

Court Approves \$67.5 Million Settlement in St. Paul Travelers Case

The \$67.5 million settlement achieved in the class action case *In re St. Paul Travelers Securities Litigation* and approved by the court in December 2005, culminates the litigation against St. Paul Travelers regarding the April 2004 merger of the St. Paul Companies and Travelers Casualty Property Corp. Several months after the merger, and contrary to earlier statements made by St. Paul and its president, the combined company, St. Paul Travelers, announced that it was taking a \$1.6 billion reserve adjustment, causing a massive decline in the company's stock and forcing the company to announce a first quarter operating loss of over \$300 million. The settlement, which will likely be distributed some time in mid-2006, is one of the largest in the history of the District of Minnesota and the Eighth Circuit. The class was represented by three New Mexico state pension funds acting as Lead Plaintiff, through the direction of the Office of the Attorney General of New Mexico and Attorney General Patricia Madrid. The Labaton Sucharow team was led by partners Thomas A. Dubbs and Lynda J. Grant, and associate, Michael Marks, who is also a CPA. This outstanding result was achieved after months of hard fought litigation, in which the parties engaged in extensive briefing and consultation with actuaries and other insurance

and damages experts. Labaton Sucharow also conducted extensive discovery, including the analysis of over 30 boxes of documents, which constituted the due diligence information available to both companies prior to the Merger. Lead Counsel also took depositions and conducted interviews of St. Paul and Travelers' top financial executives, including St. Paul's then chief actuary.

Although Labaton Sucharow and their insurance experts believed that they had uncovered recent regulatory filings which suggested that St. Paul is less than adequately reserved, they also realized that the outcome of continued litigation could hinge on a battle of actuarial experts, and complex issues of insurance accounting—issues which are not particularly appealing to jurors. Defendants, of course, similarly faced risks, especially since St. Paul Travelers is currently under investigation by over twenty regulatory agencies for its presumed part in the Marsh & McLennan bid rigging scheme.

After numerous rounds of negotiations, the parties finally came to an agreement—an all cash settlement which Labaton Sucharow believes will provide class members with more than 25% of their maximum realizable damages. It will also provide class members with virtually an immediate pay-out.