

Exhibit A

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

JOSE C. DEHOYOS,)	
EVA PEREZ-DEHOYOS,)	
GEORGIA HARRISON,)	
CHARLES WHITE,)	
SHERYL H. FRANKS, and)	
MARTEL SHAW)	
)	
Plaintiffs,)	Civil Action No. SA-01-CA-1010-FB
)	
vs.)	
)	
ALLSTATE INSURANCE COMPANY,)	
ALLSTATE TEXAS LLOYD'S,)	
and ALLSTATE INDEMNITY)	
COMPANY)	
)	
Defendant.)	

SETTLEMENT AGREEMENT

1. BASIC RECITALS

A. WHEREAS: Plaintiffs, Jose C. DeHoyos, Eva Perez-DeHoyos, Georgia Harrison, Charles White, Sheryl H. Franks, and Martel Shaw, are the named plaintiffs in the above captioned matter, which was filed as a putative class action on behalf of certain past and current policyholders of Allstate; and

B. WHEREAS: Defendants Allstate Insurance Company, Allstate Indemnity Company, and Allstate Texas Lloyd's are engaged in, among other things, the sale and marketing of insurance products; and

C. WHEREAS: Plaintiffs allege in their complaint that Defendants used information from credit reports to discriminate against them in the underwriting, rating or pricing of insurance policies on the basis of their race and/or national origin, in violation of 42 U.S.C. § 1981, 42 U.S.C. § 1982, and 42 U.S.C. § 3604. Defendants have denied the allegations of Plaintiffs' complaint, specifically denying the material allegations of liability and wrongdoing, and Defendants also have raised various legal and affirmative defenses. Defendants maintain that the use of information from credit reports to predict insurance losses is a non-discriminatory, valid and statistically sound method of predicting insurance losses that benefits consumers. Plaintiffs disagree with these contentions; and

D. WHEREAS: Defendants deny that they have violated any law, deny that they have discriminated against Plaintiffs, deny any liability to Plaintiffs, the alleged Class or any Class Member for any claims, causes of action, costs, expenses, attorneys' fees or damages of any kind, and deny the allegations of wrongdoing in Plaintiffs' complaint and believe that they would prevail in this case if litigated to a conclusion; and

E. WHEREAS: Plaintiffs have engaged in substantial discovery to evaluate the merits of their claims and of Defendants' defenses, and also to determine whether their claims are appropriate for class treatment. Although, at the time of this proposed settlement, such discovery in this case is and was ongoing and not yet completed, the Plaintiffs have, through discovery and other means, investigated to their satisfaction various facts and sufficiently analyzed the legal issues surrounding their claims and Defendants' defenses; and

F. WHEREAS: Plaintiffs and their counsel have concluded, in light of the costs, risks and delay of litigation, particularly this complex putative class action litigation and in light

of the benefits obtained in this agreement, that it would be in the best interest of Plaintiffs and the alleged Class to enter into this Settlement to assure a benefit to the alleged Class. Plaintiffs' counsel have determined that this Settlement is fair, reasonable, adequate, and in the best interests of Plaintiffs and the members of the alleged Class; and

G. WHEREAS: Defendants have concluded, in light of the nature of litigation, that the proposed settlement of this complex litigation is appropriate. In this context, counsel for Defendants agree that this Settlement is a fair, reasonable, and adequate resolution of the Litigation; and

H. WHEREAS: The parties desire to settle the "Litigation," as that term is defined below; and

I. WHEREAS: The parties desire and intend to seek Court approval of the proposed settlement set forth in this Agreement and, upon Court approval, the parties intend to seek a Final Order and Judgment from the Court dismissing with prejudice all claims of the Plaintiffs and claims that all members of the alleged Class made or could have made in the Litigation, and that are covered by the Comprehensive Release in Section 7. The parties agree that this Settlement is final and enforceable only upon Court approval;

NOW THEREFORE, it is agreed that in consideration of the agreements, promises, and mutual covenants set forth in this Agreement, including the Comprehensive Release in Section 7 of this Agreement, the entry by the Court of a Final Order and Judgment dismissing the Litigation with prejudice and approving the terms and conditions of the Settlement as set forth in this Agreement, and for such other good and valuable consideration the receipt and sufficiency

of which are hereby acknowledged, that this action shall be settled and compromised under the following terms and conditions:

2. DEFINITIONS: As used throughout this Agreement, in addition to any definitions elsewhere in the Agreement, and as used in Exhibits to this Agreement, the following terms shall have the meanings set forth below:

A. "Agreement" or "this Agreement" shall mean and include this Agreement of Class Action Settlement, including the Comprehensive Release in Section 7.

B. "Allstate" shall mean and include for purposes of this Agreement the following insurers: Allstate Insurance Company, Allstate Indemnity Company, Allstate Texas Lloyd's, Allstate Property and Casualty Insurance Company, Allstate County Mutual Insurance Company, Allstate Floridian Indemnity Company, Allstate Floridian Insurance Company, Allstate New Jersey Insurance Company and Allstate Fire and Casualty Insurance Company.

C. "Class Member" shall mean and include for purposes of this Agreement an individual : (1) who is either (a) Black and/or African-American or (b) of Hispanic or Latino origin, (2) who either (a) was charged a premium for a policy that was anything but the lowest available premium based in whole or in part on Credit Information or (b) did not qualify for a policy issued by one Allstate insurer based in whole or in part on Credit Information, but who was issued a policy by another Allstate insurer, and (3) who received notice from Allstate, included in a new business or renewal mailing package, indicating that he or she did not qualify for lower rates or that he or she did not qualify for a policy based in whole or in part on Credit Information and advising him or her of certain rights under the Fair Credit Reporting Act. "Class" shall mean all Class Members.

D. "Class Counsel" shall mean and include for purposes of this Agreement the law firms of James, Hoyer, Newcomer & Smiljanich P.A., Bonnett, Fairbourn, Friedman & Balint, and Lerach, Coughlin, Stoia, Rudman & Robbins LLP. These law firms are appointed Class Counsel for the settlement Class and shall act on behalf of the Class Representatives and all members of the settlement Class.

E. "Credit Information" shall mean credit information concerning individuals that credit reporting agencies, including Trans Union, sell to third parties in accordance with the Fair Credit Reporting Act and other applicable laws.

F. "Effective Date of Settlement" shall mean and include for purposes of this Agreement the day on which the Final Order and Judgment described in Section 6.G below without material modification, except upon agreement of the Parties, becomes final. For purposes of this Agreement, the Final Order and Judgment shall be deemed final on the later of (a) the day following the date on which the Final Order and Judgment is no longer subject to review by appeal or otherwise, if no notice of appeal or similar motion or notice is filed; or (b) if any such notices or motions are filed, on the day following the date on which the Final Order and Judgment is not subject to further judicial review or appeal, either because a petition for certiorari is denied or by reason of affirmance by a court of last resort or by lapse of time or otherwise, provided that the Final Order and Judgment are not reversed or materially modified by the Court or any reviewing court.

G. "Lead Counsel" shall mean James, Hoyer, Newcomer & Smiljanich, P.A.

H. The "Litigation" shall mean and include for purposes of this Agreement all claims that were brought or that could have been brought by Plaintiffs, the Class, or any Class Member

in this Court, in any other state or federal court, in or before any regulatory body or administrative agency, or in any other proceeding, regarding or relating in any way to Allstate's use of credit reports, credit information, and/or insurance scores in any form and in any manner whatsoever to underwrite, price or rate insurance policies, including but not limited to any claims arising under 42 U.S.C. § 1981, 42 U.S.C. § 1982, and 42 U.S.C. § 3604. The Litigation shall not include any claims or remedies for any violation of the Fair Credit Reporting Act.

I. "Notice to Class Members" shall mean a Notice consistent with Exhibit 1 and as approved by the Court.

J. "Plaintiffs" shall mean and include for purposes of this Agreement the named plaintiffs in the current complaint on file in this Litigation, specifically Jose C. DeHoyos, Eva Perez-DeHoyos, Georgia Harrison, Charles White, Sheryl H. Franks, and Martel Shaw.

K. "Plaintiffs Counsel" shall mean all counsel that have filed appearances as counsel of record for the Plaintiffs in the Litigation.

L. "Policy" means an automobile, homeowners, condominium, renters or mobile homeowners personal lines policy of insurance that was issued to a Class Member by Allstate and underwritten and/or rated using Credit Information.

M. "Request Form" means the form that class members must complete to apply for a monetary payment under the terms of this Agreement and to receive important information about how to obtain a policy that is priced using the Settlement Algorithm.

N. "Settlement Administrator" means a third-party that undertakes settlement administration functions related to carrying out some or all of the terms of the Settlement.

O. “Settlement Algorithm” means the insurance scoring algorithm also known as “ISM7,” which is comprised of the variables and weights set forth on the attached Exhibit 2, subject to any state-specific modifications resulting from state law, regulation or any modifications made at the request or direction of any insurance regulator.

3. SETTLEMENT CONSIDERATION AND BENEFITS TO THE CLASS

In consideration for a full, complete and final settlement of this Litigation and in consideration for dismissal of the Litigation with prejudice and for the Release in Section 7, Allstate agrees to the following:

A. Implementation of the Settlement Algorithm

1. Allstate will implement the Settlement Algorithm. Plaintiffs allege in their complaint that the automated credit scoring algorithms used by Allstate prior to the Settlement Algorithm had an adverse disparate impact on minority applicants for insurance. Plaintiffs’ Counsel and their expert consultants have reviewed and analyzed data and other information supplied by Allstate at the request of Plaintiffs’ Counsel and they contend that the modifications to the prior algorithms negotiated as part of this Settlement Agreement and embodied in the Settlement Algorithm materially reduce the alleged disparate impact on minorities resulting from credit scores determined under the prior Allstate algorithms for automobile and homeowners insurance. Allstate denies plaintiffs’ allegations and assertions, and further denies that any of its practices have been discriminatory.

2. The Settlement Algorithm will be rolled out on a state-by-state, company by-company, and line-by-line basis pursuant to Schedule 1 and Schedule 2, attached. Subject to

regulatory approval, Allstate will use its best efforts to meet these roll-out schedules. The proposed roll-out is contingent upon receipt of regulatory approval for each applicable state identified on Schedule 1 and Schedule 2. The Settlement Algorithm will remain in effect for a period of at least two (2) years from the date that the Settlement Algorithm is approved for use and rolled out on a state-by-state, company-by-company and line-by-line basis and will remain in effect for a period of at least three (3) years for the companies and lines identified in Schedule 1 as “automatic re-order only.” (“Settlement Algorithm Use Period”). During the Settlement Algorithm Use Period, Allstate agrees that the Settlement Algorithm will not be materially modified unless such modification is required (1) by regulatory changes in a specific state, (2) because of changes in the variables collected and reported by TransUnion or another “consumer reporting agency,” as that term is defined in the Fair Credit Reporting Act, 15 U.S.C. §1681a(f), or (3) pursuant to a request, direction or order of any insurance regulator, if applicable. During the Settlement Algorithm Use Period, Allstate reserves the sole right in its discretion to make other non-material changes to the Settlement Algorithm. For purposes of this Agreement, a “non-material change” means a change that maintains substantially the same variables and associated weights that comprise the Settlement Algorithm.

3. Allstate will file documentation with the appropriate state regulatory agency in each of the states where the Settlement Algorithm will be rolled out which, based on historical experience, would be sufficient to receive regulatory approval. In responding to regulatory inquiries regarding these filings, Allstate will engage in best efforts to comply with individual state laws and regulations.

4. Allstate will provide Class Members who have active policies and who timely submit Request Forms with a notification letter providing important information about

how they will or can obtain a policy with a premium determined using the Settlement Algorithm. The manner in which Class Members will be able to obtain a policy with a premium determined using the Settlement Algorithm described in these notification letters is set forth in Sections 3.B.5, 3.B.6, 3.B.7 and 3.B.8 below.

5. Certain companies identified on Schedule 1, issuing insurance in certain states and certain lines, will have rolled-out the Settlement Algorithm prior to the submission of Request Forms by Class Members with active policies. Class Members with active policies who return Request Forms and who are insured under policies issued by a Schedule 1 company that have already been rated using the Settlement Algorithm will receive the notification consistent with the notification attached hereto as Exhibit 3.

6. Class Members insured under active policies issued by companies identified on Schedule 1 but whose policies have not been priced using the Settlement Algorithm prior to returning Request Forms will automatically have their policies priced using the Settlement Algorithm at a scheduled renewal (“Automatic Pricing Renewal”). Class Members insured under active policies issued by companies identified in Schedule 1 that are subject to the Automatic Pricing Renewal may also, pursuant to Allstate’s rating plans in certain states, upon request to Allstate, have the opportunity to have their policy priced using the Settlement Algorithm prior to the Automatic Pricing Renewal (“Customer-Initiated Pricing Renewal”). Class Members insured under active policies that are subject to the Automatic Pricing Renewal and who timely return Request Forms will receive the notification consistent with the notification attached hereto as Exhibit 4. Class Members insured under active policies that are subject to the Automatic Pricing Renewal and the Customer-Initiated Pricing Renewal and who

timely return Request Forms will receive the notification consistent with the notification attached hereto as Exhibit 5.

7. The roll-out of the Settlement Algorithm for all of the companies and lines identified in Schedule 2 will commence no later than December 31, 2008. Class Members insured under active policies issued by the companies and lines identified on Schedule 2 who timely return Request Forms will receive the notification consistent with the notification attached hereto as Exhibit 6.

8. The Allstate insurers in the states and lines designated on Schedule 3 will not use the Settlement Algorithm to price insurance policies. Class Members with active policies issued by companies identified on Schedule 3 will have the opportunity to obtain a policy issued by a company identified on Schedule 1 that uses the Settlement Algorithm. These Class Members who timely return Request Forms will receive the notification consistent with the notification attached hereto as Exhibit 7.

9. In those states, companies or lines of insurance where Credit Information is not currently used for purposes of rating or underwriting, Allstate will not be required to make any changes in its business plans or operations as a result of this Agreement.

B. Publication Of The Settlement Algorithm

1. In order to make information about Allstate's use of credit available to the public, the weights and variables that comprise the Settlement Algorithm will be posted on the Settlement Administrator's website from the date the Class Notice is first published, as provided in Section 6.B herein, through sixty (60) days after the date of the Fairness Hearing. In addition,

a description of the Settlement Algorithm, consistent with the description attached as Exhibit 8, will be posted on Allstate's website and on the Settlement Administrator's website. Any Class Member who does not have access to Allstate's or the Settlement Administrator's respective websites can request that a copy of the description of the Settlement Algorithm be mailed to him or her by contacting the Settlement Administrator.

2. The Settlement Algorithm and a description of the specific variables and weights that comprise the algorithm will also be filed with the regulatory agencies in each state listed in Schedule 1 and Schedule 2 where such public filing is required.

3. A narrative description of the Settlement Algorithm and its variables will be placed on Allstate's website, www.Allstate.com, on the Effective Date of the Settlement.

C. Settlement Payments To Certain Class Members

1. For each Policy, a Class Member may be entitled to a one-time settlement payment ("Settlement Payment"), to be paid by Allstate.

2. To potentially qualify for a Settlement Payment, a Class Member must individually request and submit a Request Form that (a) self-identifies the individual as Black/African American or of Hispanic or Latino origin, (b) provides Allstate with sufficient information, that may consist of current and former mailing addresses, agent name, type of policy (e.g. automobile or homeowners) or policy numbers, to allow Allstate to identify that individual and any Policy(ies) issued to that individual from Allstate's records, and (c) authorizes Allstate, or its agent, to obtain that individual's Credit Information pursuant to the Fair Credit Reporting Act and any other applicable state or federal laws. A copy of the Request Form is

attached as Exhibit 9. The information provided in the Request Form will be used by Allstate solely for purposes of effectuating the potential settlement benefits under this Agreement.

3. Upon submission of a properly completed Request Form, Allstate, or its agent, will obtain the Class Member's Credit Information and derive an Insurance Score Group ("IS Group") using the Settlement Algorithm. Allstate, or its agent, will compare the IS Group assigned under the Settlement Algorithm with the IS Group or Credit Classification that is, or was, assigned to the Class Member's Policy(ies). This process is described more fully in Exhibit 10.

4. A Class Member whose IS Group or Credit Classification assigned under the Settlement Algorithm is an improvement over the IS Group or Credit Classification that is, or was, assigned to the Class Member's Policy and that was used to rate the Policy will qualify for a Settlement Payment. Settlement Payments will be calculated according to Exhibit 10. A Class Member whose Credit Classification was "unclean" and for whom that was the reason that the Class Member did not qualify for a Policy issued by one Allstate insurer and who was issued a Policy by another Allstate insurer will qualify for a Settlement Payment if the IS Group assigned under the Settlement Algorithm is equivalent to a "clean" Credit Classification, as set forth in Exhibit 10.

5. Any Class Member, individually or through his or her attorney (retained by such Class Member, not including Class Counsel), has the right to review or audit the procedures undertaken by Allstate to determine whether that Class Member qualifies for a Settlement Payment and the derivation and payment of the Settlement Payment. Such review or audit shall be at that Class Member's or Class Member's attorneys' own expense. Allstate and

such Class Member shall attempt in good faith to resolve any dispute over the scope of any review or audit. Any such dispute that Allstate and the Class Member are unable to resolve shall be filed before the Court and heard by a Magistrate Judge assigned by Judge Biery with no right to appeal to Judge Biery.

D. Appeals Process

1. Allstate will implement an appeals process in all states, lines and companies where Credit Information is used to rate Policies. Implementation of the appeals process is subject to regulatory approval. Allstate will use its best efforts to obtain regulatory approval of the appeals process. The specific appeals process implemented in any state, line or company shall be consistent with the process described in Section 3.D.2 below subject to any reasonable additions, modifications or other changes required by a regulator.

2. Policyholders whose Credit Information is worse than neutral when evaluated under Allstate's applicable rating plan will receive the notice in Exhibit 11 as part of an applicable new or renewal business mailing package. Policyholders who receive the notice in Exhibit 11 will be able to pursue an appeal of the use of Credit Information based on the individual circumstances, and pursuant to the procedures, described in Exhibit 11.

3. Allstate will provide an "800" number to policyholders for making inquiries about the Appeals Process. This "800" number will also be made available to agents and agents will be instructed to refer all inquires from policyholders regarding the appeals process to this number.

4. Allstate will maintain the foregoing appeals process in all states, lines and companies where Credit Information is used to rate Policies for a minimum of 2 years commencing on the Effective Date subject to any reasonable additions, modifications or other changes required by a regulator.

E. Consumer Education

1. Allstate will pay for the production and delivery of consumer education materials to be prepared by the Consumer Credit Counseling Service (“CCCS”). The content of all such materials will be consistent with the content in Exhibit 12, attached.

2. The above-described consumer education materials will consist of 200,000 hard-copy brochures and 20,000 DVDs which will be distributed via agreed upon minority advocacy organizations. These materials will be produced in both English and Spanish and will be provided by Allstate to the minority advocacy organizations who will complete their distribution of the materials within a one year period commencing on the Effective Date. Allstate will pay a total of \$250,000 to be allocated among the above-described minority advocacy organizations to assist each organization with the process of distributing these consumer education materials.

F. Multicultural Marketing

1. “Multicultural marketing” shall mean marketing directed toward African American and/or Hispanic consumers through national media programming consistent with the recommendations of the multicultural advertising agencies and/or media buying groups that will

be charged by Allstate with maximizing the number of African American and Hispanic media impressions.

2. Allstate agrees that, at a minimum, it will spend, for its fiscal years 2005, 2006, 2007 and 2008, an aggregate average of 15% (over these four fiscal years) of its total national media spend on marketing that meets the definition of Multicultural Marketing in Section F.1 above.

4. DENIAL OF WRONGDOING OR LIABILITY

This Agreement constitutes the resolution of disputed claims and is for settlement purposes only. Allstate expressly denies that it has violated any law, breached any agreement or obligation to the Plaintiffs, the Class or to any Class Member, and also denies that it has engaged in any wrongdoing with respect to the Plaintiffs or the Class or to any Class Member. Allstate denies that it is liable to the Plaintiffs, to the Class or to any Class Member for any claims, causes of action, costs, expenses, attorneys' fees or damages or compensation of any kind. Neither this Agreement nor any actions undertaken by Allstate in satisfaction of this Agreement shall constitute, or be construed as, an admission of any liability or wrongdoing, or recognition of the validity of any allegation of fact or law made by the Plaintiffs, the Class or any Class Member in this action or in any other action or proceeding. This Agreement, any statements or negotiations made in connection with this Agreement, and any actions undertaken by Allstate under this Agreement, shall not be offered or be admissible in evidence or in any other fashion against Allstate in any action or proceeding for any purpose, except (i) in any action or proceeding brought to enforce the terms of this Agreement by or against the Plaintiffs, the Class, or any Class member, or Allstate, or (ii) by Allstate in defense of any claims brought by the named plaintiffs, the Class or by any Class member(s).

5. CLASS CERTIFICATION FOR SETTLEMENT PURPOSES ONLY

Upon execution of this Agreement, the parties agree that, subject to Court approval, the Litigation shall be deemed, for purposes of settlement only, to satisfy the requirements for class certification under Rule 23(b)(2) of the Federal Rules of Civil Procedure, and to be certified as a class for settlement purposes only. Allstate has agreed to certification of the Class for settlement purposes only. Any class certification order entered in this action under this Agreement or otherwise shall not constitute, in this or in any other action or proceeding, an admission by Allstate, or finding or evidence, that the plaintiffs' claims, or those of any other alleged Class Member, are appropriate for class treatment or that any requirement for class certification is otherwise satisfied in this action. In the event that this Agreement does not become effective, either because the Effective Date of Settlement does not occur for any reason or because the Agreement is later determined or declared to be null and void, the Court's Order certifying a class for settlement purposes shall be null and void and shall no longer be in effect. By entering into this Agreement, Allstate in no way waives its right to challenge or contest the Plaintiffs' allegations that a class may be certified in this Litigation.

6. IMPLEMENTATION OF THE SETTLEMENT

Upon execution of this Agreement by all parties and their counsel, the parties agree to undertake the following actions to implement and obtain approval of this Agreement:

A. As soon as is reasonably possible, but by no later than _____, Class Counsel and counsel for Allstate shall jointly present this Agreement to the Court and the Plaintiffs shall also move for Preliminary Approval. In addition, Plaintiffs shall present a Motion to Certify a Settlement Class, which Allstate shall not oppose. Counsel for the parties agree to take all

appropriate steps to obtain an Order from the Court (i) preliminarily approving this Agreement and finding the Settlement sufficiently fair, reasonable and adequate to allow notice to be disseminated to members of the Class; (ii) approving notice to Class Members and the Class consistent with the form of the Notices in Exhibit 1 and Exhibit 1A; (iii) directing that the notice to the Class and to Class Members be disseminated by publication, pursuant to Section 6.B below; (iv) scheduling a settlement hearing on the fairness of the proposed Settlement; and (v) preliminarily barring and enjoining Plaintiffs, the Class, and each Class Member from commencing or prosecuting any actions asserting any of the settled claims (all covered by the Release), either directly, representatively, derivatively or in any other capacity, against Allstate, pending the final determination of whether the Settlement provided for in this Agreement should be finally approved by the Court.

B. Within sixty (60) days after entry of the Preliminary Approval Order Allstate will begin the Class Notice publication program described in Exhibit 13 and Allstate shall complete all aspects of the class notice publication within ninety (90) days after its commencement.

C. Allstate shall pay for the cost of publishing the Notice to Class Members in the manner consistent with the publication program set forth in Exhibit 13.

D. The Settlement Administrator shall establish a toll-free telephone number to provide reasonable assistance to Class Members regarding the Settlement. A call center will be established by the Settlement Administrator to handle calls to the toll-free number. The call center will have sufficient staff, toll free lines, and other necessary resources to promptly answer calls and provide reasonable assistance, in a timely manner, to Class Members. The call center will be in operation for a sufficient period of time to meet the needs of the Settlement. Sufficient

documents will be maintained by the call center so that it may be audited. Additionally, the call center will report to the parties on a weekly basis for the first month and bi-weekly thereafter such information as the number of communications received from Class Members and the number of communications handled on an hourly basis by the call centers.

E. The parties to this Agreement agree to an indefinite continuation of the stay of discovery presently in place in this case and agree to an indefinite postponement of the various litigation deadlines contained in the Court's scheduling orders entered in the litigation.

F. Objections

1. Subject to Court approval, any member of the Class may present written objections, if he or she has any, explaining why the Settlement should not be approved as fair, reasonable and adequate, or why attorneys' fees and expenses to Class Counsel should not be awarded in the amounts requested. Any Class Member who wishes to object to any aspect of the Settlement must serve on Class Counsel and Defendant's Counsel, by fax and first-class mail, no later than November 6, 2006, and file with the Court, no later than November 6, 2006 a written statement of the objection(s). The written statement of the objection(s) must include (a) a detailed statement of the Class Member's objection(s), as well as the specific reasons, if any, for each objection, including any evidence and legal authority the Class Member wishes to bring to the Court's attention and any evidence the Class Member wishes to introduce in support of his/her objection(s); (b) the Class Member's name, address and telephone number; and (c) any other supporting papers, materials or briefs the Class Member wishes the Court to consider when reviewing the objection.

2. Class Members may raise an objection either on their own or through an attorney hired at their own expense. If a Class Member hires an attorney to represent him or her,

the attorney must (a) file a notice of appearance with the Clerk of Court no later than November 6, 2006 or as the Court otherwise may direct, (b) include with the notice of appearance, a statement identifying all other class action cases in which the attorney has appeared either as counsel on behalf of an objecting class member or as lead counsel on behalf of a class, including the case style, case number, and court, (c) include with the notice of appearance, a statement detailing the ultimate disposition of any objection filed by the attorney in any class action case and describe whether the objection was resolved for a payment of fees with no alteration to the underlying class action settlement agreement or, in the event the objection was resolved with an enhancement to the underlying class action settlement agreement, describe those enhancements and how the class action settlement was modified and (d) serve a copy of the notice and statements on Class Counsel and Defendant's Counsel, by fax and first-class mail, no later than November 6, 2006.

3. Class Members, or their attorneys, intending to make an appearance at the Fairness Hearing must serve on Class Counsel and Defendant's Counsel, by fax and first-class mail, and file with the Court, no later than November 6, 2006 or as the Court otherwise may direct, a notice of their intention to appear at the Fairness Hearing.

4. Any Class Member who fails to comply with the provisions of the preceding subsections shall waive and forfeit any and all rights he or she may have to object to the Settlement, and shall be bound by all the terms of this Settlement and by all proceedings, orders and judgments in the Litigation.

5. Submission of a Requested Relief Form shall not waive a Class Member's right to object as set forth herein.

G. Upon the final approval of this Agreement by the Court, the parties shall jointly seek a Final Order and Judgment, in the form of Exhibit 14, dismissing the Litigation with prejudice and without further costs, including but not limited to claims for interest, penalties, costs and attorneys' fees, that Plaintiffs and any Class Member have alleged or may have alleged in connection with this Litigation or that are covered by the Release.

H. This Agreement shall, at the written election of either Class Counsel or counsel for Allstate, become null and void and shall have no further effect with respect to any party to this action in the event that (a) the preliminary or final approval of the Settlement described in this Agreement is not obtained or is reversed on appeal; or (b) the Effective Date of Settlement does not occur for any reason; or (c) entry of the Final Order and Judgment is finally reversed; or (d) the Final Order and Judgment is materially modified by the Court or on appeal. Such written election must be made within 7 days of any of the events described in (a)-(d) above. In such event, this Agreement shall not be offered into evidence or used in this or any other action for any purpose, including, but not limited to, the existence, certification or maintenance of any purported class. In such event, this Agreement and all negotiations, proceedings, documents prepared and statements made in connection with this Agreement shall be without prejudice to any party and shall not be admissible into evidence and shall not be deemed or construed to be an admission or confession by any party of any fact, matter or proposition of law and shall not be used in any manner for any purpose, and all parties to this action shall stand in the same position as if this Agreement had not been negotiated, made or filed with the Court.

I. The parties agree to take all actions necessary to obtain preliminary approval of this Agreement, final approval of this Agreement and entry of a Final Order and Judgment dismissing this action with prejudice as to Plaintiffs, the Class, and each Class Member. The

parties also agree to take all actions necessary to obtain dismissal of all other lawsuits that may be filed against Allstate relating to the subject matter of this Litigation, for claims covered by the Release in Section 7, between the time this Agreement is executed and the Effective Date.

J. Plaintiffs, Allstate, and their respective counsel, agree with respect to communications to the press, media, and to the public as follows: No Plaintiff nor any Plaintiffs Counsel shall make or distribute any press release or initiate any public statement intended to be disseminated through the press or other media about this Settlement, the merits of any Party's position in the Litigation, or the conduct of Allstate without the prior approval of Allstate, which approval shall not be unreasonably withheld. Likewise, Allstate and its counsel shall not make or distribute any press release or initiate any public statement intended to be disseminated through the press or other media about this Settlement, the merits of any Party's position in the Litigation, or the conduct of the Plaintiffs or Plaintiffs' counsel without the prior approval of Plaintiffs' counsel, which approval shall not be unreasonably withheld. Counsel for each party agrees to instruct all persons or agents, including consulting experts, employed by either parties' counsel, not to issue, directly or indirectly, any press release, publicity notice, statement or communication to the press or media of any kind regarding the Litigation or proposed Settlement without first obtaining the prior approval of the other party's counsel.

Plaintiffs' counsel may respond to inquiries from the press, media or the public in a manner consistent with the statements made in any press release that has been previously approved by Allstate. Any response by Plaintiffs' counsel to such press, media or public inquiries shall be made solely by Lead Counsel and not any other Plaintiffs' counsel. To the extent that Lead Counsel wants to respond to a press, media or public inquiry by making statements that have not been previously approved by Allstate, Lead Counsel must first obtain

Allstate's approval to make any such statements which approval shall not be unreasonably withheld and shall be made in a timely matter. Likewise, Allstate may respond to inquiries from the press, media or the public in a manner consistent with statements made in any press release that has been previously approved by Plaintiffs' counsel. To the extent that Allstate wants to respond to a press, media or public inquiry by making statements that have not been previously approved by Plaintiffs' counsel, Allstate must first obtain Lead Counsel's approval to make such statements which approval shall not be unreasonably withheld and shall be made in a timely manner. Any dispute over whether prior approval regarding press releases or statements made to the press media or the public has been unreasonably withheld will be submitted to the Court on an expedited basis.

No party shall make any statements, to the press or otherwise, stating or suggesting that either party has through this Agreement prevailed or established the propriety of its claims or defenses or that the other party has lost on or acknowledged the invalidity of its claims or defenses. In the event that the Court does not approve the Settlement, Plaintiffs and their respective attorneys will not solicit or suggest an inquiry from the media or press regarding the proposed Settlement; however, in the event of disapproval of the Settlement, Plaintiffs and their respective attorneys may answer inquiries from the media or press regarding the proposed Settlement with objective statements of fact or good faith statements of counsel's opinion.

K. As soon as is reasonably possible, but by no later than _____, Class Counsel shall amend the Class Action Complaint on file in the Litigation. The Amended Class Action Complaint is attached as Exhibit 15.

7. COMPREHENSIVE RELEASE AND DISMISSAL OF ALL CLAIMS

A. Plaintiffs and all Class Members covenant and agree that, subject to Section 7.E. below, they shall, upon the Effective Date and by operation of the Final Order and Judgment, release and forever discharge Allstate and each of their present and former officers, directors, partners, shareholders, agents, independent contractors, employees, predecessors, successors, assigns, parents, insurers and attorneys, and the agents and employees of them (“Released Parties”) from liability for the Litigation in any state or federal court, in or before any regulatory body or administrative agency, or in any other proceeding regarding the Released Parties’ use of credit reports, credit information, and/or insurance scores in any form and in any manner whatsoever to underwrite, price or rate insurance policies, including but not limited to any claims arising under 42 U.S.C. § 1981, 42 U.S.C. § 1982, and 42 U.S.C. § 3604, and any tort claims, contract claims, statutory claims, controversies, claims for disgorgement, claims for restitution, actions, causes of action, declaratory judgment actions, cross-claims, counterclaims, demands, debts, claims for damages, liquidated damages, punitive damages or exemplary damages, equitable relief, injunctive relief, costs, expenses and/or attorneys fees, or liabilities (collectively “Claims”) of any nature in both law or in equity, past and present, and whether known or unknown, suspected or claimed, regardless of whether each such Plaintiff or Class Members timely makes a claim for Benefits under this Class Settlement Agreement. **THE RELEASE IN THIS SECTION 7 IS A GENERAL RELEASE OF THE LITIGATION AS DESCRIBED HEREIN AS TO ALLSTATE, INDIVIDUALLY AND COLLECTIVELY, AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.** However, nothing herein is intended to or shall be construed as a release of any Claims arising after the Effective Date.

B. Class Counsel and their retained experts, on behalf of the Class, have reviewed the Settlement Algorithm as well as the data used by Allstate in the development of the Settlement Algorithm. Upon the Effective Date of Settlement, for the consideration provided for herein and by operation of the Final Order and Judgment, Plaintiffs and all Class Members and the Class shall be deemed to have covenanted and agreed that they shall not, at any time, institute, cause to be instituted, assist in instituting or permit to be instituted on their behalf any proceeding in any state or federal court, in or before any regulatory body or administrative agency, or any other proceeding or otherwise allege or assert any of the Claims released against the Released Parties or any claims based on Allstate's use hereafter of the Settlement Algorithm or of any algorithm comprised of substantially the same variables and associated weights, to underwrite, price or rate insurance policies.

C. In consideration of the Benefits described in Section 3 above, Plaintiffs and all Class Members shall be deemed to have agreed to the dismissal with prejudice of the litigation entitled *Jose DeHoyos, Eva Perez-DeHoyos, Georgia Harrison, Charles White, Sheryl H. Franks, and Martel Shaw v. Allstate Corporation, Allstate Insurance Company, Allstate Texas Lloyd's, and Allstate Indemnity Company*, Case No. SA 01 CA1010 FB (United States District Court, Western District of Texas, San Antonio Division).

D. "Unknown Claims" means all claims arising out of facts relating in any way to any matter covered by the Released Claims which all persons or entities providing releases, including all Class Members, do not know or suspect to exist in their favor and which, if known by them, might have affected their decision to settle. All persons or entities providing releases under the Settlement Agreement may hereafter discover facts other than or different from those which such persons now know or believe to be true with respect to the actions or matters covered

by the Released Claims. Plaintiffs and Class Counsel explicitly took this into account in entering into the Settlement Agreement. Upon the Effective Date, each person or entity providing releases under the Stipulation of Settlement, including but not limited to all Class Members who are or were residents of the State of California during the time periods identified above in the definition of "Class" in Section 2 above, expressly waives and releases, and shall be deemed to have waived and released, any and all rights that he, she, it or they may have under any statute, regulation, administrative adjudication or common law principle that would otherwise limit the effect of the foregoing releases to those claims actually known or suspected to exist at the time of execution of the Settlement Agreement, including, but not limited to, the provisions of Section 1542 of the California Civil Code, to the extent deemed applicable, which provides as follows:

General Release-Claims Extinguished. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

E. Nothing in this Release shall be deemed to release, extinguish or otherwise compromise in any way: (i) any Class Member's claims or remedies for any violation of the Fair Credit Reporting Act; (ii) or any Class Member's right to participate in any relief obtained or made available by any administrative or regulatory body through a public action or proceeding to which no Class Member is a party and that has not been in any way initiated by any Class Member, regarding Allstate's use of credit reports, credit information, and/or insurance scores to underwrite, price or rate insurance policies. Allstate expressly waives any argument that any such claim to participate in such relief is precluded by principles of *res judicata* or collateral estoppel.

F. Nothing in this Release shall preclude any action to enforce the terms of this Settlement Agreement, provided that, Subject to Section 10.N of this Agreement, such action shall be brought in the United States District Court for the Western District of Texas.

8. ATTORNEYS' FEES AND EXPENSES

A. The award of attorneys' fees, costs and expenses for Plaintiffs' counsel was not negotiated by Plaintiffs' counsel and Allstate's counsel until after agreement was reached between the parties on all other terms of this Settlement. Payment of attorneys' fees, costs and expenses is subject to the review and approval of the Court. In connection with this Settlement, and subject to the approval of the Court in the Final Order and Judgment, Allstate agrees to pay James Hoyer Newcomer & Smiljanich PA., Lead Counsel for Plaintiffs the sum of Eleven Million Seven Hundred and Twenty Thousand Dollars (\$11,720,000), in full and final payment of and for any and all attorney's fees, costs and expenses of Plaintiffs, Class Members and/or Plaintiffs' counsel including any and all attorneys' fees costs and expenses to which Plaintiffs and/or Plaintiffs Counsel may claim that they are entitled under any statute or rule of common law no later than fourteen (14) business days after the Effective Date. However, if the Court should determine that Plaintiffs' counsel is entitled only to a sum less than \$11,720,000, Allstate shall be obligated to pay Plaintiffs' counsel only that amount awarded by the Court. Plaintiffs and Plaintiffs' counsel waive any attorneys' fees, costs and expenses awarded in excess of \$11,720,000 and agree that they shall not seek to enforce or recover any attorneys' fees, costs and expenses awarded in excess of \$11,720,000, and agree to return to Allstate any attorneys' fees, costs and expenses paid in excess of \$11,720,000; and agree that this sentence is a material term of this Agreement such that any occurrence of it not being fully enforceable and effective would constitute failure of a material term, permitting termination of the Settlement under Section 6.H

above. Lead Counsel, in their sole discretion, shall allocate and distribute this award of Attorney's Fees and Expenses among all of the counsel who have acted on behalf of the Class herein. Plaintiffs and Plaintiffs' counsel agree to defend, indemnify and hold Allstate harmless against any Claim (as the term "Claim" is defined in Paragraph 7.A. above) arising out of or in any way related to Lead Counsel's allocation and/or distribution of an award of Attorney's Fees and Expenses among any counsel who has acted or claims to have acted on behalf of the Class herein in the Litigation. The amount of attorneys' fees, costs and expenses requested by Class Counsel shall be disclosed in the Notice to Class Members as provided for in Section 6.B above. The Final Order and Judgment in this action shall include the Court's award of any attorneys' fees, costs or expenses.

B. In addition to the above attorneys' fees, costs, and expenses, Plaintiffs' counsel will request that the Court award each of the named Representative Plaintiffs, and to be paid by Allstate within fourteen (14) business days after the Effective Date, compensation in an amount not to exceed \$5,000 each. Allstate shall not oppose the foregoing request, and will pay this amount, or such lesser amounts awarded by the Court, subject to compliance with the terms of this Agreement. Such compensation shall be paid to the trust account of Lead Counsel for Plaintiffs, on behalf of each Representative Plaintiff.

C. Allstate further agrees that in the event of an appeal of the Final Order and Judgment it will pay interest on the attorneys fees, costs and expenses awarded by the Court on the date of the Final Order and Judgment from 10 days after the entry of the Final Order and Judgment through the Effective Date. Interest shall be calculated using the rate assigned to a three month Treasury Bill on the date of the Final Order and Judgment is entered.

9. ADMINISTRATION OF THE SETTLEMENT AFTER APPROVAL

Upon the Effective Date of Settlement, the Settlement shall be administered by Allstate or in whole or part by a third party vendor experienced in administering complex class action settlements that is engaged by Allstate at its expense.

10. MISCELLANEOUS PROVISIONS

A. Entire Agreement. This Agreement and its attachments shall constitute the entire Agreement of the parties and shall not be subject to any change, modification, amendment, or addition without the express written consent of counsel on behalf of all parties to the Agreement, and shall be binding on and inure to the benefit of the parties hereof and their representatives, heirs, successors, and assigns.

B. Illegality Or Unenforceability Of Provisions. In the event that the Release contained in Section 7 or any other material provision of this Agreement shall for any reason be held in whole or in part to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement if Allstate elects in writing to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Agreement. If no such election is made, then the Agreement shall become null and void consistent with the terms described in Section 6.H. In the event any one or more of the remaining provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement if the parties elect in writing to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Agreement. If no

such election is made, then the Agreement shall become null and void consistent with the terms described in Section 6.H.

C. Amounts Paid Not Penalty. It is understood and acknowledged that no consideration or amount or sum paid, credited, offered, or extended by Allstate in its performance of this Agreement constitutes a penalty, fine, punitive damages or any other form of assessment for any alleged claim or offense.

D. Protective Orders; No Further Proceedings. For purposes of this Settlement, the parties and all counsel agree that the Protective Orders that are in place in this case remain in effect and all parties and counsel remain bound to comply with the provisions of the Protective Orders.

E. Agreement Mutually Prepared. This Agreement shall be deemed to have been mutually prepared by the parties and shall not be construed against any of them by reason of authorship.

F. Independent Investigation And Decision To Settle. The parties understand and acknowledge that they (a) have each performed an independent investigation of the allegations of fact and law made in connection with this action; and (b) that they each may hereafter discover facts in addition to, or different from, those that they now know or believe to be true with respect to the subject matter of this Agreement. Nevertheless, it is the parties' intention to resolve their disputes pursuant to the terms of this Agreement and thus, in furtherance of their intentions, the Agreement shall remain in full force and effect notwithstanding the discovery of any additional facts or law, or changes in law, and this Agreement shall not be subject to rescission or modification by reason of any change or difference in facts or law.

G. Authority To Enter Into Agreement. The Plaintiffs, the Class and each Class member, and Allstate hereby represent and warrant that the persons signing this Agreement on their behalf have full power and/or authority to bind to all terms of this Agreement every person, partnership, corporation or entity included within the definitions of Plaintiffs, the Class and Allstate. Plaintiffs or their legally authorized representatives have so represented and warranted by each executing separate written agreements consistent with the form attached as Exhibit 16. Copies of each of these separate written agreements shall form a part of this Settlement Agreement and shall be filed with the Court and each of Plaintiff's respective signatures on each written agreement shall constitute a signature to this Settlement Agreement. Plaintiffs, the Class and each Class member agree to indemnify Allstate and to defend and hold Allstate harmless from any and all claims, demands, disputes, and causes of action asserted against Allstate and any and all losses, judgments, legal costs, attorneys' fees, expert fees and expenses incurred by Allstate as a result of a violation of this Section 10.G. Similarly, Allstate agrees to indemnify Plaintiffs and the Class, and to defend and hold Plaintiffs and the Class harmless from any and all claims, demands, disputes, and causes of action asserted against Plaintiffs and/or the Class and any and all losses, judgments, and causes of action asserted against Plaintiffs and/or the Class as a result of a violation of this Section 10.G.

H. No Promise Or Inducement For Release. The parties hereto warrant and represent that no promise or inducement has been offered or made for the Release contained in Section 7 except as set forth herein, that this Release is executed without reliance on any statements or any representations not contained herein, and that this Agreement and its Release reflect the entire agreement between the parties. The warranties and representations made herein shall survive the

execution and delivery of this Release and shall be binding upon the respective heirs, representatives, successors and assigns of each of the parties.

I. Binding Agreement. Plaintiffs, the Class, and each Class Member and Allstate expressly agree that the terms of this Agreement and all provisions hereof, including all representations, promises, agreements, covenants and warranties are contractual and not a mere recital and shall survive the execution of this Agreement and entry of the Final Order and Judgment and shall continue in full force and effect thereunder. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their representatives, heirs, successors and assigns.

J. Receipt Of Advice Of Counsel. The parties acknowledge and agree and specifically warrant to each other that they have fully read this Agreement and the Release contained in Section 7, received independent legal advice with respect to the advisability of entering into this Agreement and the Release, and the legal effect of this Agreement and the Release, and fully understand its effect.

K. Extension Of Time. The parties may agree, subject to approval of the Court where required, to reasonable extensions of time to carry out the provisions of this Agreement.

L. Execution Of Agreements In Counterparts. This Agreement may be executed in counterparts, and a facsimile signature shall be deemed an original signature for purposes of this Agreement.

M. Retention Of Jurisdiction. Pursuant to the Final Order and Judgment, the Court shall retain continuing and exclusive jurisdiction over the parties hereto for the purpose of

enforcing, implementing and interpreting this Agreement, including but not limited to all issues relating to the scope, application and/or operation of the Release in Section 7, including jurisdiction over all Class members, and over the administration and enforcement of the Agreement and the benefits to Class members. Any disputes or controversies arising out of or related to the interpretation, enforcement or implementation of the Agreement and the Release shall be made by motion to the Court. In addition, the parties, including each member of the Settlement Class as defined in this Order, is hereby deemed to have submitted irrevocably to the exclusive jurisdiction of this Court for any suit, action, proceeding or dispute arising out of or relating to this Agreement.

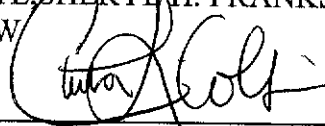
N. Controlling Law. Any and all disputes relating to the interpretation of this Agreement shall be construed under and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Settlement Agreement has been executed by the undersigned counsel for the parties as of the date set forth below.

Dated May 19, 2006

PLAINTIFFS JOSE C. DEHOYOS, EVA PEREZ
DEHOYOS, GEORGIA HARRISON, CHARLES
WHITE, SHERRY L. H. FRANKS, and MARTEL
SHAW

By: _____



Plaintiffs' Lead Counsel
JAMES, HOYER, NEWCOMER
& SMILJANICH, P.A.
Christa Collins
One Urban Centre, Suite 550
4830 W. Kennedy Blvd., Suite 147
Tampa FL. 33609

Dated May 19, 2006

ALLSTATE INSURANCE COMPANY
ALLSTATE INDEMNITY COMPANY
ALLSTATE PROPERTY CASUALTY
COMPANY
ALLSTATE COUNTY MUTUAL INSURANCE
COMPANY
ALLSTATE FLORIDIAN INDEMNITY
COMPANY
ALLSTATE FLORIDIAN INSURANCE
COMPANY
ALLSTATE NEW JERSEY INSURANCE
COMPANY
ALLSTATE TEXAS LLOYD'S
ALLSTATE FIRE AND CASUALTY
INSURANCE COMPANY

By: 

Kevin M. Sadler
Baker Botts LLP
1500 San Jacinto Center
98 San Jacinto Boulevard
Austin, Texas 78701-4078

Jeffrey Lennard
M. Keith Moskowitz
Sonnenschein Nath & Rosenthal LLP
7800 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606

Richard C. Godfrey, P.C.
Donna M. Welch
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601

Tony P. Rosenstein
Baker Botts L.L.P.
One Shell Plaza
910 Louisiana
Houston, Texas 77002

Attorneys for Defendants Allstate Insurance
Company, Allstate Texas Lloyd's and
Allstate Indemnity Company