

AMENDED STIPULATION OF SETTLEMENT

IT IS HEREBY STIPULATED AND AGREED, by, between, and among Ralph Shaffer ("Shaffer"), Samuel Loeb ("Loeb"), and Susan Souveroff ("Souveroff"), and Continental Casualty Company, Valley Forge Life Insurance Company (now known as Reassure America Life Insurance Company), and CNA Financial Corp. (collectively, "Defendants" or "the Company"), through their counsel, that the Stipulation of Settlement dated December 31, 2007 is hereby amended as set forth below. Except as indicated below, all other provisions of the Stipulation of Settlement dated December 31, 2007 remain the same.

1. Section II(B) is amended to read: "Agreement" or "Settlement Agreement" or "Settlement" means the Stipulation of Settlement dated December 31, 2007 and the Exhibits to the Stipulation of Settlement dated December 31, 2007, as amended by this Amended Stipulation of Settlement, all of which are incorporated by reference.

2. Section II(D) is amended to read: "Class Members," "Class" or "Settlement Class" means all persons have or had in-force as of the Settlement Date an individual Premier, Classic, Preferred Advantage, Preferred Advantage TQ or Classic TQ Long-Term Care Policy numbered P1-18215, P1-18876, P0-18876, P1-21295, P1-21300, P1-21305, P0-21295, P0-21300, P0-21305, P1-N0022, P1-N0023, P1-N0026, P1-N0027, P1-N0030, P1-N0031, P1-N0034, P1-N0035, P1-N0066, P1-N0070, P0-N0022, P0-N0023, P0-N0026, P0-N0027, P0-N0030, or P0-N0034 purchased from Continental Casualty Company or Valley Forge Life Insurance Company. Notwithstanding the foregoing, the terms "Class Members," "Class," or "Settlement Class" do not include any of the following: (1) persons whose policies lapsed before receiving notice of a premium rate increase or more than 120 days after receiving notice of a premium rate increase; (2) persons who received claim payments under their policies before the Effective Date of the Settlement; (3) persons who, as of the Effective Date of the Settlement, had lapsed their Policies within 120 days following a rate increase of less than 50% where the total increase, when combined with all past increases (if any), was less than the contingent nonforfeiture ("CNF") threshold percentage specified by the NAIC Model Regulation for that person's issue age, as set forth in the chart incorporated as part of Exhibit B; (4) persons who owned Policy forms numbered P0-N0023, P0-N0027, P1-N0023, P1-N0027, P1-N0031, and P1-N0035 but lapsed or cancelled their Policies before the Effective Date of the Settlement; and (5) persons who are deceased as of the Effective Date of the Settlement.

3. Section II(HH) is amended to read: "Release" means the release and waiver as set forth in Section III of this Amended Stipulation of Settlement.

4. Paragraph II(II) is amended to read: "Released Claims" means any and all claims, actions, suits, obligations, demands, promises, liabilities, costs, expenses, and attorneys'

fees (whether class, mass, collective, joint, or individual in nature), whether based on any federal or state law or a right of action, whether filed or threatened to be filed in state or federal court or in any other venue of any type, in law or in equity or otherwise, which the Plaintiffs and the Class Members or any of them ever had, now have, or can have, or shall or may hereafter have against Defendants or Releasees:

- (1) relating to or arising out of any acts, failures to act, omissions, oral or written representations, facts, events, transactions, or occurrences set forth or alleged in the Actions or in any way related directly or indirectly to the subject matter of the Actions;
- (2) relating to any premium rate increase;
- (3) relating to marketing, pricing and actuarial assumptions for pricing, actuarial analysis of Policy experience, solicitation, application, underwriting, acceptance, sale, purchase, renewal, operation, retention, improper payment of premium, administration, replacement or suitability of any Policy issued by any of the Defendants, including but not limited to claims for negligence, breach of contract, fraud, non-disclosure, deceptive trade practices, abuse of the elderly, violation of any federal or state regulatory scheme or any other claim, except for claims for denial of benefits under the terms of a Policy;
- (4) relating to acts, omissions, facts, matters, transactions, occurrences, or oral or written statements or representations made or allegedly made in connection with or directly or indirectly relating to the Settlement Agreement or the settlement of the Actions, except nothing in this Release shall preclude any action to enforce the terms of the Settlement; or
- (5) for attorneys' fees, costs, or disbursements incurred by Counsel for Plaintiffs or by Plaintiffs or the Class Members, or any of them, in connection with or related in any manner to the Actions, the settlement of the Actions, or the administration of such settlement, except to the extent otherwise specified in this Settlement Agreement.

5. Section II(MM) is amended to read: "Settlement Agreement" or "Proposed Settlement" refers to the Stipulation of Settlement dated December 31, 2007 and all Exhibits to the Stipulation of Settlement dated December 31, 2007, as amended by this Amended Stipulation of Settlement, all of which are incorporated by reference.

6. Section II(NN) is amended to read: "Settlement Date" means February 1, 2008.

7. Section III is amended to read:

III. RELEASE PROVISIONS

A. On or around January 8, 2008, or on such later date as the parties may agree or as the Court may direct, Class Representatives will submit to the Court a motion for leave to amend the Shaffer Complaint to allege claims consistent with the Class definition set forth in Section II(D), supra, and substantially in the form of the Consolidated Amended Complaint attached as Exhibit A. Defendants agree not to object to this motion for settlement purposes only. Should

this Settlement not receive Final Approval, the Class Representatives agree to withdraw the Consolidated Amended Complaint and it shall be null and void and of no effect.

B. Upon the Court's entry of a Final Order and Judgment approving the Proposed Settlement, and by operation of such judgment entered by the Court, the Class Representatives and the Settlement Class, for themselves and for all of their respective heirs, executors, and administrators, and for their respective representatives, predecessors, successors and assigns, shall release and forever discharge Defendants and each of their respective past, present, and future parents (including intermediate and ultimate parents), subsidiaries, affiliates, predecessors, successors, assigns, and shareholders, and all of their respective past, present, and future officers, directors, employees, general agents, agents, producers, brokers, solicitors, representatives, attorneys, accountants, heirs, administrators, executors, insurers, co-insurers and re-insurers, and assigns of any of the foregoing, including any persons or entities acting on their behalf or at the direction of any of them (collectively, "Releasees") from any and all claims, actions, suits, obligations, demands, promises, liabilities, costs, expenses, and attorneys' fees (whether class, mass, collective, joint, or individual in nature), whether based on any federal or state law or a right of action, whether filed or threatened to be filed in state or federal court or in any other venue of any type, in law or in equity or otherwise, which the Plaintiffs and the Class Members or any of them ever had, now have, or can have, or shall or may hereafter have against Defendants or Releasees:

- (1) relating to or arising out of any acts, failures to act, omissions, oral or written representations, facts, events, transactions, or occurrences set forth or alleged in the Actions or in any way related directly or indirectly to the subject matter of the Actions;
- (2) relating to any premium rate increase;
- (3) relating to marketing, pricing and actuarial assumptions for pricing, actuarial analysis of Policy experience, solicitation, application, underwriting, acceptance, sale, purchase, renewal, operation, retention, improper payment of premium, administration, replacement or suitability of any Policy issued by any of the Defendants, including but not limited to claims for negligence, breach of contract, fraud, non-disclosure, deceptive trade practices, abuse of the elderly, violation of any federal or state regulatory scheme or any other claim, except for claims for denial of benefits under the terms of a Policy;
- (4) relating to acts, omissions, facts, matters, transactions, occurrences, or oral or written statements or representations made or allegedly made in connection with or directly or indirectly relating to the Settlement Agreement or the settlement of the Actions, except nothing in this Release shall preclude any action to enforce the terms of the Settlement; or
- (5) for attorneys' fees, costs, or disbursements incurred by Counsel for Plaintiffs or by Plaintiffs or the Class Members, or any of them, in connection with or related in any manner to the Actions; the settlement of the Actions, or the administration of such settlement, except to the extent otherwise specified in this Settlement Agreement.

Plaintiffs and the Class Members expressly understand that Section 1542 of the California Civil Code provides that:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH A 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.

Plaintiffs and the Class Members hereby agree (i) that the provisions of Section 1542 are hereby knowingly and voluntarily waived and relinquished, and (ii) that the provisions of all similar federal or state laws, right, rules, or legal principles of any other jurisdiction, to the extent that they are found to be applicable, are also hereby knowingly and voluntarily waived and relinquished.

In connection with this release, Plaintiffs and the Class Members acknowledge that they are aware that they may hereafter discover claims presently unknown or unsuspected or facts in addition to or different from those which they now know or believe to be true with respect to the matters released. Nevertheless, it is the intention of Plaintiffs and the Class Members in executing this Release to fully, finally, and forever settle and release all such matters, and all claims relating to such matters, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action).

8. Section IX(A) is amended so that the Settlement Class is defined the same as the Settlement Class set forth in paragraph 2 above.

Agreed to this 19th day of May, 2008.

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behalf of all others similarly situated**

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SAMUEL LOEB

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by, *Conlee Whiteley, attorney*
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