

3. Plaintiff moved for class certification in June, 2009. On May 21, 2010, the Court certified a class consisting of:

All persons who, since September 7, 2003, have been or currently are employed in California by Defendants in the following positions: Account Specialist, Senior Account Specialist, Relationship Specialist, Account Manager, Client Specialist, Client Services Representative, and/or Customer Service Representative.

4. The Parties participated in a mediation with Susan Haldeman of Gregorio, Haldeman, Piazza, Rotman, Frank & Feder on November 17, 2010. Although the mediation session did not lead to a settlement, the Parties, with the assistance of Ms. Haldeman, continued to discuss settlement for several weeks and ultimately agreed to the terms reflected in this Settlement Agreement. At all times, the negotiations leading to this Stipulation of Settlement have been adversarial, non-collusive and at arm's length.

5. For purposes of this Settlement Agreement, the "Settlement Class" consists of all Class Members (as defined in Paragraph 3 above) who fail to opt out of the Settlement, hereinafter "Settlement Class Members." There are approximately 460 Class Members.

6. Defendants deny any liability or wrongdoing of any kind associated with the claims alleged in the Complaint. Defendants contend, among other things, that they have complied at all times with all applicable California laws.

7. Plaintiff believes that he has filed a meritorious action. Plaintiff contends that Defendants violated various California wage and hour laws.

8. It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge all disputes and claims which exist between them arising from the Action or any claim reasonably related to the claims set forth in the Action. In order to achieve a full and complete release of Defendants of such disputes and claims, each Class Member (which includes any legal heirs and/or successors-in-interest of each Class Member), through execution of the Settlement Agreement by the Class Representative, acknowledges that the Settlement Agreement is intended to include in its effect all known and unknown claims arising from the allegations in the Complaint, including all claims set forth in Paragraph 25 of this Settlement Agreement.

9. It is the intention of the Parties that this Settlement Agreement shall constitute a full and complete settlement and release of all claims arising from the factual allegations in the Action, including, without limitation, any and all claims that can lawfully be released arising from said allegations under California law, including claims for attorneys' fees and costs, which release shall include Aon Insurance Services (now known as Aon Private Risk Management of California Insurance Agency, Inc.), Aon Risk Services Companies, Inc., Aon Corporation and their parent companies, present and former affiliates, subsidiaries, shareholders, officers, partners, directors, members, servants, employees, agents, attorneys, insurers, predecessors, representatives, accountants, past, present, and future, successors and assigns, and each and all of their respective officers, partners, directors, members, servants, agents, shareholders, employees, representatives, accountants, insurers, and attorneys, past, present, and future, and all persons acting under, by, through, or in concert with any of them (collectively, the "Releasees").

### **TERMS OF SETTLEMENT**

10. Establishment of Gross Settlement Fund. This Settlement is being made on a non-reversionary basis. Defendants shall pay a total of \$10,500,000 (the "Gross Settlement Fund" or "GSF") plus any employer side payroll taxes and related payroll tax on the portions of the NSF (as defined in Paragraph 11 below) treated as wages to fund the settlement of this action. Payments by Defendants pursuant to this Settlement Agreement shall settle all pending issues

between the Parties raised in the Complaint, including, but not limited to, all payments of class claims, administration costs, liens, attorneys' fees and costs, and enhancement awards. The payments are not being made for any other purpose and will not be construed as compensation for purposes of determining eligibility for any health and welfare benefits or unemployment compensation. In addition, all individuals receiving a payment based on this Settlement shall not be entitled to any additional or increased health, welfare or retirement benefits as a result of their participation in the Settlement.

11. Calculation of Net Settlement Fund. The Net Settlement Fund ("NSF") will constitute the total sum from which Settlement Class Members will be paid. It shall be comprised of the Gross Settlement Fund, less Court-approved attorneys' fees and costs, costs of administration relating to this settlement, and enhancement award to Plaintiff, as described below. The NSF will be used to calculate the settlement share that each Settlement Class Member who does not request exclusion from the Settlement will receive if this Settlement becomes effective as defined in Paragraph 12, below.

12. Effective Date: The Settlement embodied in this Settlement Agreement shall become effective when all of the following events have occurred: (i) this Settlement Agreement has been executed by all Parties and by counsel for the Parties; (ii) the Court has given preliminary approval to the Settlement; (iii) notice has been given to the Class Members, providing them with an opportunity to exclude themselves from, or object to, the Settlement; (iv) the Court has held a formal fairness hearing and entered a final order and judgment, dismissing this case with prejudice, and approving this Stipulation of Settlement. The effective date of the Settlement ("Effective Date") shall be: (1) the date of entry of final approval of the Settlement if no objections are filed to the Settlement, or if all objections are withdrawn prior to the Court ruling on them; (2) sixty-five (65) days after the entry of final approval of the Settlement if objections are filed and overruled, and no appeal is taken of the final approval order; or (3) if a timely appeal is made, twenty (20) days after the date of the final resolution of that appeal and

any subsequent appeals resulting in final judicial approval of the Settlement. No money will be distributed unless and until the Effective Date occurs. If the Court fails to approve the Settlement, or if any appellate court fails to approve the Settlement, resulting in a failure to reach the Effective Date: (1) the Settlement Agreement shall have no force and effect, and no Party shall be bound by any of its terms; (2) Defendants shall have no obligation to make any payments to the Settlement Class Members or Plaintiff's Counsel; (3) any preliminary approval order, final approval order or judgment, shall be vacated; and (4) the Settlement Agreement and all negotiations, statements and proceedings and data relating thereto shall be protected by California Evidence Code Sections 1152 and 1154 and shall be without prejudice to the rights of any of the Parties, all of whom shall be restored to their respective positions in the action prior to the Settlement.

13. Attorneys' Fees and Costs: Class Counsel shall apply to the Court for an award of attorneys' fees and costs and expenses incurred in connection with the prosecution of this matter, and all of the work remaining to be performed by Class Counsel in documenting the Settlement, securing Court approval of the Settlement, making sure that the Settlement is fairly administered and implemented, and obtaining dismissal of the action. In consideration for settling this matter and in exchange for the release of all claims by the Settlement Class Members, and subject to final approval by the Court, Defendants will not object to an award of attorneys' fees in an amount not to exceed one third (1/3) of the Gross Settlement Fund, nor will they object to a request for reimbursement of reasonable costs and expenses. Should the Court approve a lesser percentage or amount of fees and costs, the unapproved portion shall be added to the NSF and distributed proportionately to the Settlement Class Members.

14. Enhancement Award: Subject to approval by the Court, Defendants will not object to Plaintiff receiving an enhancement award not to exceed fifty thousand dollars (\$50,000) in consideration for serving as Class Representative. The enhancement award is in

addition to the claim share to which Plaintiff is entitled along with other Settlement Class Members.

15. Costs of Administration: Subject to Court approval, Epiq Systems, Inc. shall act as the Settlement Administrator in this action. Epiq Systems, Inc. has agreed to perform all necessary class administration duties for a fee estimated not to exceed \$40,000. This administration duty shall include without limitation, mailing a Court approved Notice of Class Action Settlement (“Class Notice”), performing necessary skip traces on Class Notices returned as undeliverable, calculating Class Members’ shares of the NSF, preparing and mailing of settlement checks, calculating Defendants’ tax obligations in connection with the payments to Settlement Class Members, preparing the appropriate tax forms in connection with the settlement payments and remitting those forms to the appropriate governmental agencies. All class administration fees will be paid out of the Gross Settlement Fund.

16. No Claim Form Required: Settlement Class Members shall share in the NSF as set forth in Paragraph 17 hereafter. Class Members shall not be required to complete a claim form. Class Members shall receive a Class Notice.

17. Calculation of Class Members’ Shares of the Net Settlement Fund: Each Settlement Class Member’s share of the NSF shall be calculated by multiplying the NSF by a fraction, the numerator of which is the result of multiplying a Class Member’s number of work weeks during the class period by the Class Member’s average salary during that time, and the denominator of which is the result of multiplying the total of all Class Members’ work weeks during the class period by the average of all Class Members’ salary during the class period. Workweeks shall be calculated from Defendants’ records, with Class Members given credit for each week they were employed as a full time employee by Defendants during the class period in a position included in the Class Definition as set forth in Paragraph 3 above.

a. Opt Outs/Requests for Exclusion: The Class Notice sent to all Class Members will include the right of each individual Class Member to exclude themselves

from the proposed Settlement. Any Class Member who wishes to opt out of the Settlement must submit a written request for exclusion (“Request for Exclusion”) from the Settlement within 30 calendar days from the date that the Class Notice is mailed to the Class Member. The Request for Exclusion must contain the full name, current home (or mailing) address, and last four digits of the Social Security number of the person requesting exclusion, and it must include the statement “I wish to be excluded from the Settlement of the case entitled *Hoyng v. Aon Insurance Services, et al.*, Case No. BC377184.” The Request for Exclusion must be signed by the person requesting exclusion, must be returned by mail to the Settlement Administrator at the specified address set forth on the Class Notice, and must be postmarked on or before the deadline set forth on the Class Notice. Class Members must supply their own postage when mailing a request for exclusion from the Settlement to the Settlement Administrator. The date of the postmark on the return mailing envelope shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. In the event of any dispute concerning whether a Class Member has timely and properly opted out of the Settlement, counsel for the Parties shall meet and confer in good faith to resolve such dispute. The Settlement Administrator shall send a copy of all opt-out letters to all counsel, but shall redact the addresses and social security numbers from the letters prior to forwarding them. Defendants shall have the right to elect to withdraw from the Settlement if more than 7% of the Class Members submit timely written requests for exclusion from the Settlement. None of the Parties shall take any action to encourage or persuade any Class Member to opt out of the Settlement.

- b. Challenges to Calculations: A Settlement Class Member may dispute the amount of his or her settlement payment, and the data used to calculate the settlement

payment, by timely sending a written notice to the Settlement Administrator informing the Settlement Administrator of the nature of the dispute and providing any records or documentation supporting the Settlement Class Member's position. In response to such a dispute, Defendants will first verify the information contained in the Settlement Class Members' personnel file and Defendants' payroll records. Class Counsel and Defendants' Counsel will then make a good faith effort to resolve the dispute informally. If counsel for the parties cannot agree, the dispute shall be resolved by the Settlement Administrator, who shall examine the records provided by the Defendants and the Settlement Class Member. The Settlement Administrator's determination regarding any such dispute shall be final. A dispute regarding the settlement payment or the underlying data used to calculate the settlement payment shall be considered timely if raised by the Settlement Class Member within thirty (30) days of Class Notice being mailed.

18. Funding of Settlement: Within fifteen (15) business days after the Effective Date, as defined in Paragraph 12 above, Defendants will deposit the Gross Settlement Fund into an interest-bearing account created by the Settlement Administrator and the money deposited shall be used specifically for the purpose of administering this Settlement. Any interest accrued on this account will be distributed to Settlement Class Members.

19. Payment Procedures: Within ten (10) business days after Defendants' deposit of funds into the account created by the Settlement Administrator, the Settlement Administrator shall resolve all disputes as to the settlement payment owed to each Settlement Class Member (as provided in Paragraph 17b, above). Within ten calendar days thereafter, the Settlement Administrator shall pay all Settlement Class Members' claims, Court-approved attorney's fees, costs, and enhancement payments.

In the event that an individual not previously disclosed as a Class Member on the Class Data List provided to the Settlement Administrator (a “Non-Disclosed Potential Class Member”) asserts his/her right to membership in the Class and seeks recovery under this Settlement Agreement, the Settlement Administrator shall provide all counsel with the evidence (as described below) provided by the Non-Disclosed Potential Class Member. To be eligible for recovery under this Settlement Agreement, each Non-Disclosed Potential Class Member must provide acceptable proof (documentation or declaration(s)) to the Settlement Administrator supporting his/her request for inclusion in the Class, including specifically evidence establishing that he/she held, during the class period, one of the job titles falling within the class definition set forth in Paragraph 3 of this Settlement Agreement.

If Defendants agree that a Non-Disclosed Potential Class Member should be treated as a Class Member, the Settlement Administrator will issue his/her settlement payment from the NSF to the extent that the number of later added individuals does not exceed seven percent (7%) of the original number of Class Members on the Class Data List and to the extent that those individuals seek to recover from the Settlement prior to the distribution of funds by the Settlement Administrator. These later added individuals will receive settlement payments based on the amounts calculated for all Settlement Class Members. For Non-Disclosed Potential Class Members in excess of 7% of the original number of Class Members on the Class Data List who seek inclusion in the Settlement Class or who seek inclusion in the Settlement Class after the initial funds have been distributed, and who are ultimately determined to be Class Members, Defendants will add to the NSF an amount to cover these remaining individuals’ settlement payments and will also pay the employer’s share of the government payroll obligations for the portion of the settlement payments allocated as wages. To determine the amount of the settlement payment for any Non-Disclosed Potential Class Member who becomes a Settlement Class Member, the Settlement Administrator will find the closest analogous Settlement Class Member (i.e., an individual with similar length of employment, and average salary).

If Defendants disagree with Class Counsel that any Non-Disclosed Potential Class Member is, in fact, a Class Member, the Parties agree that Susan Haldeman will resolve the issue based solely upon written submissions by each Party. Ms. Haldeman's determination will be binding on the Parties and her fees for such determination will be paid by the Party whose position is ultimately unsuccessful. If Ms. Haldeman determines that a Non-Disclosed Potential Class Member is not a Class Member or, if both Class Counsel and Defendants jointly agree that the Non-Disclosed Potential Class Member is not a Class Member, the Settlement Administrator is authorized to notify the Non-Disclosed Potential Class Member that his/her request for inclusion in the Class has been rejected. If the Non-Disclosed Potential Class Member is either agreed, or determined, to be a Class Member, the Settlement Administrator will pay the individual his/her settlement payment within ten (10) calendar days.

20. Tax Treatment of Settlement Payments: The settlement payments to Settlement Class Members will be allocated as fifty percent (50%) wages and fifty percent (50%) interest and penalties (non-wages). No part of the payments to Settlement Class Members shall be subject to 401(k) or pension withholdings, nor shall Defendants have any obligation to make any contribution to a 401K or pension plan in connection with any settlement payments.

The payroll deductions for the wage portion of the settlement payments will be calculated by the Settlement Administrator, subtracted from the settlement payments, and paid to the appropriate government agencies. Defendants shall be responsible for paying the employer's share of the government payroll obligations. The Settlement Administrator will calculate the amount of such payroll obligations owed by Defendants for each Settlement Class Member and relay that information to Defendants.

The Settlement Administrator will then prepare a Form W-2 and Form 1099 for each Settlement Class Member, reflecting each Settlement Class Member's wage income and non-wage income, respectively. The Settlement Administrator will be responsible for preparing these

forms correctly. Settlement Class Members will be responsible for correctly characterizing the compensation that they receive pursuant to the Form 1099 and for payment of any taxes owing on said amount.

21. Tax Treatment of Class Representative Enhancement Award: Plaintiff Robert Zajac will receive an IRS Form 1099 for his individual enhancement award prepared by the Settlement Administrator, and will be responsible for correctly characterizing this additional compensation for tax purposes and for payment of any taxes owing on said amount.

22. Un-cashed Settlement Checks: If any Settlement Class Member fails to cash his/her award check within one hundred twenty (120) calendar days of its mailing by the Settlement Administrator, and the State of California does not require that such unclaimed funds escheat to the State of California, the Settlement Administrator shall promptly pay the residual funds to the Foundation of the State Bar of California.

### **NOTICE TO THE CLASS**

23. The Parties agree that within fifteen (15) business days after preliminary approval of this Settlement Agreement by the Court, Defendants will provide the Settlement Administrator the following information about each Class Member in an electronic format: (1) name; (2) last known home address and telephone number; (3) Social Security Number; (4) dates of employment during the class period in covered positions for each Class Member (excluding any periods of time that the Class Member was out on an unpaid leave of absence); and (5) salary history during the period of time that the Class Member held a covered job position, hereinafter collectively referred to as the "Class Data List." The Settlement Administrator will perform address updates and verifications as necessary prior to the first mailing.

24. Within fourteen (14) business days of its receipt of the Class Data List, the Settlement Administrator will send Class Members, by first-class mail, at their last known

address, the court-approved Class Notice in the form attached hereto as Exhibit “A” and the individualized Notice of Anticipated Settlement Share, in the form attached hereto as Exhibit “B,” which will provide a calculation of Class Member’s estimated payment (assuming all requests for attorney’s fees, costs and enhancements are awarded in full).

**RELEASE BY THE CLASS**

25. Upon final approval by the Court, each Class Member who has not submitted a timely and valid Request for Exclusion will release Aon Corporation, Aon Insurance Services (now known as Aon Private Risk Management of California Insurance Agency, Inc.), Aon Risk Services Companies, Inc., and all of their present and former affiliates, parent companies, subsidiaries, shareholders, officers, partners, directors, members, servants, employees, agents, attorneys, insurers, predecessors, representatives, accountants, past, present, and future, successors and assigns, and each and all of their respective officers, partners, directors, members, servants, agents, shareholders, employees, representatives, accountants, insurers, and attorneys, past, present, and future, and all persons acting under, by, through, or in concert with any of them, from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys’ fees, damages, action or causes of action contingent or accrued for, which arise from the factual allegations and claims asserted in the Action including, without limitation, any and all claims for alleged wage and hour violations under California law including claims under the California Labor Code (including Sections 200-203, 226, 226.7, 512 and 1194) or Business & Professions Code (including Section 17200), claims for restitution and other equitable relief, liquidated damages, punitive damages, waiting time penalties, penalties of any nature whatsoever, or any other benefit claimed on account of the allegations asserted in the Action arising on or before the date of preliminary approval of the Settlement in this Action.

## **DUTIES OF THE PARTIES PRIOR TO COURT APPROVAL**

26. The Parties shall promptly seek the Court's approval of this Settlement. Promptly upon execution of this Agreement, the Parties shall apply to the Court for the entry of a preliminary order which would accomplish the following:

a. Schedule a final fairness hearing on the question of whether the settlement, including payment of attorneys' fees and costs, and the Class Representative's enhancement award, should be finally approved as fair, reasonable, and adequate as to the Class Members;

b. Approving, as to form and content, the proposed Class Notice;

c. Approving, as to form and content, the Notice of Anticipated Settlement Share;

d. Directing the mailing of the Class Notice by first class mail to the Class Members;

e. Preliminarily approving the settlement subject only to the objections of Class Members and final review by the Court;

f. Preliminarily approving Epiq Systems, Inc. as the Settlement Administrator and approving payment of the charges of the Settlement Administrator in an amount not expected to exceed \$40,000;

g. Preliminarily approving Class Counsel's request for attorneys' fees and litigation expenses and costs subject to final review of the Court; and

h. Preliminarily approving Class Counsel's request that Plaintiff receive an enhancement award in the amount of \$50,000.

## **DUTIES OF THE PARTIES FOLLOWING FINAL APPROVAL**

27. Following final approval of the Settlement provided for in this Settlement Agreement, Class Counsel will submit a proposed final order and Judgment:

- a. Approving the Settlement, adjudging the terms thereof to be fair, reasonable, and adequate, and directing consummation of its terms and provisions;
- b. Approving Class Counsel's application for an award of attorneys' fees and reimbursement of costs;
- c. Approving the Plaintiff's enhancement award;
- d. Barring all Settlement Class Members from prosecuting against Defendants and the Releasees, any individual or class claims that were asserted in this action, including without limitation any claims arising out of the acts, facts, transactions, occurrences, representations, or omissions set forth in this action through the date of preliminary approval of this Settlement, upon satisfaction of all payments and obligations hereunder; and
- e. Dismissing this Action on the merits and with prejudice.

## **PARTIES' AUTHORITY**

28. The signatories hereto hereby represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties hereto to the terms and conditions hereof.

## **MUTUAL FULL COOPERATION**

29. The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Settlement Agreement. The Parties shall use their best efforts, including all efforts contemplated by this Settlement Agreement and any other efforts that may become necessary by order of the Court, or

otherwise, to effectuate this Settlement Agreement and the terms set forth herein. As soon as practicable after execution of this Settlement Agreement, Class Counsel shall, with the assistance and cooperation of Defendants and their counsel, take all necessary steps to secure the Court's final approval of this Settlement Agreement.

### **NO PRIOR ASSIGNMENTS**

30. The Parties hereto represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action, or rights herein released and discharged except as set forth herein.

### **NO ADMISSION**

31. Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendants. Defendants specifically deny any liability. Each of the Parties hereto has entered into this Settlement Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience and expenses.

### **CONSTRUCTION**

32. The Parties hereto agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arms-length negotiations between the Parties. The Parties further agree that this Settlement Agreement shall not be construed in favor of, or against, any party by reason of the extent to which any party or his, or its counsel participated in the drafting of this Settlement Agreement.

### **CAPTIONS AND INTERPRETATIONS**

33. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this

Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.

### **MODIFICATION**

34. This Settlement Agreement may not be changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties hereto.

### **INTEGRATION CLAUSE**

35. This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

### **BINDING ON ASSIGNS**

36. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

### **CLASS COUNSEL SIGNATORIES**

37. It is agreed that because of the large number of Class Members, it is impossible or impractical to have each Class Member execute this Settlement Agreement. The Class Notice, Exhibit "A," will advise all Class Members of the binding nature of the release and such shall have the same force and effect as if this Settlement Agreement were executed by each Class Member.

**COUNTERPARTS**

38. This Settlement Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to all Parties.

DATED: 2/1, 2011

  
Robert Zajac – Plaintiff and Class Representative

DATED: \_\_\_\_\_, 2011

AON PRIVATE RISK MANAGEMENT OF CALIFORNIA INSURANCE AGENCY, INC. (FORMERLY KNOWN AS AON INSURANCE SERVICES)

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

DATED: \_\_\_\_\_, 2011

AON RISK SERVICES COMPANIES, INC.

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

DATED: \_\_\_\_\_, 2011

AON CORPORATION

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

APPROVED AS TO FORM AND CONTENT

MARLIN & SALTZMAN, LLP

DLA PIPER LLP (US)

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

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

Louis M. Marlin  
Attorneys for Plaintiff and the Class

Shand S. Stephens  
Attorneys for Defendants

SETTLEMENT AGREEMENT

**COUNTERPARTS**

38. This Settlement Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to all Parties.

DATED: \_\_\_\_\_, 2011

\_\_\_\_\_  
Robert Zajac – Plaintiff and Class Representative

DATED: 1/31, 2011

AON PRIVATE RISK MANAGEMENT OF CALIFORNIA INSURANCE AGENCY, INC. (FORMERLY KNOWN AS AON INSURANCE SERVICES)

By: Jennifer L. Kraft

DATED: 1/31, 2011

AON RISK SERVICES COMPANIES, INC.

By: Jennifer L. Kraft

DATED: 1/31, 2011

AON CORPORATION

By: Jennifer L. Kraft

APPROVED AS TO FORM AND CONTENT

MARLIN & SALTZMAN, LLP

DLA PIPER LLP (US)

By: \_\_\_\_\_  
Louis M. Marlin  
Attorneys for Plaintiff and the Class

By: Shand S. Stephens / ESB  
Shand S. Stephens  
Attorneys for Defendants

**SETTLEMENT AGREEMENT**

*Hoyng v. Aon Insurance Services, Aon Risk Services Companies, and Aon Corporation*

*Francisco Hoyng (Robert Zajac) v.  
Aon Insurance Services, Aon Risk Services Companies, and Aon Corporation,  
(Los Angeles County Superior Court No. BC 377184)*

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT**

*A court authorized this notice. This is not a solicitation.  
This is not a lawsuit against you and you are not being sued.  
However, your legal rights are affected whether you act or not.*

**If you were, or are currently, employed by AON in California between September 7, 2003 and [insert date of preliminary approval] as an Account Specialist, Senior Account Specialist, Relationship Specialist, Account Manager, Client Specialist, Client Services Representative, and/or Customer Service Representative, then you may be eligible to recover money under the terms of a proposed class action settlement.**

***PLEASE READ THIS NOTICE CAREFULLY  
AS IT SETS FORTH YOUR RIGHTS AND OPTIONS FOR YOU TO CONSIDER.***

**WHAT THIS NOTICE CONTAINS**

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## I. What is the purpose of this Notice?

The purpose of this Notice is to let you know that there is a class action lawsuit pending in the Los Angeles County Superior Court, and you are a member of the certified class (“the Class”) in that lawsuit. The lawsuit is a class action filed against Aon Insurance Services (now known as Aon Private Risk Management of California Insurance Agency, Inc.), Aon Risk Services Companies, Inc. and Aon Corporation (“AON” or “Defendants”), concerning individuals employed by AON in California in one or more of the following positions between September 7, 2003 and [date of preliminary approval]: Account Specialist, Senior Account Specialist, Relationship Specialist, Account Manager, Client Specialist, Client Services Representative, and/or Customer Service Representative.

The case was filed by Plaintiff Francisco Hoyng (who was eventually replaced as the plaintiff by Robert Zajac) against AON (Los Angeles County Superior Court No. BC 377184). The lawsuit alleges that AON has misclassified as exempt from the overtime and meal and rest break requirements, employees holding the job titles set forth above and thus failed to pay these employees overtime compensation and to provide rest and break periods as required by law.

AON denied and continues to deny Plaintiff’s claims and contends that the members of the class were properly classified as exempt employees and were paid properly at all times.

The Parties to the lawsuit have agreed to settle this matter as the result of arm’s length negotiations. Both sides agree that, in light of the risks and expenses associated with continued litigation, this Settlement is fair and appropriate under the circumstances. Please be advised that the Los Angeles County Superior Court has not ruled on the merits of Plaintiff’s claims or AON’s defenses.

On \_\_\_\_\_, 2011, the Court held a hearing in which it approved the Parties’ Motion for a Court Order:

- 1.) Granting preliminary Court approval of the proposed settlement;
- 2.) Granting Court approval of this Notice, including the schedule and procedure for exclusion set forth herein; and
- 3.) Scheduling a Final Fairness Determination Hearing for final Court approval of the proposed Settlement.

## II. Why does Plaintiff seek approval of the Settlement?

Plaintiff seeks approval of the Settlement because the Plaintiff and Class Counsel believe the Settlement to be fair, reasonable, adequate, and in the best interests of the members of the Class and all Parties.

## III. What is the Defendants’ Position on the Settlement?

Defendants view this Settlement as a compromise. They are not admitting to the allegations in the lawsuit. Defendants deny that any of their practices at issue in this lawsuit were, or are, unlawful.

#### IV. Why did I get this Notice?

You received this Notice because AON's records identify you as a member of the Class, which means that you are, or were, employed by AON in California in one or more of the following positions between September 7, 2003 and [date of preliminary approval]: Account Specialist, Senior Account Specialist, Relationship Specialist, Account Manager, Client Specialist, Client Services Representative, and/or Customer Service Representative.

#### V. Who are the Parties in this Class Action?

The lawsuit was brought against Aon Insurance Services (now known as Aon Private Risk Management of California Insurance Agency, Inc.), Aon Risk Services Companies, Inc., and Aon Corporation who are the Defendants. Plaintiff, Francisco Hoyng (later replaced by Robert Zajac), is a former employee of AON who brought the action on behalf of himself and on behalf of all similarly situated current and former AON employees.

#### VI. Who are the Attorneys for Parties?

##### **Counsel for the Class**

Louis M. Marlin  
Kristen Marquis Fritz  
**MARLIN & SALTZMAN, LLP**  
3200 El Camino Real, Suite 100  
Irvine, CA 92602  
Telephone: (714) 669-4900/Fax: (714) 669-4750

##### **Counsel for Defendants**

Shand S. Stephens  
Eric S. Beane  
**DLA PIPER LLP (US)**  
153 Townsend, Eighth Floor  
San Francisco, California 94107-1957  
Phone: (415) 836-2500/Fax:(415) 836-2501

#### VII. What is the Proposed Settlement?

The proposed settlement is as follows:

Defendants agreed to pay a total of \$10,500,000 to the approximately [xxx] Class Members. This sum includes payment of expenses and fees of the Settlement Administrator which is anticipated to be no more than \$40,000, an enhancement award of \$50,000 to the class representative (Robert Zajac) for his efforts in the litigation, attorneys' fees of up to one-third of the Settlement Amount, and costs expended by Class Counsel as approved by the Court. The entire sum of \$10,500,000 will be paid by Defendants.

The following is a summary of the Settlement provisions. The specific and complete terms of the proposed Settlement are stated in the Settlement Agreement, a copy of which is filed with the Clerk of the Court. You may obtain a copy of the Settlement Agreement at [www.AonCaliforniaSettlement.com](http://www.AonCaliforniaSettlement.com).

**Settlement Payment.** AON has agreed to pay all settlement funds through the Settlement Administrator in accordance with the terms of the Settlement Agreement, after the Effective Date of the Settlement, as defined in the Settlement Agreement. Settlement payments to Class Members who do not opt-out of the Settlement will be distributed approximately 30 days after the effective date of the Settlement.

After the deduction of the Court-approved expenses, fees, costs and enhancement awards from the gross settlement amount, the remaining sum (“Net Settlement Fund”) will be available to pay all Class Members who do not exclude themselves from the Settlement their allocated shares of the Net Settlement Fund.

Each Class Member’s allocation of the Net Settlement Fund will be determined by multiplying the Net Settlement Fund by a fraction, the numerator of which is the result of multiplying a class member’s number of work weeks during the class period by the class member’s average salary during that time, and the denominator of which is the result of multiplying the total of all class members’ work weeks during the class period by the average of all class members’ salary during the class period. Workweeks shall be calculated from Defendants’ records, with class members given credit for each week they were employed by Defendants full time, in one of the class positions, during the class period.

#### VIII. What are my rights with regard to this matter?

You have **three** options. Each option has its own consequences, which you should understand before making your decision. Your rights regarding each option, and the procedure you must follow to select each option, follow.

A. Option One. Participate in the Settlement as a Class Member, which requires you to **do nothing** at this time.

If you are a Class Member, and you do not exclude yourself from the Class, the Settlement Administrator will send you a check at a later date assuming that the Court grants final approval of the Settlement and the Settlement becomes effective. Note, however, that you will thereafter be bound by the Settlement and be barred from separately pursuing the claims released by the Settlement.

B. Option Two. You Can Exclude Yourself (“opt out”) from the Settlement.

If you do not wish to participate in or be bound by the Settlement, you must notify the Settlement Administrator in writing of your wish to do so (“Request for Exclusion”). The Request for Exclusion must contain your full name, current home (or mailing) address, and last four digits of your Social Security number, and must include the statement “I wish to be excluded from the Settlement of the case entitled *Hoyng v. Aon Insurance Services, et al.*, Case No. BC377184.” The Request for Exclusion must be signed and dated and returned by mail to the Settlement Administrator, Epiq Systems, Inc., at the address provided below. **In order to be valid, your request to be excluded from the settlement must be post-marked on or before \_\_\_\_\_, 2011.**

If you submit a timely and valid Request for Exclusion, you will neither receive any money from the Settlement, nor will you be considered to have released your claims alleged in the class action. If you request exclusion from the Settlement, you may not pursue any recovery under the Settlement. You may, however, pursue other remedies separate and apart from the Class Action Settlement that may be available to you.

If you want money from the Settlement, do not submit a Request for Exclusion.

C. Option Three. You May Object to the Settlement.

If you are a Class Member, and you do not exclude yourself from the Settlement (opt out), you may nonetheless object to the Settlement before final approval of the settlement by the Court. If you choose to object to the Settlement, you may enter an appearance by representing yourself, or through an attorney that you hire and pay for yourself.

To object to the Settlement, or any portion of it, you must file your objection with the Court (and serve the attorneys for the Class and for the Defendants) on or before \_\_\_\_\_, **2011** in order for it to be considered. If the Court approves the Settlement despite any objections, you will receive your share of the Settlement proceeds and will be bound by the Release (as discussed below).

IX. How much money will I receive if I do not request to be excluded and the Settlement is approved?

As mentioned above, AON has agreed to pay a gross settlement amount of \$10,500,000 in consideration for this Settlement and a release of all claims asserted in the lawsuit by the Class. To determine your anticipated share of that settlement fund, please review the Notice of Anticipated Settlement Share which has been provided along with this Notice.

X. Release

Upon final approval by the Court, each Class Member who has not submitted a timely and valid Request for Exclusion form will release Aon Corporation, Aon Insurance Services (now known as Aon Private Risk Management of California Insurance Agency, Inc.), Aon Risk Services Companies, Inc., and all of their present and former affiliates, parent companies, subsidiaries, shareholders, officers, partners, directors, members, servants, employees, agents, attorneys, insurers, predecessors, representatives, accountants, past, present, and future, successors and assigns, and each and all of their respective officers, partners, directors, members, servants, agents, shareholders, employees, representatives, accountants, insurers, and attorneys, past, present, and future, and all persons acting under, by, through, or in concert with any of them, from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, action or causes of action contingent or accrued for, which arise from the factual allegations and claims asserted in the Action including, without limitation, any and all claims for alleged wage and hour violations under California law including claims under the California Labor Code (including Sections 200-203, 226, 226.7, 512 and 1194) or Business &

Professions Code (including Section 17200), claims for restitution and other equitable relief, liquidated damages, punitive damages, waiting time penalties, penalties of any nature whatsoever, or any other benefit claimed on account of the allegations asserted in the lawsuit arising on or before **[insert date of preliminary approval]**.

XI. Additional important information.

You will get your share of the Settlement only if the Settlement Administrator has your correct information. It is your responsibility to **ensure that the Settlement Administrator has this information**. It also is your responsibility to **keep a current address on file** with the Settlement Administrator to ensure that you receive your settlement payment should the Court order final approval of the Settlement.

XII. Who can I contact if I have further questions?

The court-appointed Settlement Administrator for this Class Action Settlement is as follows:

*Francisco Hoyng (Robert Zajac) v.  
Aon Insurance Services, Aon Risk Services Companies, and Aon Corporation,*

[SETTLEMENT ADMINISTRATOR]

[ADDRESS]

[TELEPHONE NUMBER]

[FACSIMILE NUMBER]

If you have questions, you may call the Settlement Administrator, toll free, at [TELEPHONE NUMBER]. Ask about the *AON* Class Settlement.

You may also call Class Counsel listed in Section VI above. They can be reached as follows:

**Louis Marlin at Marlin & Saltzman, LLP            (714) 669 - 4900**

*Francisco Hoyng (Robert Zajac) v.  
Aon Insurance Services, Aon Risk Services Companies and Aon Corporation  
(Los Angeles County Superior Court No. BC 377184)*

**NOTICE OF ANTICIPATED SETTLEMENT SHARE**

**\*\*\*PLEASE REVIEW THIS NOTICE CAREFULLY\*\*\***

**To estimate the amount of your share of the Net Settlement Fund, multiply the total number of weeks you worked during the class period (set out on the next page) by your average annual salary (set out on the next page) by \*\*\***

[Work Weeks] x [Average Salary] x \*\*\* = YOUR estimated anticipated settlement share

**By way of example only:**

If, during the class period, your total number of work weeks was 200 and your average salary was \$35,000/yr., then your estimated net settlement share = 200 x \$35,000 x \*\*\* = \$ [xx]

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**YOU DO NOT NEED TO RESPOND TO THIS NOTICE IN ORDER TO RECEIVE YOUR SHARE OF THIS SETTLEMENT IN THE EVENT THAT THE SETTLEMENT IS APPROVED BY THE COURT IF:**

**YOU DO NOT ELECT TO OPT OUT OF THIS SETTLEMENT**

**AND**

**THE INFORMATION PROVIDED ON THIS FORM IS ACCURATE**

**YOU MUST RETURN THIS FORM IF:**

**YOUR PERSONAL INFORMATION BELOW IS INCORRECT**

**OR**

**YOU DISAGREE WITH THE  
EMPLOYMENT AND/OR SALARY HISTORY BELOW**

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1. **PERSONAL INFORMATION:**

[CURRENT INFORMATION]

[CORRECTED INFORMATION]

[Name]

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

[Name while employed]

Name while employed: \_\_\_\_\_

[Address]

Address: \_\_\_\_\_

[Address]

\_\_\_\_\_

[Home Telephone]

Home Tel: \_\_\_\_\_

[Other Telephone]

Other Tel: \_\_\_\_\_

If any of the information above is *incorrect*,

**YOU MUST provide the correct information in the space provided.**

2. **EMPLOYMENT WITH Aon**

**Section A: Aon's Records indicate that you are a Class Member:**

AON's records indicate that, at some point in time between September 7, 2003 and **[insert date of preliminary approval]**, you were employed by AON in California in one or more of the following positions: Account Specialist, Senior Account Specialist, Relationship Specialist, Account Manager, Client Specialist, Client Services Representative, and/or Customer Service Representative.

The Settlement allocates a proportional amount of the Net Settlement Fund (as defined in the accompanying Class Notice) to each Class Member. This amount is based on the number of weeks that you worked in a class position during the class period and your average salary during that time period.

**AON's records reflect that:**

- you worked \_\_\_ work weeks during the class period in one or more of the listed positions, and
- your average salary during the class period was \$\_\_\_\_\_/year.

**IF YOU AGREE WITH THE INFORMATION STATED ABOVE, YOU NEED NOT DO ANYTHING FURTHER, UNLESS YOU NEED TO CORRECT YOUR PERSONAL IDENTIFICATION INFORMATION IN SECTION 1 OF THIS NOTICE**

**Section B: Information Provided by Class Member.**

Complete this section **ONLY IF** you believe that the information set forth in Section A, above, is not accurate.

Corrected information:

<u>Category</u>	<u>Corrected Information</u>
1. Weeks worked in a class position at AON between September 7, 2003 and [DATE]	
2. Average salary between September 7, 2003 and [DATE]	

**When you return this Form to the Settlement Administrator, you *MUST* also send documentation that supports or relates to the information that you provide in this Section B.**

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REMEMBER THAT YOU *ONLY* NEED TO SIGN AND RETURN THIS ENTIRE FORM *IF* ANY OF THE INFORMATION CONTAINED IN IT IS INCORRECT.

IF YOU NEED TO RETURN THIS FORM, YOU MUST DO SO ON OR BEFORE \_\_\_\_\_, 2011. YOU MAY MAIL OR FAX THE FORM TO:

*Francisco Hoyng vs. Aon Insurance Services, et.al.*

[SETTLEMENT ADMINISTRATOR],

[ADDRESS],

[FAX TELEPHONE NUMBER]

**Your share of the settlement will be mailed to you at the address provided if the Court grants final approval of the settlement. *It is your responsibility to keep a current address on file with the Settlement Administrator to ensure receipt of your share of the settlement.***

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Last 4 Digits of Soc. Sec. # \_\_\_\_\_