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**SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

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**THIS AGREEMENT** is made the 17th day of November, 2006 between Gregory S. Milligan, Plan Trustee for the Warranty Gold Liquidation Trust (referred to as the "Warranty Gold Plan Trustee"), Auto Services Company, Inc ("ASC"), SC&E Administrative Services, Inc. (SC&E"), American Prime Asset, Inc., ("APA"), Triad Marketing Group (Triad"), the Rocker Class and the Joint Official Liquidators in the National Warranty Insurance Risk Retention Group (in liquidation) (the "JOLs"), on the one hand, and Berkley Insurance Company, formerly known as Signet Star Reinsurance Company ("Berkley"), on the other, (collectively, the "Parties").

**RECITALS:**

Whereas claims have been asserted against Berkley in (i) *Gregory S. Milligan, Plan Trustee of the Warranty Gold Liquidation Trust v. KPMG LLP, et al*; Case Number A05CA412 SS, pending in the U.S. District Court for the Western District of Texas, Austin Division; (ii) *Reuben J. Rocker, et al. v. SC&E Administrative Services, Inc, et. al.*; Case Number A-468651, pending in the Eighth Judicial District Court, Clark County, Nevada; (iii) *SC&E Administrative Services, Inc., et al. v. KPMG LLP, et al.*; Case Number A:05CV00929 SS, pending in the U.S. District Court for the Western District of Texas, Austin Division; (iv) *Auto Services Company, Inc. v. KPMG LLP, et al*; Case Number 8:05CV00264, pending in the U.S. District Court for the District of Nebraska; and (v) *Rocheford v. Norm Baker Motor Co. et al.*, Case Number 03 CC000472 pending in the Superior Court of Orange County, California (collectively, the "Lawsuits").

Whereas the JOLs may have contractual claims against Berkley; and

Whereas the Parties wish to avoid the continuing costs of litigation in the Lawsuits and the risks associated with litigation and the dispute related to the contractual claims, the Parties to this Agreement mutually desire to resolve those various claims, without admitting liability or fault.

**TERMS:**

NOW THEREFORE, in consideration of the promises and agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

- I. **Effective Date.** This Agreement commences on the date of execution (the "Effective Date").
- II. **Settlement Funds.** Berkley shall pay the total sum of \$2,800,000. The payments shall made payable as follows:

(a) ASC. Within ten business days from the execution of this Agreement, Berkley shall pay to ASC by certified funds or wire transfer the amount of \$583,240.

(b) Warranty Gold. Within five business days from the Order of the United States Bankruptcy Court approving this settlement becoming final and non-appealable, Berkley shall pay to the Warranty Gold Plan Trustee by certified funds or wire transfer the amount of \$583,240.00.

(c) SC&E/APA/Triad/Rocker Class. Within five business days from the Order of the Eighth Judicial District Court, Clark County, Nevada approving this settlement agreement becoming final and non-appealable, Berkley shall pay to SC&E/APA/Triad/Rocker Class by certified funds or wire transfer the amount of \$1,633,520.00.

(d) The above payments are intended to represent individual settlements between Berkley and each of the settling parties.

**III. Court Approvals.** Settlement of claims held by the Warranty Gold Liquidation Trust, the Rocker Class and National Warranty Insurance Risk Retention Group (in liquidation) are subject to the approval of the Courts overseeing their respective proceedings. The Warranty Gold Plan Trustee, the Rocker Class and the JOLs shall use their reasonable best efforts to promptly seek approval of their respective settlements with their respective courts.

**IV. Stay of Litigation.** Upon execution of this Agreement, the parties agree to stay all litigation by and between Warranty Gold Plan Trustee, ASC, SC&E, APA, Triad, the Rocker Class and the JOLs, on the one hand, and Berkley, on the other hand, pending the hearing on the approval of the settlement as set for the in Section II herein.

**V. Dismissal of Proceedings.** Upon receipt of the payment of the Settlement Funds as set forth in Section II above, the respective plaintiffs shall promptly dismiss with prejudice the claims currently asserted against Berkley in the Lawsuits. It is expressly acknowledged by the parties that if the settlement is not approved by a respective court the Agreement shall be null and void as to the respective plaintiff, but shall remain in full force and effect as between Berkley and the other parties.

**VI. Mutual Release.**

(a) Subject to and effective upon receipt in full of the payment referred to in Section II(a), ASC on the one hand and Berkley on the other hand, mutually release each other (and each of their, and their respective affiliates', trustees, officers, directors, stockholders, attorneys, agents, representatives, parents, and subsidiaries) from any and all claims, actions, suits, demands or proceedings relating in any manner to NWIG's business operations, the reinsurance contracts entered into between Berkley and NWIG, and the claims made by ASC in *Auto Services Company, Inc. v. KPMG LLP, et al*; Case Number 8:05CV00264, pending in the U.S. District Court for the District of Nebraska.

(b) Subject to and effective upon receipt in full of the payment referred to in Section II(b), the Warranty Gold Plan Trustee on the one hand and Berkley on the other hand, mutually release each other (and each of their, and their respective affiliates', trustees, officers, directors, stockholders, attorneys, agents, representatives, parents, and subsidiaries) from any and all claims, actions, suits, demands or proceedings relating in any manner to NWIG's business operations, the reinsurance contracts entered into between Berkley and NWIG, and the claims made by plaintiff in *Gregory S. Milligan, Plan Trustee of the Warranty Gold Liquidation Trust v. KPMG LLP, et al*; Case Number A05CA412 SS, pending in the U.S. District Court for the Western District of Texas, Austin Division.

(c) Subject to and effective upon receipt in full of the payment referred to in Section II(c), the SC&E, APA, Triad, the Rocker Class, the Rocheford Class and the JOLs on the one hand and Berkley on the other hand, mutually release each other (and each of their, and their respective affiliates', trustees, officers, directors, stockholders, attorneys, agents, representatives, parents, and subsidiaries) from any and all claims, actions, suits, demands or proceedings relating in any manner to NWIG's business operations, the reinsurance contracts entered into between Berkley and NWIG, and the claims made or that could have been made by the JOLs or the plaintiffs in *Reuben J. Rocker, et al. v. SC&E Administrative Services, Inc. et. al.*; Case Number A-468651, pending in the Eighth Judicial District Court, Clark County, Nevada; *SC&E Administrative Services, Inc., et al. v. KPMG LLP, et al.*; Case Number A:05CV00929 SS, pending in the U.S. District Court for the Western District of Texas, Austin Division; *Rocheford v. Norm Baker Motor Co. et al.*, Case Number 03 CC000472 pending in the Superior Court of Orange County, California.

**VII. No Admission of Liability.** Nothing in this Agreement shall be construed as an admission of liability by any party.

**VIII. Full and Final Settlement.** Except as provided in Section II, III and V hereof, this Agreement shall be in full and final settlement of any and all claims that Warranty Gold Plan Trustee, ASC, SC&E, APA, Triad, the Rocker Class and the JOLs, on the one hand, and Berkley, on the other, have or may have against the other concerning NWIG's business operations and the reinsurance contracts entered into between Berkley and NWIG and the claims made by the plaintiffs in the Lawsuits described above. The Parties to this Agreement recognize, however, that additional agreements and pleadings will be necessary to complete this settlement. The Parties agree to work in utmost good faith to draft and agree to these documents promptly. If, however, the Parties cannot agree to any particular, document, provision, and/or pleading, the Parties agree that they shall submit the dispute to Antonio Piazza for a binding decision that is not appealable to any court or tribunal. The cost of Mr. Piazza shall be born equally by the parties to the dispute.

**IX. Entire Agreement.** This Agreement constitutes the whole and only agreement between the parties relating to the subject matter of this Agreement and supersedes and extinguishes any prior drafts, previous agreements, undertakings, representations, warranties, and arrangements of any nature whatsoever, whether or not in writing between the parties, in connection with the subject matter hereof.

- X. **Waiver.** No omission to exercise or delay in exercising any right, power or remedy provided by law or under this Agreement shall constitute a waiver of such right, power or remedy or any other right, power or remedy or impair such right, power or remedy. No single or partial exercise of any such right, power or remedy precludes or impairs any other or further exercise thereof or the exercise of any other right, power or remedy provided by law or under this Agreement.
- XI. **Confidentiality.** Save as provided below, the parties shall keep the terms of this Agreement confidential, except to the extent disclosure is for the purposes of fulfilling the requirements of Section III above or otherwise for the purposes of implementing this Agreement; in response to a requirement of the Grand Court of the Cayman Islands, the United States Bankruptcy Court for the Western District of Texas, Austin Division, the Eighth Judicial District Court, Clark County, Nevada, any regulatory authority or other competent authority to which the parties are subject where such requirement has the force of law; or where disclosure is to be made to any employee, director, agent, consultant or professional adviser of a party for the purposes of implementing this Agreement or obtaining professional advice on this Agreement, in each case, subject to the person's agreement to maintain confidentiality. Notwithstanding the provisions of this Section XI, the Parties shall be at liberty publicly to report the fact of this settlement and the aggregate amount of the Settlement Funds after December 1, 2006.
- XII. **Costs.** The parties will bear their own costs of their respective litigation and the negotiation and preparation of this Agreement and of all actions undertaken to obtain the appropriate and necessary judicial authorizations or approval.
- XIII. **Governing Law.** This Agreement and the obligations and rights created hereunder shall be governed by the laws of the State of Texas, without consideration of its choice of law provisions.
- XIV. **Headings.** The headings of this Agreement are for convenience and shall not be construed to qualify or add meaning to the text of this Agreement.
- XV. **Authorization to Execute.** The person signing this Agreement on behalf of each of the parties hereto represents and warrants that he/she is authorized to sign on behalf of the party or parties for whom he or she is acting in executing this Agreement. The parties and their counsel agree that they will take all steps reasonably necessary to carry out the terms of this Agreement and the settlement it embodies.

**IN WITNESS WHEREOF**, the parties have executed this Settlement Agreement and Mutual Release on this 17<sup>th</sup> day of November, 2006 as follows:

BERKLEY INSURANCE COMPANY, FORMERLY KNOWN  
AS SIGNET STAR REINSURANCE COMPANY

By: *Casch/He/Ryan*

Title: SVP, General Counsel & Secretary

WARRANTY GOLD LIQUIDATION TRUST

By: [Signature] - for Greg Milligan with permission

Title: Counsel

AUTO SERVICES COMPANY, INC.

By: [Signature]

Title: counsel

SC&E ADMINISTRATIVE SERVICES, INC.

By: Josh B. Purno

Title: Counsel

AMERICAN PRIME ASSET, INC.

By: Josh B. Purno

Title: Counsel

TRIAD MARKETING GROUP

By: [Signature]

Title: Counsel

ROCKER CLASS

By: TCJ

Title: Counsel

NATIONAL WARRANTY INSURANCE RISK RETENTION GROUP (IN LIQUIDATION)

By: [Signature]

Title: SOL

ROCHEFORD PLAINTIFFS

By: TCJ

Title: Counsel