

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Stipulation”) is made by and between the Named Plaintiff, Folweiler Chiropractic, P.S. (“Folweiler”) on behalf of itself and on behalf of a putative class of all others similarly situated, and Defendants, Allstate Fire & Casualty Insurance Company, Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company, Allstate Vehicle and Property Insurance Company, Northbrook Indemnity Company, Allstate County Mutual Insurance Company, Deerbrook Insurance Company, Encompass Insurance Company, Encompass Insurance Company of America and Encompass Indemnity Company (collectively “Defendants” or “Allstate,” as defined below), by and through their respective counsel.

RECITALS

WHEREAS, Folweiler (the “Named Plaintiff”) has filed a purported Class Action Complaint, which was removed to the United States District Court for the Western District of Washington, then remanded to state court, and is now pending in the Superior Court of King County, Washington (the “Court”), designated as Case No. 15-2-27375-1 (the “Action”), which, through this Settlement, will be certified as a class action, for settlement purposes only, on behalf of the Settlement Class; and

WHEREAS, Folweiler alleges it provided medical treatment to patients involved in, motor vehicle accident(s) (the “Accidents”); and

WHEREAS, at the time of the Accidents, the patients the Named Plaintiff treated were covered under automobile insurance policies issued by Allstate (the “Policy” or the “Policies”); and

WHEREAS, the Named Plaintiff alleges that medical treatment provided or received as a result of the Accidents was only partially paid for under the Personal Injury Protection (“PIP”) and or Medical Payments (“Med Pay”) Coverage in the Policies; and

WHEREAS, the Action alleges, generally, that, in violation of Washington state law, Allstate improperly failed to pay, in whole or in part, medical expense benefits under the Med Pay and/or PIP coverages afforded in the Policies in Washington based on Allstate’s use of a computerized bill-review process that used the 85th percentile of the FAIR Health database which Allstate contends was used as a tool to assist in the adjustment of claims for payment of such benefits; and

WHEREAS, the Named Plaintiff asserts claims in the Action for declaratory judgment, violations of the Washington Consumer Protection Act, RCW 19.86 et seq. (“CPA”), violations of the Washington Insurance Code and related Washington Administrative Code regulations, breach of contract, and unjust enrichment; and

WHEREAS, Allstate intended to vigorously contest each and every claim in the Action, denies all material allegations of the Action, as to which Allstate asserts it has numerous meritorious class and merits defenses, and further maintains that it has consistently acted in accordance with all governing laws at all times; and

WHEREAS, the Named Plaintiff, through Class Counsel, while believing that the claims asserted in the Action have substantial merit, examined the benefits to be obtained under the terms of the Proposed Settlement, considered the risks associated with the continued prosecution and possible appeal of this complex and time-consuming litigation and the likelihood of success on the merits of the Action, and believes that, in consideration of all the circumstances, the Proposed Settlement embodied in this Stipulation is fair, reasonable, adequate and in the best interests of the Potential Class Members; and

WHEREAS, Allstate, while denying wrongdoing of any kind whatsoever, and without admitting any liability, nevertheless agreed to enter into this Stipulation to avoid further expense, inconvenience and the distraction of burdensome and protracted litigation, and to be completely free of any further controversy with respect to the claims which were asserted or could have been asserted in, or relate in any way whatsoever to, the Action.

NOW, THEREFORE, IT IS HEREBY AGREED, by and between the Parties to this Stipulation, through their respective Counsel, that the Action be settled and compromised as between the Named Plaintiff, the Settlement Class, and Allstate, upon approval of the Court after hearing as provided for in this Stipulation, on the following terms and conditions:

I. DEFINITIONS

In addition to the foregoing, the following terms shall have the meanings set forth below:

1. “Accident” means the incident in which the Insured/Claimant Subclass Member and/or a patient treated by a Provider Subclass Member suffered injuries which resulted in a claim for PIP or Med Pay benefits under the Policies.
2. “Claim Adjudication” means the final resolution of a Claim pursuant to this Settlement.
3. “Claim Form” means the documentation, attached hereto as Group Exhibit A, that a Class Member must properly complete and submit to be eligible to receive a payment under the Settlement. There shall be one Insured/Claimant Subclass Claim Form and one Provider Subclass Claim Form.
4. “Claims” means the requests for payment submitted by Class Members, pursuant to Claim Forms, to obtain benefits pursuant to this Settlement.
5. “Class” means the class of Persons certified pursuant to this Settlement.

6. “Class Administrator” means the third party administrator which shall be responsible for the mailings and other administrative tasks in connection with this Settlement. The Parties will request appointment and approval of Epiq Class Action & Claims Solutions, Inc (“Epiq”) as Class Administrator, and agree that Epiq may use the same form letters, or substantively similar ones -- albeit changed as necessary to reflect the differences between this Settlement and the *MySpine* Settlement -- to the Class Members as were used in the *MySpine v. Allstate* settlement advising them of the amount of their claim being paid. The Class Administrator shall be approved by the Court in the Preliminary Approval Order.

7. “Class Member” means any Person who is included within the definition of the Settlement Class (and that person’s heirs, executors, administrators, successors, and assigns), and who does not validly and timely request exclusion from the Settlement Class, in accordance with the provisions of this Agreement and the Class Notice.

8. “Class Notice” means the notice of the preliminarily approved Settlement to be sent to Potential Class Members in the form attached as Exhibit B hereto.

9. “Class Period” means the period commencing October 15, 2011 and continuing through January 31, 2017.

10. “Covered Injury” means any injury covered by the PIP or Med Pay coverage provided by any Policy;

11. “Covered Treatment” means any medical treatment, medical service, medication, prosthesis, durable medical equipment and/or rehabilitation covered by the PIP or Med Pay coverage provided by the Policies.

12. “Effective Date” means 30 days after Final Approval or, if there is an appeal, the appeal has been resolved favorably to the continuation of the Settlement and the time for further review has expired.

13. “Final Order” means the order entered by the Court finally approving this Settlement.

14. “Final Settlement Hearing” means the hearing at or after which the Final Order approving the Settlement in this matter is granted.

15. “Future Claim” means any claim submitted to Allstate or any of its agents after the end of the Class Period for payment or reimbursement of charges for medical treatment, medical service, medication, prosthesis, durable medical equipment and/or rehabilitation under the PIP or Med Pay coverage provided by any Policy.

16. “Allstate” means Allstate Fire & Casualty Insurance Company, Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company, Allstate Vehicle and Property Insurance Company, Northbrook Indemnity Company, Allstate County Mutual Insurance Company, Deerbrook Insurance Company, Encompass Insurance Company, Encompass Insurance Company of America and Encompass Indemnity Company and any of their past, present or future subsidiary, controlled, affiliated, related and/or parent corporations, business entities or divisions, and/or any other successors, assigns or legal representatives thereof doing business in the State of Washington.

17. Insured/Claimant means an insured and/or claimant who is an insured person under an Allstate Washington Policy whose claim for PIP or Med pay coverage under an Allstate Washington Policy was allegedly improperly reduced by Allstate.

18. “Medical Payments” or “Personal Injury Protection” benefits means all benefits to insureds under the Med Pay or PIP coverages for medical treatment, medical service, medication, prosthesis, durable medical equipment and/or rehabilitation under any Policy issued by Allstate.

19. “Medical Provider” means any Washington hospital, clinic, pharmacy, physician, physician’s assistant, chiropractor, nurse, nurse practitioner, acupuncturist, health or wellness

care provider, emergency medical technician, and/or any other person or entity who claims or claimed a right to payment under any Policy for providing medical treatment, medical services, medication, prosthesis, durable medical equipment and/or rehabilitation for an injury covered by the applicable PIP or Med Pay coverage provided by any Policy.

20. “Named Plaintiff” means Folweiler. Counsel for all Parties agree that, for settlement purposes only, Folweiler is an adequate class representative for both the Insured/Claimant Subclass and the Provider Subclass because the interests of both Subclasses are aligned under the Settlement, and this adequacy of representation will be expressly ruled on by the Court as part of the approval process in connection with this Settlement.

21. “Person” means any natural person, individual, corporation, association, partnership, trust, or any other type of legal entity.

22. “Policy Limit(s)” means the amount stated in a Policy as the maximum total amount that Allstate will pay for medical expenses covered by the PIP or Med Pay coverage provided by that Policy.

23. “Potential Class Members” means all Persons who would qualify as part of the Settlement Class, prior to the date by which exclusion from the Settlement Class must be requested.

24. “Preliminary Approval Order” means the order entered by the Court preliminarily approving this Settlement.

25. “Released Claims” means and includes any and all Unknown Claims, known claims, rights, demands, actions, causes of action, suits, debts, liens, contracts, liabilities, agreements, interest, costs, expenses or losses, losses or damages (whether actual, consequential, treble, statutory and/or punitive or exemplary or other) for or arising out of the acts alleged or which are or could have been alleged by the Named Plaintiff or the Potential

Class Members in this Action and which relate in any way to the theories in the Action or which could have been brought relating to the subject matter of the Action, which was Allstate's use of the 85th percentile of the FAIR Health database, which Allstate contends was a tool it used to assist in the adjustment and payment of Washington PIP or Medpay claims, including, but not limited to, statutory and non-statutory attorneys' fees; unjust enrichment; breach of contract; breach of any covenant of good faith and/or fair dealing; premium overcharges; fraudulent inducement; fraud; misrepresentation; deception; consumer fraud; antitrust; defamation; tortious interference with contract or business expectations; Racketeer Influenced and Corrupt Organizations Act violations; violations of the Washington Consumer Protection Act, the Washington Insurance Fair Conduct Act, or any consumer protection act; unfair claims settlement practices; conversion; punitive damages; interest; injunctive relief; declaratory judgment; costs; unfair trade practices; unfair insurance practices; unfair competition; deceptive practices; statutory violations; regulatory violations; unfair business practices; breach of fiduciary duty; mental or emotional distress; and/or bad faith, relating in any way whatsoever to Allstate's review, handling, payment, adjustment or denial, in whole or in part, of claims for Medical Payments or Personal Injury Protection benefits through Allstate's use of the 85th percentile of the FAIR Health database, which Allstate contends was a tool it used to assist in the adjustment and payment of PIP and medical payments claims, and/or any claims which were brought or could have been brought or relate in any way whatsoever to the Action, or which relate in any way whatsoever to the Accidents or the Policies, or the Accidents with respect to the Policies concerning Allstate's use of the 85th percentile of the FAIR Health database, which Allstate contends was a tool to assist in the adjustment and payment of PIP or Medpay claims. "Released Claims" also includes the claims described in Section VI below describing claims arising during the three-year period between February 1, 2017 and February

1, 2020. “Released Claims” does not include personal injury claims, but only to the extent such claims do not encompass a claim that Allstate paid less than the full amount billed for reasonable and necessary medical treatment based on medical bill review with the assistance of any computer program software or database, including FAIR Health data.

26. “Released Persons” means Allstate, and any of its past, present or future officers, stockholders, directors, agents, employees and/or independent contractors and/or any other successors, assigns, or legal representatives thereof.

27. “Releases” means the releases of claims which will be given by Class Members in connection with this Settlement.

28. “Settlement Class” means the Class, to be certified for settlement purposes only, and consisting of the following Insured/Claimant and Provider subclasses:

A. The “Insured/Claimant Subclass” is defined as every Person who, at any time during the Class Period,

i) was insured under an Allstate Washington Policy;

ii) suffered a Covered Injury and received Covered Treatment for such injury;

iii) submitted a Subject Claim or had a Subject Claim submitted on his or her behalf;

iv) received from Allstate as the total payment or reimbursement for all Covered Treatment covered by a single Policy (through payments to himself, to herself, or to others on his or her behalf) a total amount that was less than the applicable PIP or Med Pay limit(s) stated in that Policy;

v) received from Allstate as payment or reimbursement for at least one Covered Treatment (through payments to himself, to herself, or to others on his or

her behalf) an amount that was less than the charge billed for that treatment because Allstate or one of its agents and/or employees determined, with the aid of a computerized bill-review system including the FAIR Health database, that the charge billed for that treatment exceeded the usual, customary, and/or reasonable (“UCR”) amount for that treatment; and

vi) the applicable Med Pay or PIP policy limits for the Insured/Sub-class member treated have not been exhausted.

B. The “Provider Subclass” is defined as every Person who, during the Class Period,

i) provided Covered Treatment, in Washington, to a member of the Insured/Claimant Subclass for a Covered Injury;

ii) sought payment for that Covered Treatment under the PIP or Med Pay coverage provided by a Policy;

iii) received from Allstate as payment for that Covered Treatment an amount that was less than the charge billed for that treatment because Allstate or one of its agents and/or employees determined, with the aid of a computerized bill-review system including the FAIR Health database, that the charge billed for that treatment exceeded the usual, customary, or reasonable amount for that treatment; and

iv) the applicable Med Pay or PIP policy limits for the Insured/Sub-class member treated have not been exhausted.

Provided, however, that the Settlement Class excludes all Class Counsel, all Released Persons, and all directors and officers of Allstate.

29. “Subject Claim” means any claim submitted to Allstate or any of its agents and/or employees within the Class Period for payment or reimbursement of charges for medical treatment, medical service, medication, prosthesis, durable medical equipment and/or rehabilitation under the PIP or Med Pay coverage provided by any Policy.

30. “Stipulation,” “Agreement” or “Settlement” means this Stipulation of Settlement, including all exhibits hereto.

31. “UCR Reductions” means the difference between the full billed amount of Class Members’ medical bills and the payments made by Allstate at less than the full amount of those bills based on a determination, with the aid of FAIR Health data, that the billed amounts are not usual, customary and/or reasonable.

32. “Unknown Claims” means any claims arising out of new facts or facts found hereafter to be other than or different from the facts now believed to be true, relating to any matter covered by this Stipulation, as to any of the Released Claims, so that each Class Member shall be deemed to have expressly waived any and all Unknown Claims relating to any matter covered by this Stipulation and related to Medical Payments or Personal Injury Protection benefits as defined herein, to the full extent permitted by law, and to the full extent of claim preclusion and *res judicata* protections.

33. “Valid Claim Form” means a Claim Form submitted pursuant to this Agreement and which meets the criteria for Claim Forms described in this Agreement.

II. PRELIMINARY CERTIFICATION OF SETTLEMENT CLASS

34. For settlement purposes only, the Parties to this Agreement stipulate that the Court may enter an order, in the form attached hereto as Exhibit C, preliminarily certifying the

Settlement Class, appointing the Named Plaintiff as representatives of the Settlement Class, and appointing the following counsel as Class Counsel for the Settlement Class:

David Breskin and Brendan Donckers
Breskin, Johnson & Townsend
1000 Second Ave., Suite 3670
Seattle, WA 98104
(206) 652-8660
www.bjtlegal.com

35. Preliminary certification of the Settlement Class and appointment of the class representatives and Class Counsel by the Court shall be binding only with respect to the Settlement of the Action. In the event this Stipulation is terminated pursuant to its terms, or a Final Order approving the Settlement and dismissal of the Action for any reason does not occur, the certification of the Settlement Class shall be nullified, and the Action shall proceed as though the Settlement Class had never been certified, without prejudice to the Court's consideration, on the merits, of any properly submitted Motion for Class Certification.

III. CLAIM FORM/REQUIRED SHOWING BY CLASS MEMBERS/METHOD OF PAYMENT

36. Each Class Member must submit a sworn Claim Form, which must be postmarked no later than 90 days after the Final Settlement Hearing. The Claim Form must include the Class Member's name, address, Social Security Number (for the Insured/Claimant Subclass) or Tax Identification Number (for the Provider Subclass), and an affirmation under penalty of perjury that the Class Member is owed an amount of money by Allstate pursuant to the terms of this Agreement.

37. Payment to Class Members shall be calculated as follows:

A. Class Members who submit a properly completed Claim Form shall receive 135% of the difference between the amount of the bills submitted and the amount previously paid by Allstate, that were not subsequently paid in full by Allstate,

subject to the provisions of Section V, and fully subject to and not in excess of the applicable Policy Limit. If policy benefits are insufficient to pay the full 135%, a partial payment will be made up to the remaining policy limits. If the exhaustion of Policy Limits results in non-payment of a claim, in whole or in part, then Class Counsel shall have the right to conduct limited confirmatory discovery regarding the exhaustion of the Policy Limits.

B. If Valid Claims are submitted by both a member of the Insured/Claimant Subclass and a member of the Provider Subclass, for the same medical bill or claim, Allstate will pay each competing claimant 67.5% of the reduction, or any reduced amount as set forth above -- *i.e.*, the available percentage payment will be split 50/50, unless the Provider Subclass member produces a valid assignment or avers that a valid assignment exists, in which case the Provider Subclass member will be paid 100% and the Insured/Claimant Subclass member will be paid 0%.

C. Allstate will pay claims based only on what its records show. The payment decision based on Allstate's records will be final and binding so long as Allstate provides the records Allstate relied on to the claimant by request. There shall be no right of appeal, and the amount Allstate pays shall be the full amount the Class Member will ever receive from Allstate relating to the benefits of this Settlement.

38. The payments set forth above shall be the only payments to which any Class Member will be entitled pursuant to this Settlement.

IV. NOTICE, COSTS OF NOTICE AND ADMINISTRATION OF SETTLEMENT

39. Notice of the pendency of the Action and of the Settlement shall be made only by direct mailing of the Class Notice.

40. The Class Notice shall be sent via first-class mail to the last known address of each Person Allstate has determined to be a Class Member in this case. The mailing shall

occur within 30 days of the Court's preliminary approval of the Settlement. The last known address shall be determined from information available in Allstate's files or the files available to it through its medical bill review vendor, as updated by the Class Administrator through the National Change of Address (NCOA) Database.

41. The Class Notice will, among other things, contain a toll free number which any Potential Class Member may call with questions, a mailing address and website to which the Class Member can send information requests and/or Claim Forms pursuant to this Agreement, and the names, address and telephone number of Class Counsel.

42. Allstate shall, except as set forth below in Paragraph 43, pay all costs associated with providing Notice of the pendency of the Action and of the Settlement embodied herein to the Potential Class Members in accordance with the terms of the Court's Preliminary Approval Order, which is anticipated to be in the form attached hereto as Exhibit C without any material alterations,

43. If a Class Notice mailing is returned as undeliverable even after the NCOA Database search, Class Counsel reserves the right, at their own expense, and consistent with the remaining timeframes set forth in this Agreement, to take additional steps to obtain a valid address to which the Class Administrator can mail the Class Notice.

44. The Class Notice shall be sent only to the Potential Class Members, not to any of their personal counsel, whether known or unknown, in connection with any specific Accident or Covered Treatment.

V. CLAIMS PROCEDURE

45. Potential Class Members will be deemed Class Members unless they request exclusion from the Settlement Class. Each Potential Class Member will be provided the opportunity to fill out and submit, to the address or website set forth in the Class Notice, by a

date no later than 90 days after the Final Settlement Hearing, the applicable Claim Form referred to above, which will be appended to the Class Notice.

46. The Class Notice will set forth a return address, which will be a Post Office Box controlled by the Class Administrator, and website to which the Claim Forms may be sent. The Class Administrator, upon receipt of the Claim Forms, will log such Claim Forms. Envelopes containing Class Notices which are returned by the Post Office as undeliverable will also be logged. The Class Administrator shall advise Class Counsel and counsel for Allstate of any Class Notices which are returned as undeliverable. Class Counsel reserves the right, at their own expense, and consistent with the remaining timeframes set forth in this Agreement, to make a reasonable attempt to find an updated address and will advise the Class Administrator if an updated address is found so that the Class Administrator can re-mail the Class Notice. Allstate shall, within 120 days of the Effective Date, or within 120 days of receipt of a Valid Claim Form, whichever is later, pay those Claims to which Allstate does not object and/or issue a payment determination indicating an objection to full payment.

VI. USE OF FAIR HEALTH DATABASE BY ALLSTATE AS TO FUTURE CLAIMS.

47. Subject to Paragraph 48 below, effective February 1, 2017 and extending for a three-year period to February 1, 2020, Allstate will pay all medical bills for which coverage has been determined, and policy limits have not been exhausted or partially exhausted, if the reduction is up to \$10 above the 85th percentile amount in the FAIR Health database, or any similar successor system that Allstate may use during this period, of charges. If the reduction is more than \$10 above the 85th percentile amount in the FAIR Health database, Allstate reserves its right to take the entire reduction.

48. Bills that exceed \$10 above the 85th percentile as contemplated in Paragraph 47 above should be paid in full if the billed amount is a reasonable amount for that provider to

charge consistent with and governed by Washington law for which coverage has been determined, and policy limits have not been exhausted or partially exhausted. Pursuant to and consistent with Paragraph 51, Class Members reserve the right to bring an individual action against Allstate to be paid this full amount billed and do not waive any right to do so by this provision. However, this provision above does not require Allstate to change any of its bill payment practices, except for the change set forth in Paragraph 47 above.

49. By agreeing to the procedures discussed in Paragraphs 47 and 48 above, Allstate is not admitting that its prior procedure for paying PIP and MedPay claims was a violation of the Washington Consumer Protection Act. By agreeing to the procedures discussed in Paragraphs 47 and 48 above, Folweiler and the Settlement Class Members are not admitting that Allstate's prior procedures or the procedures that will be in effect from February 1, 2017 to February 1, 2020 discussed in Paragraphs 47 and 48 above are consistent with Washington law or do not constitute a violation of the Washington Consumer Protection Act.

50. Effective February 1, 2017 and extending for a three-year period to February 1, 2020, Class Members who do not exclude themselves from the Settlement Class agree not to bring a class action, or to bring any other form of collective action, challenging Allstate's practice during the period from February 1, 2017 to February 1, 2020 of reducing bills in accordance with Paragraphs 47 and 48 above. Class Members who do not exclude themselves from the Settlement Class also agree that after February 1, 2020, they will not bring a class action or collective action to recover for such reductions made from February 1, 2017 to February 1, 2020.

51. However, from February 1, 2017 to February 1, 2020, Class Members are free to sue Allstate individually challenging Allstate's failure to pay what they contend are their reasonable bills. In such individual suits, Class Members will have any and all rights and/or

remedies provided by Washington law, regulation and/or statute, including the Consumer Protection Act. Class Members are not waiving any claim, right or remedy with regard to reductions made to their individual bills, nor are class members waiving any claim, right or remedy to recover reductions made to their individual bills in an individual action filed after February 1, 2020 for reductions made between February 1, 2017 and February 1, 2020. No such individual action for reductions made between February 1, 2017 and February 1, 2020, however, may be joined with, consolidated with, or otherwise brought collectively with any other such individual action. Nothing in Paragraphs 49 through 51 limits any action by a Class Member whatsoever for any reductions taken after February 1, 2020.

VII. SETTLEMENT CONSIDERATION

52. In exchange for the Releases and other consideration described herein, and the terms set forth in this Stipulation, Allstate hereby agrees to pay the amounts described in this Stipulation, including (i) payments to Class Members, (ii) payment of attorneys' fees, costs, and expenses to Class Counsel; (iii) payment of class representative fee to the Named Plaintiff; and (iv) payment of all administrative costs of this Settlement, except as otherwise set forth herein.

VIII. CONFIRMATORY DISCOVERY

53. Allstate has provided an affidavit confirming the accuracy of the information provided to Class Counsel in connection with the Settlement. Class Counsel shall have the right to conduct confirmatory discovery as to this information between the date of the execution of the Settlement Agreement and the date of the Preliminary Approval Order.

IX. AGREEMENT ON TERMS, NOTICE AND CLAIM FORM REQUIRED

54. The Settlement is contingent upon agreement between the Parties on all terms set forth in the Settlement Agreement, Class Notice and Claim Form. The Preliminary Approval and Final Approval Orders will contain the key agreed on terms of Settlement.

X. DECEASED CLASS MEMBERS

55. Claims may be submitted by a legally authorized representative of a deceased Class Member's estate. Before any funds will be distributed by Allstate, the Court shall approve the party submitting such a claim as the proper party to receive distribution of funds. In addition, when necessary, estates deemed entitled to benefits under this Agreement shall be opened or reopened before such benefits will be paid.

XI. MINOR SETTLEMENT PROVISION

56. If any minor is a Class Member, court approval of the final distribution to that Class Member, pursuant to the applicable rules in Washington, will be required.

XII. INCAPACITATED CLASS MEMBERS

57. Claims may be submitted by a legally authorized guardian or representative of an incapacitated Class Member. Before any funds will be distributed by Allstate, the Court shall approve the party submitting such a claim as the proper party to receive the distribution of such funds.

XIII. LIENS, SUBGROGATION, REIMBURSEMENT

58. All Class Members receiving funds pursuant to this Settlement shall be responsible for the discharge of any subrogation or reimbursement claim or lien for any medical treatment of that Class Member arising out of the Accident which is the subject of the Class Member's claim, including hospital liens, of any medical provider, plan, insurer, or governmental entity, including but not limited to, Medicare, CMS, or Medicaid, and any attorney liens. Any Class Member receiving funds pursuant to this Settlement agrees to indemnify and hold harmless the Released Parties from the Class Member's failure to satisfy such claim or lien pertinent to their medical care and treatment, and any attorney liens, in any ensuing impairment action brought against the Released Parties by any Person or entity. No attorneys or medical

liens shall be created by any of the Parties' efforts in attempting to effectuate the terms of this Settlement.

XIV. COMMUNICATIONS WITH THE CLASS

59. The Class Notice shall list Class Counsel's address and telephone number. Other than as provided for in this Stipulation, communications relating to the Action or this Settlement with Persons receiving Class Notices and Potential Class Members shall be handled through Class Counsel. Nothing in this Agreement, however, shall be construed to prevent Allstate, its employees, agents or representatives from communicating with Potential Class Members or Class Members in the normal course of Allstate's business operations.

XV. FEES AND COSTS

60. Attorneys' fees and costs were not finally negotiated by Class Counsel and counsel for the Released Parties until after full agreement was reached as to the terms of this Settlement. After all other material terms were agreed upon, Allstate agreed not to contest a request by Class Counsel for a maximum award of \$622,500, and which represents approximately 30% of 135% of the UCR reductions available to be paid to Provider and Insured/Claimant Subclass Members during the Class Period estimated to be \$622,500, in fees and costs, and a class representative fees of up to \$7,500 for the Named Plaintiff, to be approved by the Court. Any attorneys' fees and costs and class representative fees awarded by the Court, but only up to the maximum set forth above, shall be paid by Allstate to Class Counsel and/or the Named Plaintiff on the date of final approval to an interest bearing escrow account of Allstate's choice, to be released 5 days after the Effective Date.

61. There will be no reversion to Allstate of any funds paid out pursuant to this settlement in the event any payment check to Class Members remains uncashed and is voided by the Claims Administrator. Any such residual funds shall be distributed in accordance with the

recommendation of Plaintiff's counsel to the Court and upon Court approval of the recipients pursuant to CR 23(f). Class counsel agrees that the Released Parties will have no liability for the way the residual funds from uncashed checks to claimants is distributed, and agree to fully indemnify the Released Parties against any claim, by the State of Washington or otherwise, that these funds were improperly distributed.

XVI. PRELIMINARY APPROVAL OF SETTLEMENT

62. The Named Plaintiff will file a motion for preliminary approval of the Settlement and Class Notice and will note the motion for hearing on January 20, 2017.

63. The Named Plaintiff is responsible for drafting, finalizing and filing the motions for preliminary and final approval of the Settlement. There shall be no collusion between the Named Plaintiff and Defendants with regard to the motions seeking settlement approval. The Named Plaintiff, however, will provide a draft of the motions to Defendants for comments prior to filing and to the extent appropriate, will include such comments. Defendants are not prohibited from submitting a response if they deem such response necessary.

XVII. FINAL APPROVAL OF SETTLEMENT

64. Class Counsel will file a motion, subject to Allstate's review and approval, seeking the Final Order approving the Settlement at a Final Settlement Hearing to be held at a time, date, and location that will be stated in the Preliminary Approval Order, and listed in the Class Notice. Class Counsel shall request the Court to enter a Final Order, in the form attached hereto as Exhibit D, which provides for:

A. Approving the Settlement without material alteration, and directing the Parties to this Stipulation and their Counsel to comply with and consummate the terms of this Settlement;

B. Certifying the Settlement Class for settlement purposes only;

C. Finding that Class Counsel and the Named Plaintiff have adequately represented the Settlement Class;

D. Finding that the terms of this Settlement are fair, reasonable, and adequate to the Settlement Class;

E. Providing that each member of the Settlement Class shall be bound by the provisions of this Settlement, including the Releases provided for herein;

F. Finding that the Notice procedures provided above were the best practicable notice under the circumstances and satisfy the requirements of the Washington Rules of Civil Procedure, and the requirements of due process under the Washington and United States Constitutions and any other applicable rules or laws;

G. Dismissing all claims in the Action as to Allstate on the merits and with prejudice, and entering final judgment thereon;

H. Permanently enjoining Class Members from bringing any new class action or individual action, or attempting to amend any existing action to assert any of the Released Claims;

I. Approving the payment of the attorneys' fees and costs to Class Counsel and the class representative fees to the Named Plaintiff, as set forth above;

J. Approving, or modifying in no material respect, the procedures set forth herein as to Future Claims, and as to not sending a separate Class Notice to counsel who previously represented any Class Member with regard to any Accident or Covered Treatment, or otherwise, and finding that neither Allstate nor Class Counsel shall be responsible in any way for any attorneys' lien submitted by any prior counsel for any of the Class Members, nor shall any attorneys' lien be created by any of the efforts by the Parties to this Stipulation to effectuate any of the terms of this Agreement.

**XVIII. CONDITIONS OF SETTLEMENT AND EFFECT OF DISAPPROVAL,
CANCELLATION OR TERMINATION OF STIPULATION**

65. The Named Plaintiff, Class Members and Allstate consent to the entry of the Final Order.

66. Allstate may, solely at its option, terminate this Agreement in the event that 5% of Potential Class Members file valid and timely requests for exclusion. If the Court disapproves this Stipulation or fails to rule, or if the Court enters the Final Order but it is reversed or vacated on appeal, this Stipulation shall be null and void and of no force and effect. If the Court modifies any provision of the Stipulation or proposed Final Order, or if either is modified on appeal or remanded to the Court for modification, Allstate shall have the option of terminating this Stipulation and withdrawing its consent to the entry of the Final Judgment, in which case this Stipulation shall be null and void and of no force and effect. Any award by the Court or any appellate court of attorneys' fees and costs, or class representative fees, to be paid by Allstate in excess of the maximum award agreed upon herein, shall not be executed upon in any fashion by Class Counsel and/or the Named Plaintiff, who agree in all events to receive no more than the maximum amount of fees and/or costs agreed to herein.

67. Upon the preliminary approval of this Proposed Settlement by the Court, as evidenced by entry of the Preliminary Approval Order, all proceedings in the Action, and any other legal proceedings regarding the Released Claims, shall be stayed until further order of the Court, except such proceedings as may be necessary either to implement the Proposed Settlement or to comply with or effectuate the terms of this Agreement.

68. In the event that any of the events or conditions described above are not met or do not occur, this entire Stipulation shall become null and void, except that the Parties to this Stipulation shall have the option to agree in writing to waive the event or condition and proceed with this Settlement, in which case the Effective Date shall be deemed to have

occurred on the date of said written agreement, or a date otherwise specified in said written agreement.

XIX. OBJECTIONS AND REQUESTS FOR EXCLUSION

69. Potential Class Members who wish to exclude themselves from the Settlement Class must prepare a written request for exclusion, postmarked not later than 30 days before the date set for the Final Settlement Hearing, which shall be sent to Folweiler Chiropractic v. Allstate, P.O. Box 3719, Portland, OR 97208-3719. Written requests for exclusion must be signed and include the Potential Class Member's name, address, and telephone number, and expressly state the desire to be excluded from the Settlement Class.

70. Class Members who do not file a timely request for exclusion may file a notice of intent to object to the Proposed Settlement. The written notice of intent to object must be: (a) filed with the Clerk of the Court not later than 30 days before the date set for the Final Settlement Hearing; and (b) sent by first-class mail, postmarked not later than 30 days before the date set for the Final Settlement Hearing, to Honorable Jeffrey Ramsdell, King County Courthouse, 516 Third Avenue, Seattle, WA 98104 and to Folweiler Chiropractic v. Allstate, PO Box 3719, Portland, OR 97208-3719. Any Class Member who does not so request to object waives the right to do so in the future, and shall be forever barred from making any objection to the Proposed Settlement. Any notice of intent to object must contain: (a) a heading which refers to the Action; (b) a statement whether the objector intends to appear at the Final Settlement Hearing, either in person or through counsel, and, if through counsel, identifying that counsel by name, address and phone number; (c) a clear and detailed statement of the specific legal and factual bases for each and every objection, and, if through counsel, a statement of authorities in support of the objection; and (d) proof that the objector is in fact a Settlement Class member; provided, however, that an objection also may be

entertained on any other basis deemed adequate by the Court. If the Class Member is represented by an attorney, he/she or it must comply with all applicable Washington laws and rules for filing pleadings and documents in Washington courts.

XX. REPRESENTATION OF OPT OUTS/CONFIDENTIALITY AGREEMENT

71. Class Counsel agree that any representation of any person seeking exclusion from the Settlement Class, or any other person seeking to litigate with Allstate over any of the Released Claims, would place Class Counsel in an untenable conflict of interest with the Settlement Class. Accordingly, Class Counsel agree not to represent any person in requesting exclusion from the Settlement Class. Additionally, Class Counsel agree not to represent any person who requested exclusion from the Settlement Class or Class Members who did not exclude themselves from the Settlement Class in any subsequent litigation that Class Member(s) enter into with Allstate relating in any way to the Released Claims. This provision does not relate to any issues involving the individual claims set out in Section VI of this Stipulation or breach thereof.

72. It is further agreed that after performance of all terms of the Stipulation is completed, any and all documentation identified by Allstate as confidential (exclusive of documents filed with the Court), and provided by Allstate to the Named Plaintiff, Class Counsel, Class Counsel's experts, or anyone else employed by Class Counsel, and all copies thereof, shall be returned to Allstate or certified as destroyed within 30 days of the last Claim Adjudication as set forth herein. Class Counsel shall submit an affidavit to Allstate confirming that any such documentation has been returned or destroyed.

73. Also in furtherance of this confidentiality provision, Class Counsel and the Named Plaintiff agree not to make any statements to the media or in any public forum, orally

or in writing, about the Action, or this Stipulation, other than statements which are fully consistent with this Stipulation and the Class Notice.

XXI. DISMISSAL OF ACTION AND RELEASES

74. Upon the Court's final approval of this Stipulation and the Proposed Settlement set forth herein, the Final Order shall be entered providing for the dismissal, with prejudice and without leave to amend, of the Action, and the Releases by the Named Plaintiff and the Class Members of all Released Claims against the Released Persons.

75. As of the Effective Date, by operation of the entry of the Final Order, each Potential Class Member who does not file a valid request for exclusion shall be held to have fully released, waived, relinquished and discharged, to the fullest extent possible by law, all the Released Persons from all the Released Claims, except that Allstate will not be released from its obligations to carry out the terms of this Stipulation.

76. Notwithstanding the Court's entry of the Final Judgment, the Court shall retain ongoing jurisdiction over this Action for purposes of enforcing and interpreting this Agreement, including entering such orders and injunctions to prevent any collateral litigation that may be filed by Class Members, if necessary.

XXII. DENIAL OF LIABILITY

77. Allstate intended to vigorously contest each and every claim in the Action. Allstate maintains that it has consistently acted in accordance with all governing laws at all times. Allstate has vigorously denied all the material allegations set forth in the Action. Allstate nonetheless has concluded that it is in its best interest that the Action be settled on the terms and conditions set forth in this Stipulation. Allstate reached this conclusion after considering the factual and legal issues in the Action, the substantial benefits of a final resolution of the Action, the expense that would be necessary to defend the Action through

trial and any appeals that might be taken, the benefits of disposing of protracted and complex litigation, and the desire of Allstate to conduct its business unhampered by the distractions of continued litigation.

78. As a result of the foregoing, Allstate enters into this Stipulation without in any way acknowledging any fault, liability, or wrongdoing of any kind. Neither this Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected thereunder, shall be construed as an admission or concession by Allstate of the truth of any of the allegations made in the Action, or of any liability, fault, or wrongdoing of any kind whatsoever on the part of Allstate.

79. To the extent permitted by law, neither this Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected therewith, shall be offered as evidence, received in evidence or used as precedent in any pending or future civil, criminal, or administrative action or proceeding, to establish any liability or admission by Allstate, except in any proceedings brought to enforce the Agreement.

80. Neither this Stipulation, nor any pleading or other paper related in any way to this Stipulation, nor any act or communication in the course of negotiating, implementing or seeking approval of this Stipulation, shall be deemed an admission by Allstate that certification of a class or subclass is appropriate in any other litigation, or otherwise shall preclude Allstate from opposing or asserting any argument it may have with respect to certification of any class or subclass in any other proceeding.

XXIII. MISCELLANEOUS PROVISIONS

81. The Parties to this Stipulation and their undersigned counsel agree to undertake their best efforts and mutually cooperate to effectuate this Agreement and the terms of the Proposed Settlement set forth herein, including taking all steps and efforts contemplated by

this Stipulation, and any other steps and efforts which may become necessary by order of the Court or otherwise. The Parties to this Stipulation further agree to defend this Stipulation against objections made to the Settlement or the Final Order at the Final Settlement Hearing or in any appeal of the Final Order or in any collateral attack on the Stipulation or Final Order.

82. The undersigned Counsel represent that they are fully authorized to execute and enter into the terms and conditions of this Stipulation on behalf of their respective clients.

83. Except as otherwise provided, this Stipulation contains the entire agreement between the Parties to this Stipulation, and supersedes any prior agreements or understandings between them. All terms of this Stipulation are contractual and not mere recitals, and shall be construed as if drafted by all Parties to this Stipulation. The terms of this Stipulation are and shall be binding upon each of the Parties to this Stipulation, their agents, attorneys, employees, successors and assigns, and upon all other Persons or entities claiming any interest in the subject matter hereof, including any Class Member.

84. This Stipulation may be amended or modified only by a written instrument signed by Counsel for all Parties to this Stipulation. Amendments and modifications may be made without additional notice to the Class Members unless such notice is required by the Court.

85. This Stipulation shall be subject to, governed by, construed, and enforced pursuant to the laws of the State of Washington.

86. The Parties and each Class Member irrevocably submit to the exclusive jurisdiction of the Court for any suit, action, proceeding or dispute arising out of or relating to this Agreement or the applicability of the Stipulation and its exhibits, but for no other purpose.

87. The exhibits to this Stipulation are an integral part of the Settlement and are hereby incorporated and made a part of this Stipulation.

88. To the extent permitted by law, this Stipulation may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of this Stipulation.

89. This Stipulation shall be deemed to have been executed upon the last date of execution by all the undersigned.

90. This Stipulation may be executed in counterparts, each of which shall constitute an original.