

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

RECEIVED
INSURANCE DEPT.
MAR 16 2005
BUREAU OF ENFORCEMENT

In Re: Homeward Bound Services
of North America, Inc.
1201 Orange Street, Suite 600
Wilmington, DE 19801

: Applicable laws:
:
: 40 P.S. §§991.1101 et seq.

Docket No. CO05-03-009

SETTLEMENT AGREEMENT

THIS AGREEMENT is made this 15th day of March, 2005 between the Insurance Department of the Commonwealth of Pennsylvania ("Department") and Homeward Bound Services of North America, Inc. (Homeward Bound).

BACKGROUND

WHEREAS, Homeward Bound is a corporation domesticated in Delaware that previously entered into home care contracts with Pennsylvania consumers.

WHEREAS, amendments to the long term care statute (40 Purdon's §991.1101, et seq.) were enacted via Act 216 of 2004, defining and regulating certain home health care contracts as subject to Pennsylvania insurance laws;

WHEREAS, Homeward Bound is not licensed to transact the business of insurance in Pennsylvania or elsewhere;

WHEREAS Homeward Bound discontinued issuing contracts to Pennsylvania consumers as of, or prior to, January 14, 2005, the effective date of the Act;

WHEREAS, the parties hereto acknowledge that there is an issue to the applicability of Act 216 to the contracts and services offered by Homeward Bound; and

WHEREAS, in an effort to settle the disputes arising out of this case, the parties hereto have agreed to settle, inter alia, all claims asserted previously herein as described and all claims which the Department, on the one hand, and Homeward Bound, on the other hand, have against each other, arising out of, or in any way related to this dispute, all subject to, and on the terms and conditions hereinafter set forth.

AGREEMENTS

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

1. Homeward Bound shall discontinue soliciting or issuing contracts to consumers in Pennsylvania. In any case, Homeward Bound shall honor the terms of any existing contracts.
2. This agreement is made solely for the purpose of resolving the differences between the parties addressed herein, and nothing in this Agreement shall be construed as or constitutes an admission of liability by any party hereto or an admission of the validity or enforceability of any claims or demands released hereby.

3. For and in consideration of Homeward Bound's release and discharge of the Pennsylvania Insurance Department from any action, claim or demand arising out of this dispute, the Pennsylvania Insurance Department hereby releases and discharges Homeward Bound from any claims in any court or agency which the Pennsylvania Insurance Department has or may have as a result of this dispute. It is agreed and understood that the aforementioned release and discharge include all costs and attorneys' fees arising out of such.

4. For and in consideration of the Pennsylvania Insurance Department's release and discharge of Homeward Bound from any action, claim or demand arising out of this dispute, Homeward Bound hereby releases and discharges the Pennsylvania Insurance Department from any claims in any court or agency which Homeward Bound has or may have as a result of this dispute.

5. Miscellaneous.

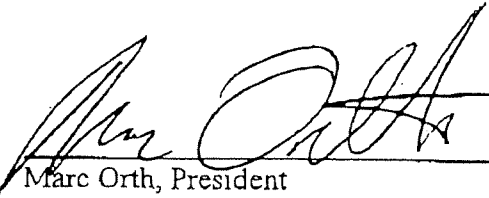
(A) Captions and Section headings. Captions used herein are for convenience only, and are not a part hereof, and shall not be used in construing this Agreement.

(B) Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns, and, in addition hereto, shall be binding upon any receiver, liquidator, rehabilitator, conservator, supervisor and any other person or entity governmental or non-governmental, exercising or seeking to exercise the powers of the persons named above.

(C) Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Pennsylvania.

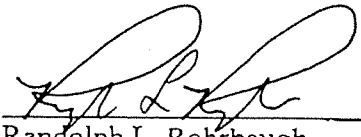
(D) Integration. This Agreement contains the entire agreement of the parties respecting the subject matter herein and supersedes all previous communications, representations, or agreements, either verbal or written, among the parties.

Executed this day and year first above written.

By: 

Marc Orth, President
Homeward Bound Services of North America,
Inc.

INSURANCE DEPARTMENT OF THE
COMMONWEALTH OF PENNSYLVANIA

By: 

Randolph L. Rohrbaugh
Deputy Insurance Commissioner