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April 11, 1994

VIA FACSIMILE: (214) 526-2992

Julian Buenger
3838 Oak Lawn Avenue
Suite 1100
Dallas, Texas 75219

Re: CA No. 3:94-CV-0417-G
John W. Silvey, et al. v. Prudential Property & Casualty Company of America and O. William O'Quin

Dear Julian:

This letter outlines a settlement in principle that is acceptable to my client. "Prudential" refers to Prudential Insurance Company of America and its subsidiaries. "Plaintiffs" refers to your clients and "the Parties" refers to Prudential and your clients collectively.

1. The Parties agree to disagree as to the issue of the ownership of the property and casualty book of business ("the book of business") written through Prudential, Commerce County Mutual or Consolidated Lloyds of Dallas and none of the parties admit that others own the book of business.

2. The Parties agree that they will not interfere with the others' legitimate efforts to compete for the business of the policyholders represented by the book of business. Communications with policyholders that are not derogatory of the other party, truthful and accurate will be considered legitimate efforts.

3. The Parties agree that they will not seek court intervention, regulatory intervention or other legal action to stop or hamper the others' legitimate efforts to compete for the business of the policyholders represented by the book of business.

4. Plaintiffs and Prudential agree to dismiss their respective suits against each other with prejudice to refiling and to execute general releases of all claims, whether or not they are related to Article 21.11-1.

5. Plaintiffs agree to disagree whether Prudential is required to comply with Article 21.11-1 of the Texas Insurance Code in terminating Plaintiffs' contracts with Prudential. Nevertheless, Plaintiffs agree to waive any right to any benefits that might accrue to them under Article 21.11-1.

6. The Parties agree that Plaintiffs will be terminated from employment with Prudential effective April 15, 1994. After that date, all employment related benefits will terminate except COBRA benefits and vested pension benefits, if any, and those payments described below. While employed by Prudential, Plaintiffs were covered by a group errors and omissions policy. "Tail" coverage is available for purchase from the carrier and Plaintiffs may obtain this coverage at their expense. On the effective date of termination, Plaintiffs' appointments with Prudential, Consumers County Mutual and Consolidated Lloyds of Dallas will terminate and Plaintiffs will have no authority to bind coverage for policies issued by Prudential.

7. The parties agree that Plaintiffs are entitled to severance payments as follows:

(a) Renewal premium commissions equal to 6% of a Plaintiff's commissionable interest in renewal commissions with respect to policies renewed between 4/15/94 and 10/15/94 inclusive, and payment of all renewal premium commissions for payments made by the Plaintiffs' policyholders to Prudential for the period prior to April 15, 1994. Plaintiffs Mote and Dudley will receive renewal premium commissions from April 15, 1994, but will not be entitled to any commissions between the date of their termination and April 14, 1994.

(b) Six months of subsidized health insurance at the same level of benefits and premiums as currently in effect paid by Plaintiffs prior to April 1, 1994;

(c) A one time payment of $800.00 per Plaintiff for E&O coverage; and,

(d) A transition payment of $25,000.