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7 Attorneys for Defendants Anthem Blue Cross Life  
8 and Health Insurance Company, Blue Cross of California  
doing business as Anthem Blue Cross, and  
9 The WellPoint Companies, Inc.

10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
11 **COUNTY OF SAN MATEO**  
12 **CENTRAL BRANCH, COMPLEX CIVIL LITIGATION**

13 JOSETTE SERENCISA and CHARLES  
14 LICHTMAN, on their own behalf and on behalf  
of all others similarly situated to them, and on  
15 behalf of all putative Class Members,

16 Plaintiffs,

17 v.

18 **BLUE CROSS** OF CALIFORNIA, DBA  
19 ANTHEM BLUE CROSS, BLUE CROSS  
LIFE AND HEALTH INSURANCE  
COMPANY, THE WELLPOINT  
20 COMPANIES, INC., and DOES 1 through 50,  
inclusive,

21 Defendant.

Master File No. 492028  
CONSOLIDATED CLASS ACTIONS  
(consolidated with CIV 493800)

Assigned for All Purposes to  
Hon. Marie S. Weiner, Dept. 2

**AMENDED STIPULATION OF  
SETTLEMENT**

1 This Amended Stipulation of Settlement is made and entered into by Plaintiffs Josette  
2 Serencsa and Charles Lichtman, on behalf of themselves and each of the Class Members, by and  
3 through Class Counsel authorized to settle this Action on Plaintiffs' behalf, and Defendants  
4 Anthem Blue Cross Life and Health Insurance Company ("ABCLHIC") sued herein as "Blue  
5 Cross Life and Health Insurance Company", Blue Cross of California doing business as Anthem  
6 Blue Cross ("BCC"), and WellPoint Insurance Companies, Inc. ("WCI"), by and through their  
7 counsel of record. This Amended Stipulation encompasses and supersedes the Stipulation For  
8 Settlement executed October 18, 2010. The October 18, 2010 Stipulation for Settlement is  
9 attached hereto as Exhibit A.

10 **I. RECITALS**

11 A. On February 16, 2010, this action was commenced against Defendants in the  
12 Superior Court of the State of California for the County of San Mateo. The original complaint  
13 (in Case No. CIV492028) initially named Ronald S. Galasi as a representative of all persons  
14 similarly situated. On April 7, 2010, Plaintiff Josette Serencsa filed her complaint in Case No.  
15 CIV493800. On April 13, 2010, *Serencsa* (Case No. CIV493800) was designated complex and  
16 assigned to The Honorable Marie S. Weiner, Judge of the San Mateo County Superior Court. On  
17 April 16, 2010, Court amended its April 13, 2010 Order. Subsequently, the complaint in Case  
18 No. CIV492028 was amended to substitute Plaintiff Charles Lichtman as plaintiff. At the  
19 Court's direction, on May 5, 2010, plaintiffs Serencsa and Lichtman filed a single Consolidated  
20 Complaint encompassing Case Nos. CIV492028 and CIV493800, Master File No. CIV492028.

21 B. On February 16, 2010, then-plaintiff Ronald S. Galasi appeared *ex parte*  
22 requesting a **Temporary Restraining Order** enjoining Defendants ABCLHIC and BCC from  
23 implementing a **rate increase they had noticed for March 1, 2010** for individual health coverage  
24 plans. On February 13, 2010, ABCLHIC reached an agreement with Insurance Commissioner  
25 Steve Poizner to delay implementation of the proposed March 1, 2010 rate increase pending an  
26 independent review of the application for that increase by consultant actuaries retained by the  
27 Insurance Commissioner. BCC voluntarily delayed implementation to be consistent with  
28 ABCLHIC. At the hearing on the *ex parte* application held February 16, 2010, the Court denied

1 the application without prejudice to a renewed application if plaintiff's rates were increased on or  
2 before May 1, 2010.

3 C. On April 29, 2010, ABCLHIC withdrew its then-pending rate applications  
4 filed with the California Department of Insurance. ABCLHIC filed revised rate applications on  
5 June 30, 2010.

6 D. On April 30, 2010, plaintiffs filed a motion for preliminary injunction seeking  
7 to enjoin ABCLHIC and BCC from implementing the rate increases that had been proposed for  
8 March 1, 2010, but delayed as recited in paragraph B. Plaintiffs' motion was taken off-calendar  
9 because the rate applications at which it was directed had been withdrawn, and there were no  
10 pending rate increases at the time the motion for preliminary injunction was filed.

11 E. On May 5, 2010, Plaintiffs filed the Consolidated Complaint. The  
12 Consolidated Complaint challenged the manner in which ABCLHIC and BCC calculate  
13 premiums for individual health insurance coverage. Among other things the Consolidated  
14 Complaint alleged that the individual market consists of "closed" blocks of business (within the  
15 meaning of Insurance Code section 10176.10 and Health and Safety Code section 1367.15) and  
16 that the premiums charged by ABCLHIC and BCC are excessive.

17 F. On June 14, 2010, Defendants demurred to the Consolidated Complaint.  
18 Among other things, Defendants took the position that the claims asserted in the Consolidated  
19 Complaint were barred by the filed rate doctrine. In opposing the demurrer Plaintiffs requested  
20 leave to amend. On July 29, 2010, the Court sustained Defendants' demurrer with leave to  
21 amend.

22 G. On March 23, 2010, the federal Health Care Reform law known as the Patient  
23 Protection and Affordable Care Act ("PPACA") (Public Law 111-148) became law. Among  
24 other things, PPACA provides that health care coverage provided as of March 23, 2010 is  
25 "grandfathered", provides that new, non-grandfathered health care coverage offered for plan  
26 years commencing after September 23, 2010 must extend to consumers certain benefits not  
27 applicable to "grandfathered" coverage (the "September 23 mandates"), and precludes the sale of  
28 "grandfathered" products to applicants as of the effective date of the September 23 mandates.

1 An impact of this PPACA provision is that no new lives can be added to “grandfathered” health  
2 care coverage products existing at March 23, 2010. Plaintiffs in this action have grandfathered  
3 health care coverage products written by ABCLHIC. Consequently, plaintiffs in this action may  
4 be impacted by the provisions of PPACA discussed in this paragraph G.

5 H. No plaintiff in this Action has a DMHC Product written by BCC. Plaintiffs  
6 have CDI Products written by ABCLHIC.

7 I. It is the position of ABCLHIC, and all Defendants, that ceasing to write  
8 grandfathered products, and not adding new lives to grandfathered plans, in compliance with  
9 PPACA does not fall within the conduct addressed by Insurance Code section 10176.10 and  
10 Health and Safety Code section 1367.15 as “closing” a “block” of business.

11 J. Nonetheless, and notwithstanding the Court’s order sustaining Defendants’  
12 demurrer, and notwithstanding Defendants’ continued denial of any liability in this Action  
13 whatsoever, Defendants consider it desirable to fully and finally resolve all matters raised, both  
14 for the benefit of members and as the most efficient and certain conclusion of the Action.

15 K. Plaintiffs and Class Counsel believe that Plaintiffs can state legally and  
16 factually meritorious claims against Defendants. Nonetheless, after a thorough consideration of  
17 the facts and law, Plaintiffs and Class Counsel recognize the risks, uncertainty, expense and  
18 likely length of time required to prosecute this Action, and further recognize that the settlement  
19 set forth in this Stipulation is fair, reasonable, and in the best interests of Class Members.

20 L. On October 18, 2010 the parties to this action submitted to a full day mediation  
21 session before a jointly-selected mediator, Martin Quinn of JAMS Mediation Services. As a  
22 result of that mediation the parties reached the Stipulation For Settlement attached hereto as  
23 Exhibit A for reference.

24 **NOW, THEREFORE**, in consideration of the above and all of the risks and expenses of  
25 litigation, the Parties to this Action stipulate to settle the Action as provided herein.

26 **II. DEFINITIONS**

27 A. As used in this Stipulation the following capitalized terms have the meanings  
28 specified below:

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1. “Action” means the consolidated cases Charles Lichtman v. Blue Cross of California dba Anthem Blue Cross et al., San Mateo County Superior Court Case No. CIV492028 and Josette Serencsa v. Blue Cross of California dba Anthem Blue Cross et al., San Mateo County Superior Court Case No. CIV493800.
2. “ABCLHIC” means Anthem Blue Cross Life and Health Insurance Company. ABCLHIC is regulated by the California Insurance Commissioner and the California Department of Insurance under the California Insurance Code. ABCLHIC is not regulated by the Department of Managed Health Care or subject to the provisions of the Knox-Keene Health Care Service Plan Act of 1975 (California Health and Safety Code section 1340 et seq.). For simplicity in communicating with Class Members, in the Class Notice ABCLHIC is referred to as “Anthem”. ABCLHIC is sued herein as “Blue Cross Life and Health Insurance Company”.
3. “BCC” means Blue Cross of California doing business as Anthem Blue Cross. BCC is a health service plan regulated by the Department of Managed Health Care under the Knox-Keene Health Care Service Plan Act of 1975 (California Health and Safety Code section 1340 et seq.). BCC is not regulated by the California Insurance Commissioner or the California Department of Insurance or subject to the provisions of the California Insurance Code. None of the Plaintiffs or Class Members has a DMHC Products issued by BCC.
4. “CDI” means California Department of Insurance.
5. “CDI Product” means an Individual Product issued by ABCLHIC and regulated by the CDI under the California Insurance Code.
6. “Class” includes all persons who were subscribers of any CDI Product on September 23, 2010. The Class is a settlement class as set forth herein in Section III and is subject to the terms set forth in Section III.

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- 7. "Class Counsel" means Plaintiffs' counsel who, on behalf of any and all Class Members is authorized to negotiate and enter into this settlement, subject to Court approval, and shall have the authority on behalf of all Class Members to execute all documentation necessary to the settlement, the Stipulation, or necessary to effectuate the settlement: Ronald S. Galasi, Esq., Law Offices Of Ronald S. Galasi, 1350 Old Bayshore Highway, Suite 610, Burlingame, California 94010; Telephone: (650) 685-6200; Email: [galasi@msn.com](mailto:galasi@msn.com).
- 8. "Class Member(s)" means any member(s) of the Class.
- 9. "Class Notice" means the "Notice of Class Action Settlement" substantially in the form of Exhibit B attached hereto and discussed in Section V of this Stipulation.
- 10. "Class Period" means February 16, 2006 through October 18, 2010.
- 11. "Commissioner" means the Insurance Commissioner of the State of California.
- 12. "Court" means the Superior Court of the State of California for the County of San Mateo, where this Action is pending.
- 13. "Defendants" means ABCLHIC, BCC, and WCI.
- 14. "Defendants' Counsel" means counsel of record for Defendants.
- 15. "DMHC" means the California Department of Managed Health Care.
- 16. "DMHC Products" means health care coverage service plans for individuals issued by BCC and regulated by the DMHC.
- 17. "Final Approval Date" means the date defined in Section IX. A of this Stipulation.
- 18. "Grandfathered Products" means health care coverage products for individuals issued before September 23, 2010 where the plan was in existence as of March 23, 2010. This definition of "Grandfathered Products" is specific to this Stipulation so that the relief provided hereunder will apply to products issued after March 23, 2010 but before September 23, 2010. The Interim

1 Final Regulations adopted under PPACA define “grandfathered products” for  
2 the individual market to exclude products issued after March 23, 2010 even if  
3 the plan was in existence at March 23, 2010. The “Grandfathered Products”  
4 addressed by this Stipulation are only the “Grandfathered Products”  
5 constituting CDI Products issued by ABCLHIC.

6 19. “Individual Products” are health care coverage policies or contracts written for  
7 the individual market, and do not include small group or large group health  
8 care coverage products.

9 20. “Judgment” means the “Judgment, Final Order and Decree” to be entered in  
10 this Action substantially in the form attached hereto as Exhibit C.

11 21. “Party” or “Parties” means the Plaintiffs and Defendants in this Action.

12 22. “Person” means a natural person, individual, corporation, partnership,  
13 association, or any other type of legal entity.

14 23. “Plaintiffs” means the Court-appointed class representatives, Josette Serencsa  
15 and Charles Lichtman.

16 24. “Plaintiffs’ Counsel” means counsel of record for Plaintiffs.

17 25. “Preliminary Approval Order” means the “Order Re: Preliminary Approval of  
18 Class Action Settlement,” substantially in the form of Exhibit D hereto,  
19 preliminarily approving this Stipulation, providing for notification to the Class  
20 Members, and scheduling the Settlement Hearing.

21 26. “Released Claims” means any and all manner of actions, claims, demands,  
22 rights, suits, causes of action, whether class, individual or otherwise, including  
23 for damages, restitution, injunctive or declaratory relief or any other form of  
24 equitable relief, costs, expenses, penalties and attorney’s fees, known or  
25 unknown, suspected or unsuspected, that Plaintiffs or Class Members,  
26 including their predecessors, successors, agents, assigns, representatives,  
27 executors, administrators, decedents, dependents, or heirs, have or had against  
28 the Released Persons arising out of this Action, which Claims have been

1 asserted or could have been asserted in this Action. The Released Claims also  
2 include any Claim, as defined herein, arising out of ABCLHIC's compliance  
3 with the PPACA requirement that ABCLHIC not issue coverage to new  
4 applicants under grandfathered plans in existence at March 23, 2010, or  
5 arising out of ABCLHIC's actions in conformity with terms of this  
6 Stipulation.

7 27. "Released Persons" means and includes Defendants and their direct and  
8 indirect corporate parents, subsidiaries, and affiliates, and each of their  
9 officers, directors, employees, agents and insurers.

10 28. "Settlement Administrator" means the company that will accomplish the  
11 mailing of Class Notice and administer any issues arising therefrom. The  
12 Parties acknowledge that Rust Consulting will be retained as the Settlement  
13 Administrator.

14 29. "Settlement Hearing" means the hearing(s) to be held by the Court to consider  
15 and determine whether the proposed settlement of this Action as contained in  
16 this Stipulation should be approved as fair, reasonable, and adequate, and  
17 whether the Judgment approving the settlement contained in this Stipulation  
18 should be entered.

19 30. "Settling Parties" means, collectively, Defendants, Plaintiffs, on behalf of  
20 themselves and each of the Class Members.

21 31. "Stipulation" means this Amended Stipulation of Settlement, including  
22 attached exhibits B through D, duly executed by Class Counsel and  
23 Defendants' Counsel.

24 32. "WCI" means The WellPoint Companies, Inc.

25 **B.** Capitalized terms used in this Stipulation, but not defined above, shall have the  
26 meaning ascribed to them in this Stipulation.

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1 **III. SETTLEMENT CLASS**

2 **A. Certification**

3 Defendants hereby consent, solely for purposes of the settlement set forth herein, to the  
4 certification of the Class, to the appointment of Class Counsel, and to the conditional approval of  
5 Plaintiffs as suitable representatives of the Class; provided, however, that if the Stipulation fails  
6 to receive Court approval or otherwise fails to be consummated, including, but not limited to, the  
7 Court failing to approve the settlement or enter the Judgment, then Defendants retain all rights  
8 they had immediately preceding the execution of this Stipulation to object to the maintenance of  
9 this Action as a class action by Class Counsel, and, in that event, nothing in this Stipulation or  
10 other papers or proceedings related to the settlement shall be used as evidence or argument  
11 concerning whether the Action may properly be maintained as a class action, whether the  
12 purported class is ascertainable, or whether Class Counsel or the Plaintiffs can adequately  
13 represent the Class Members under applicable law.

14 **B. Mandatory Class**

15 The Settlement Class shall be certified as a mandatory class. Mandatory class treatment  
16 is appropriate because (1) prosecuting separate actions by individual Class Members would  
17 create a risk of inconsistent or varying adjudications that would create incompatible standards of  
18 conduct applicable to ABCLHIC and all Defendants; (2) a determination in this case as to one  
19 Class Member would be dispositive as to all Class Members; (3) ABCLHIC and all Defendants  
20 are required to afford equal treatment to all members similarly situated as to risk and must apply  
21 the laws applicable in this case equally as to all Class Members; and (4) due to the complexity of  
22 the legal questions at issue herein, the risk that a Class Member may mistakenly request  
23 exclusion, if presented with that option, is unacceptably high. *See* Fed. Rules Civ. Proc. Rule  
24 23(b)(1)(A) and (B). Because the Class is a mandatory class, Class Members will not be given  
25 the option to exclude themselves.

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1 **IV. SETTLEMENT BENEFITS**

2 **A. Grandfathered Products: Initial Offer of New, PPACA-Compliant Products**

3 ABCLHIC and BCC shall, at the time they introduce new products designed to be  
4 compliant with PPACA provisions effective at commencement of the plan year beginning on or  
5 after September 23, 2010, allow Class Members the opportunity to move to any new, PPACA  
6 compliant CDI Product offered by ABCLHIC or new, PPACA compliant DMHC Product  
7 offered by BCC, without medical underwriting.

8 **B. Grandfathered Products: Opportunities For Additional Semi-Open**  
9 **Enrollment**

10 At any time that ABCLHIC raises rates for any Grandfathered Product during the  
11 relevant period defined in Section IV. D. below, all Class Members enrolled in that product shall  
12 be given the option to move to any open CDI Product offered by ABCLHIC or open DMHC  
13 Product offered by BCC, without medical underwriting.

14 **C. Notice More Info**

15 In complying with Section IV. A. and B., ABCLHIC shall provide such Notice as  
16 required by law, but shall provide at least 30 days written notice.

17 **D. Duration of Settlement Benefit**

18 The provisions in this Section IV shall expire on December 31, 2013. The PPACA  
19 provides (in the Public Health Services Act Section 2704) that, beginning January 1, 2014,  
20 issuers of health care coverage (except grandfathered individual plans) cannot exclude applicants  
21 on the basis of pre-existing conditions. Upon the effective date of this provision, the risk that  
22 Class Members will be restricted to Grandfathered Products due to an inability to meet medical  
23 underwriting requirements is removed.

24 **E. Acknowledgment of Restriction**

25 Plaintiffs and Class Counsel acknowledge that ABCLHIC and BCC are not permitted,  
26 under the PPACA, to allow Class Members to re-enroll in a Grandfathered Product once the  
27 Class Member has elected to move to a new product. Plaintiffs and Class Counsel acknowledge  
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1 that ABCLHIC and BCC are not permitted, under the PPACA, to allow Class Members to move  
2 to a different Grandfathered Product.

3 **V. CLASS NOTICE**

4 The Class Notice shall conform to all applicable requirements of the California Rules of  
5 Court, the United States Constitution (including the Due Process Clause), and any other  
6 applicable law, and shall otherwise be in the manner and form agreed upon by the Parties and  
7 approved by the Court, as set forth substantially in the form attached hereto as Exhibit B. The  
8 Class Notice shall:

- 9 1. Contain a short, plain statement of the background of the Action and the  
10 proposed settlement;
- 11 2. Describe the proposed settlement benefits provided for by this Stipulation;
- 12 3. Explain the impact of the proposed settlement on any existing litigation,  
13 arbitration, or other proceeding and inform Class Members of the terms of the  
14 release;
- 15 4. Inform Class Members of their right to object and the process they must  
16 follow in order to object;
- 17 5. Inform Class Members of their right to enter an appearance at the Settlement  
18 Hearing either personally or through counsel; and
- 19 6. Inform Class Members that any judgment in the Action, whether favorable or  
20 unfavorable to the Class, shall include, and be binding on, all Class Members,  
21 even if they have objected to the proposed settlement and even if they have  
22 any other claim, lawsuit or proceeding pending against Defendants.

23 Class Notice will be sent by first class mail to all Class Members no later than 65 days  
24 before the commencement of the Settlement Hearing. Defendants will provide the database of  
25 addresses for Class Members to the Settlement Administrator. Defendants will retain the  
26 Settlement Administrator at their cost. The Settlement Administrator shall perform such tasks as  
27 are necessary to provide notice to the Class, and such other tasks as may be necessary to carry  
28 out the terms of this Stipulation and support notice to the Class.

1 **VI. PRELIMINARY APPROVAL**

2 Promptly after execution of this Stipulation, the Parties shall submit this Stipulation to the  
3 Court and shall jointly move the Court for entry of a Preliminary Approval Order preliminarily  
4 approving this Stipulation, provisionally certifying a mandatory settlement class, providing for  
5 mailing of the Class Notice, and scheduling a Settlement Hearing.

6 **VII. RELEASES**

7 As of the Final Approval Date, Plaintiff and each Class Member shall be deemed to have,  
8 and by operation of the Judgment shall have, fully, finally, and forever released, relinquished,  
9 and discharged all Released Claims against the Released Persons. In connection with the  
10 Released Claims, each Class Member shall be deemed as of the Final Approval Date to have  
11 waived any and all provisions, rights, and benefits conferred by § 1542 of the California Civil  
12 Code and any statute, rule, and legal doctrine similar, comparable, or equivalent to California  
13 Civil Code § 1542, which reads as follows:

14 A general release does not extend to claims which the creditor does  
15 not know or suspect to exist in his or her favor at the time of  
16 executing the release, which if known by him or her must have  
materially affected his or her settlement with the debtor.

17 **VIII. ADVOCACY COMPENSATION**

18 Defendants agree to pay a total sum of \$600,000 (six hundred thousand dollars) for all  
19 advocacy compensation including attorney's fees and expenses, all consultant costs, all  
20 compensation to the named plaintiffs including without limitation any and all incentive fees and  
21 expenses, and any other costs or amounts of any kind. Defendants shall have no responsibility  
22 for distributing any specific sums, and the appropriate division of the total sum shall be the  
23 responsibility of Class Counsel.

24 Defendants shall pay one half of the total sum, which is \$300,000 (three hundred  
25 thousand dollars) by check payable to Ronald Galasi and delivered to Class Counsel within ten  
26 (10) days after the Court issues an order preliminarily approving the settlement. Defendants  
27 shall pay the remaining half of the total sum, which is \$300,000 (three hundred thousand dollars)  
28 by check payable to Ronald Galasi and delivered to Class Counsel within ten (10) days of the

1 Final Approval Date. If approval of the settlement is denied at the Settlement Hearing,  
2 Defendants' obligation to pay will be void, and Class Counsel shall return the initial \$300,000  
3 payment within ten (10) days of the effective date of the Court's order denying approval of the  
4 settlement.

5 **IX. CONDITIONS OF SETTLEMENT, EFFECT OF DISAPPROVAL,**  
6 **CANCELLATION OR TERMINATION**

7 A. The Final Approval Date of this Stipulation is defined as the date of service of the  
8 Judgment (in the form attached hereto as Exhibit C), executed by the Court upon approval of the  
9 settlement at the Settlement Hearing, in accordance with California Rule of Court 3.769.  
10 Calculation of the Final Approval Date shall be extended for service by method other than hand  
11 delivery as provided in California Code of Civil Procedure § 1013, i.e., date of service plus the  
12 number of days prescribed for the selected form of service.:

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14 B. If there is any appeal from or petition seeking review of the Judgment resulting in  
15 any reversal of the Judgment or writ directing vacation or substantial change to the Judgment,  
16 then Class Counsel shall return the sum paid by Defendants upon the Final Approval Date. Class  
17 Counsel shall return such sum within ten days of notice of the order or writ reversing, vacating,  
18 or substantially amending the Judgment. This period shall be extended as provided in California  
19 Code of Civil Procedure § 1013 for service of notice by any means other than hand delivery. As  
20 used herein, a "substantial change" to the Judgment is a change that precludes final resolution of  
21 this action by the settlement described in this Stipulation.

22 C. In the event that this Stipulation is not approved by the Court or the settlement set  
23 forth in this Stipulation is terminated or fails to become effective in accordance with its terms,  
24 the Settling Parties shall be restored to their respective pre-settlement positions in the Action and  
25 this entire Stipulation shall become null and void.

26 **X. MISCELLANEOUS PROVISIONS**

27 A. The Parties hereto and their undersigned counsel agree to undertake their best  
28 efforts and mutually cooperate to effectuate promptly this Stipulation and the terms of the

1 settlement set forth herein, including taking all steps and efforts contemplated by this Stipulation  
2 and any other steps and efforts which may become necessary by order of the Court or otherwise.

3 **B.** The undersigned counsel represent that they are fully authorized to execute and  
4 enter into the terms and conditions of this Stipulation on behalf of their respective clients.

5 **C.** This Stipulation contains the entire agreement among the Parties hereto and  
6 supersedes any prior agreements or understandings between them. All terms of this Stipulation  
7 are contractual and, apart from Section I of this Stipulation, not merely recitals, and all terms  
8 shall be construed as if drafted by all Parties. The terms of this Stipulation are and shall be  
9 binding upon each of the Parties, their agents, attorneys, employees, successors and assigns, and  
10 upon all other Persons claiming any interest in the subject matter through any of the Parties,  
11 including any Class Member.

12 **D.** Whenever this Stipulation requires or contemplates that one Party shall or may  
13 give notice to the other, notice shall be provided by email and next day (excluding Sunday)  
14 express delivery service as follows:

15 1. If to Plaintiff, then to:  
16 Ronald S. Galasi, Esq.  
17 Law Offices Of Ronald S. Galasi  
18 1350 Old Bayshore Highway, Suite 610  
19 Burlingame, California 94010  
Telephone: (650) 685-6200  
Email: [galasi@msn.com](mailto:galasi@msn.com)

20 2. If to Defendants, then to:  
21 Vanessa O. Wells  
22 Sedgwick, Detert, Moran & Arnold LLP  
23 One Market Plaza  
24 Steuart Tower, 8th Floor  
San Francisco, California 94105  
25 Telephone: (415) 781-7900  
Email: [vanessa.wells@sdma.com](mailto:vanessa.wells@sdma.com)

26 **E.** All time periods set forth herein shall be computed in business days if seven days  
27 or less and calendar days if eight days or more unless otherwise expressly provided. In  
28 computing any period of time prescribed or allowed by this Stipulation or by order of the Court,

1 the day of the act, event or default from which the designated period of time begins to run shall  
2 not be included. The last day of the period so computed shall be included, unless it is a Saturday,  
3 a Sunday or a legal holiday, or, when the act to be done is the filing of a paper in Court, a day in  
4 which weather or other conditions have made the office of the Clerk of the Court inaccessible, in  
5 which event the period shall run until the end of the next day that is not one of the  
6 aforementioned days. As used in this subsection, "legal holiday" includes New Year's Day,  
7 Martin Luther King, Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day,  
8 Columbus Day, Veterans' Day, Thanksgiving Day, Christmas Day and any other day appointed  
9 as a holiday by the President or the Congress of the United States or by the State of California.

10 **F.** The Parties, their successors and assigns, and their attorneys undertake to  
11 implement the terms of this Stipulation in good faith and to use good faith in resolving any  
12 dispute that may arise in the implementation of the terms of the Stipulation. All requests for  
13 resolution of disputes concerning the terms of this Stipulation or their implementation shall be  
14 made to Martin Quinn of JAMS Mediation Services, and the parties agree to abide by any  
15 determination made by Martin Quinn as a final resolution of any such dispute.

16 **G.** Nothing in this Stipulation shall be construed to constrain any business decision  
17 of the Defendants except as expressly set forth herein. Nothing in this Stipulation shall be  
18 construed as requiring ABCLHIC or BCC to offer any specific product or benefit, to continue to  
19 offer any specific product or benefit, to continue in business in the individual market, or to  
20 commit to any other term or condition other than the Settlement Benefits expressly set forth  
21 herein at Section IV.

22 **H.** This Stipulation may be amended or modified only by a written instrument signed  
23 by Class Counsel and Defendants' Counsel. Amendments and modifications may be made  
24 without additional notice to the Class Members unless such notice is required by the Court.

25 **I.** This Stipulation shall be subject to, governed by, construed, and enforced  
26 pursuant to the laws of the State of California.

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1           **J.**     Exhibits B-D to this Stipulation are integral parts of the settlement and are hereby  
2 incorporated and made a part of this Stipulation. Any inconsistency between this Stipulation and  
3 the other documents referenced herein shall be resolved in favor of this Stipulation.

4           **K.**     Neither this Stipulation nor the settlement, nor any act performed or document  
5 executed pursuant to or in furtherance of this Stipulation or the settlement: (i) is or may be  
6 deemed to be or may be used as an admission of, or evidence of, the validity of any Released  
7 Claim, or of any wrongdoing or liability of Defendants; or (ii) is or may be deemed to be or may  
8 be used as an admission of, or evidence of, any fault or omission of Defendants in any civil,  
9 criminal or administrative proceeding in any court, administrative agency, or other tribunal,  
10 except that Defendants may file this Stipulation or the Judgment in any action that may be  
11 brought against any Released Person in order to support a defense or counterclaim based on  
12 principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar, or  
13 reduction or any other theory of claim preclusion or issue preclusion or similar defense or  
14 counterclaim.

15           **L.**     No provision of this Stipulation shall provide any rights to, or be enforceable by,  
16 any person or entity that is not a Settling Party, Class Member, or a Released Person. No Class  
17 Member may assign or otherwise convey any right to enforce any provision of this Stipulation.

18           **M.**     The Court shall retain jurisdiction with respect to the implementation and  
19 enforcement of the terms of this Stipulation, and all parties hereto submit to the jurisdiction of  
20 the Court for purposes of implementing and enforcing the settlement embodied in this  
21 Stipulation. This provision does not supersede the provisions of Section X. F, and, in accordance  
22 with that provision, the Parties shall initially submit disputes identified therein to Martin Quinn  
23 to the extent permitted by law.

24           **N.**     This Stipulation shall be deemed to have been executed upon the last date of  
25 execution by all of the undersigned.

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

DATED: December 13, 2010

LAW OFFICES OF RONALD S. GALASI

By: Ronald S Galasi  
RONALD S. GALASI  
Attorneys for Plaintiffs  
Josette Serencsa and Charles Lichtman, on their own behalf and on behalf of all others similarly situated to them, and on behalf of all putative Class Members

DATED: December \_\_\_\_\_, 2010

SEDGWICK, DETERT, MORAN & ARNOLD LLP

By: \_\_\_\_\_  
VANESSA WELLS  
Attorneys for Defendants  
Anthem Blue Cross Life and Health Insurance Company, Blue Cross of California dba Anthem Blue Cross, and The WellPoint Companies, Inc.

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

DATED: December \_\_\_\_, 2010

LAW OFFICES OF RONALD S. GALASI

By: \_\_\_\_\_  
RONALD S. GALASI  
Attorneys for Plaintiffs  
Josette Serencsa and Charles Lichtman, on their  
own behalf and on behalf of all others similarly  
situated to them, and on behalf of all putative  
Class Members

DATED: December 14, 2010

SEDGWICK, DETERT, MORAN & ARNOLD LLP

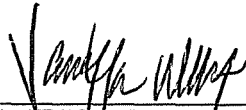
By:  \_\_\_\_\_  
VANESSA WELLS  
Attorneys for Defendants  
Anthem Blue Cross Life and Health Insurance  
Company, Blue Cross of California dba Anthem  
Blue Cross, and The WellPoint Companies, Inc.

EXHIBIT A

Serencsa/Lichtman	)	CASE NO.
	)	
Plaintiff(s),	)	REF. NO. 1100064233
	)	
vs.	)	STIPULATION FOR SETTLEMENT
	)	C.C.P. § 664.6
Anthem Blue Cross	)	
	)	
Defendant(s)	)	
	)	
	)	
	/	

This case having come before Martin Quinn Esq. for mediation at the offices of JAMS, and the parties having conferred, it is hereby stipulated that this matter is deemed settled pursuant to the following terms and conditions:

1. Anthem Blue Cross Life & Health Co. *agree to the attached* shall pay to plaintiff(s) *settlement terms* and to ~~the~~ their attorney *si. Ver. J. VMS* the total sum of \$ \_\_\_\_\_ in full settlement and compromise of this action and in release and discharge of any and all claims and causes of action made in this action, and in release and discharge of any and all claims and causes of action arising out of the events or incidents referred to in the pleadings in this action.

2. Plaintiff(s) agree to accept said *si. Ver. J. VMS* sum in full settlement and compromise of the action and agree that such payment shall fully and forever discharge and release all claims and causes of action, whether now known or now unknown, which plaintiff(s) has against any and all of the defendants in that action arising out of the incident.

This settlement includes an express waiver of Civil Code § 1542, which states:

"A general release does not extend to claims which the 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."

3. Plaintiff(s) further agree to sign, acknowledge and deliver to defendants a standard form of a Release of all such claims and causes of action and to sign and deliver to defendants a standard form of



agreement pursuant to CCP § 664.6, or any other procedure permitted by law, and the provisions of the confidentiality agreement signed by the parties relative to this mediation are waived with respect to this Stipulation.

Date: 10/18/2010

Ronald S. Galasi

Ronald S. Galasi Esq.  
L/O Ronald S. Galasi

Vanessa O. Wells

Ms. Vanessa O. Wells  
Sedgwick Detert Moran & Arnold

[Signature]  
Anthem Blue Cross

\_\_\_\_\_  
  
\_\_\_\_\_

\_\_\_\_\_  
  
\_\_\_\_\_

Outline of Settlement Terms

1. Anthem Blue Cross Life and Health Insurance Company will, at the time it introduces its new products designed to be compliant with the requirements of the 2010 Patient Protection and Affordable Care Act ("PPACA"), allow all persons who were members of any "CDI product" as of September 23, 2010 (hereinafter described as "grandfathered products") the opportunity to move to any new product offered (by Anthem Blue Cross Life and Health Insurance Company or Blue Cross of California dba Anthem Blue Cross), without medical underwriting.
2. At any time that Anthem Blue Cross Life and Health Insurance Company raises rates for any grandfathered individual product, all members of that product will be given the option to move to any open individual product offered by Anthem Blue Cross Life and Health Insurance Company or Blue Cross of California dba Anthem Blue Cross, without medical underwriting.
3. In complying with 1 and 2 above, Anthem Blue Cross Life and Health Insurance Company will provide such notice as is required by law, but will provide at least 30 days written notice.
4. The above provisions will expire as of December 31, 2013, in light of the PPACA provisions that become effective on January 1, 2014.
5. It should be noted that Anthem does not have the ability to allow members to move back to a grandfathered product once the member has moved to a different product, or to allow any member to move to a different grandfathered product.
6. The parties will stipulate to a settlement class which will include all persons who were members of any individual product issued by Anthem Blue Cross Life and Health Insurance Company as of September 23, 2010. This class includes approximately 636,000 persons.
7. Plaintiffs Josette Serenca and Charles Lichtman, acting on behalf of the class described in 6 and themselves individually, will dismiss the above-captioned actions in their entirety with prejudice, and execute appropriate releases.
8. Anthem Blue Cross Life and Health Insurance Company will agree to pay a total sum of \$600,000 to cover all advocacy compensation, including attorneys' fees, expenses, costs and expenses to the named plaintiffs, any costs incurred for consultants, and any other costs or amounts of any kind.
9. The parties will cooperate to submit the settlement agreement to the Superior Court of San Mateo County for approval, and to provide all such notices as are necessary to complete the settlement.

**EXHIBIT B**

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SEDGWICK, DETERT, MORAN & ARNOLD LLP  
VANESSA O. WELLS (SBN No. 121279)  
VICTORIA COLLMAN BROWN (SBN No. 117217)  
One Market Plaza  
Steuart Tower, 8th Floor  
San Francisco, California 94105  
Telephone: (415) 781-7900  
Facsimile: (415) 781-2635  
E-Mail: vanessa.wells@sdma.com  
victoria.brown@sdma.com

**ENDORSED FILED**  
**SAN MATEO COUNTY**

DEC 10 2010

Clerk of the Superior Court  
By TERRI MARAGOULAS  
DEPUTY CLERK

Attorneys for Defendants  
Anthem Blue Cross Life and Health Insurance Company,  
Blue Cross of California doing business as Anthem Blue Cross,  
and The Wellpoint Companies, Inc.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

JOSETTE SERENCISA and CHARLES  
LICHTMAN, on their own behalf and on  
behalf of all others similarly situated to  
them, and on behalf of all putative Class  
Members,

Plaintiffs,

v.

BLUE CROSS OF CALIFORNIA, DBA  
ANTHEM BLUE CROSS, BLUE CROSS  
LIFE AND HEALTH INSURANCE  
COMPANY, THE WELLPOINT  
COMPANIES, INC., and DOES 1 through  
50, inclusive,

Defendants.

Master File No. 492028  
CONSOLIDATED CLASS ACTIONS  
(consolidated with CIV 493800)

Assigned for All Purposes to  
Hon. Marie S. Weiner, Dept. 2

~~PROPOSED~~ <sup>9</sup> ORDER APPROVING  
CLASS NOTICE

DATE: December 10, 2010  
TIME: 10:00 a.m.  
DEPT: 2

Complaint Filed: February 16, 2010

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN MATEO

JOSETTE SERENCSA and CHARLES  
LICHTMAN, on their own behalf and on  
behalf of all others similarly situated to  
them, and on behalf of all putative Class  
Members,

Plaintiffs,

v.

BLUE CROSS OF CALIFORNIA, DBA  
ANTHEM BLUE CROSS, BLUE CROSS  
LIFE AND HEALTH INSURANCE  
COMPANY, THE WELLPOINT  
COMPANIES, INC., and DOES 1 through  
50, inclusive,

Defendants.

Master File No. 492028  
CONSOLIDATED CLASS ACTIONS  
(consolidated with CIV 493800)

Assigned for All Purposes to  
Hon. Marie S. Weiner, Dept. 2

**ORDER APPROVING CLASS NOTICE**

DATE: December 10, 2010  
TIME: 10:00 a.m.  
DEPT: 2

Complaint Filed: February 16, 2010


The motion for preliminary approval of class action settlement of defendants Anthem Blue Cross Life and Health Insurance Company, Blue Cross of California doing business as Anthem Blue Cross, and The Wellpoint Companies, Inc. came on for hearing before this Court on Friday, December 10, 2010. The Court entered its order preliminarily approving the class action settlement on December 10, 2010, subject to counsel for Defendants submitting a revised Class Notice in accordance with the Court's directions. The revised form of Class Notice has

1 now been submitted and is hereby approved in the form attached hereto as Exhibit A.

2 IT IS SO ORDERED.

3

4 DATED: DEC 10 2010

  
5 THE HONORABLE MARIE S. WEINER  
6 SAN MATEO COUNTY SUPERIOR COURT JUDGE

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SUPERIOR COURT OF THE STATE OF CALIFORNIA,  
COUNTY OF SAN MATEO

**IF YOU WERE A SUBSCRIBER OF AN  
INDIVIDUAL HEALTH PLAN ISSUED BY  
ANTHEM BLUE CROSS LIFE AND HEALTH  
INSURANCE COMPANY ON SEPTEMBER 23,  
2010, YOU ARE ENTITLED TO RIGHTS  
UNDER A CLASS ACTION SETTLEMENT**

*A California Court authorized this notice.  
This is not a solicitation from a lawyer.*

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>OBJECT</b>	Write to the Court about why you don't like the settlement.
<b>DO NOTHING</b>	You will be a member of the class and will receive the rights under the settlement described in this Notice.

Your options – and the deadlines to exercise them – are explained in this Notice. In this Notice, Anthem Blue Cross Life and Health Insurance Company is referred to as “Anthem”.

### What is this lawsuit and this settlement about?

This lawsuit is about the manner in which Anthem calculates premiums for individual health insurance coverage. The lawsuit includes questions about a practice known as “closing” “blocks” of business. The lawsuit raises concerns that Anthem’s practices may isolate aging and less healthy persons in “blocks” with no ability to move to a different “block” due to an inability to pass medical underwriting. The concern is that these isolated “blocks” may be used as a basis for calculating premiums, with the result that premiums for these “blocks” consistently increase, due to the lack of new, healthy persons joining the risk pool.

The settlement addresses these questions, which may arise as a consequence of the federal Health Care Reform, known as the “Patient Protection And Affordable Care Act” or “PPACA”. PPACA creates a distinction between “grandfathered” health care coverage and health care coverage sold after September 23, 2010. Generally speaking, Anthem cannot sell “grandfathered” health care coverage – products available as of March 23, 2010 – after September 23, 2010. This has the effect of preventing new persons from joining the “blocks” of business in existence as of March 23, 2010.

Because new applicants cannot purchase grandfathered policies, the pool of risks insured by those grandfathered policies is likely to become older and less healthy than the pool of risks insured by new policies, increasing the cost of providing the coverage. The cost of providing the coverage is the main factor determining price. Therefore, the price of the grandfathered products is likely to increase, potentially at an accelerated pace. It is difficult to predict when this phenomenon may begin to affect the price of the grandfathered policies. At the outset, new products – with increased, more costly benefits under PPACA – may have higher prices than grandfathered policies. Over time, as the pool of risks insured by grandfathered products ages and becomes less healthy, it is more likely that the price for grandfathered products will increase at a faster rate, and may exceed the price for new products.

The settlement creates an “open enrollment” benefit for all Anthem individual health plan subscribers with individual health plans issued by Anthem Blue Cross Life and Health Insurance Company as of September 23, 2010. All Anthem individual health plan subscribers will be allowed to enroll in any new product without medical underwriting, at various times. A “new” product is a product that is not “grandfathered”. This benefit will permit Anthem subscribers to enroll in products they may not otherwise qualify for due to pre-existing medical conditions.

This benefit will be provided at the time the new products are first offered. This benefit will also be provided, from the effective date of the settlement until December 31, 2013, at any time Anthem increases rates for a “grandfathered” product, for subscribers in that “grandfathered” product. By providing the open enrollment benefit both when the new products are introduced and at each time price is increased for a grandfathered product, class members have options. As a class member, you can keep your current policy, and wait until price increases for that policy to decide if you want to change policies.

### Who is included in the settlement class?

Everybody subscribed to an Anthem Blue Cross Life and Health Insurance Company individual health care plan on September 23, 2010. The specific plans affected are identified as 3500 Deductible PPO non-HSA; 3500 Deductible PPO HSA; Basic 1000; Basic 2500; CORE 5000; Lumenos 1500 w/Maternity; Lumenos 2500 w/Maternity; Lumenos 3000 w/Maternity; Lumenos 5000 w/Maternity; Lumenos 1500 w/o Maternity; Lumenos 3000 w/o Maternity; Lumenos 5000 w/o Maternity; ClearProtection 1000; ClearProtection 3300; ClearProtection 5000; CoreGuard 750; CoreGuard 1500; CoreGuard 2500; CoreGuard 3500; CoreGuard 5000; CoreGuard 7500; CoreGuard 10000; PPO Share 5000; PPO Share 5000-R; PPO Share 1000; PPO Share 500; Premier 1000; Premier 1500; Premier 2500; Premier 3500; Premier 5000; Premier 6000; Right Plan 40 - full Rx; Right Plan 40 w/\$500 ded - full Rx; Right Plan 40 - Generic Rx; Right Plan 40 w/\$500 ded - Generic Rx; Right Plan 40 - no Rx; PPO Saver; SmartSense 500 GenRX; SmartSense 1500 GenRX;

SmartSense 2500 GenRX; SmartSense 5000 GenRX; SmartSense 500 FullRX; SmartSense 1500 FullRX; SmartSense 2500 FullRX; SmartSense 5000 FullRX; Tonik 1500; Tonik 3000; Tonik 5000.

#### **What are the settlement benefits?**

At the time Anthem first offers new individual health care coverage products in accordance with the federal PPACA, all members of the settlement class will have the opportunity to enroll in any new product, without medical underwriting. The new products to be made available include new individual products sold by Anthem Blue Cross Life and Health Insurance Company and Blue Cross of California doing business as Anthem Blue Cross.

From the effective date of this settlement until December 31, 2013, any time Anthem raises rates for a grandfathered health care coverage product, subscribers with that grandfathered product will have the opportunity to enroll in any product that is open for enrollment, without medical underwriting. The open products to be made available include open individual products sold by Anthem Blue Cross Life and Health Insurance Company and Blue Cross of California doing business as Anthem Blue Cross.

#### **How do I claim my settlement benefits?**

You do not have to do anything in response to this notice to claim settlement benefits.

Separate notices will be sent to you directly by Anthem with instructions on the actions you must take, and the applicable deadlines, each time a benefit is available. You must follow the directions given in those notices in order to obtain the settlement benefit.

#### **How do I know if enrolling in a new product is right for me?**

There are many considerations that may impact your decision each time the open enrollment benefit is made available to you. Separate notices will be sent to you directly by Anthem each time you are eligible for the open enrollment benefit. These notices will explain your options at that time, and will include a matrix of the plans available to you. You should carefully consider your decision each time the open enrollment benefit is offered. At that time, you will have the additional, specific information sent to you directly by Anthem Blue Cross Life and Health Insurance Company, and you will have the opportunity to consult with your broker and/or with Anthem representatives. The specific notices sent each time the open enrollment benefit is made available will include contact information for Anthem representatives.

#### **Who represents my interests in this settlement?**

The Court has designated the plaintiffs who brought the lawsuit as the Class Representatives. Class Counsel is the lawyer for the Class. The Class Representatives and lawyer will act as your representatives for this settlement with Anthem.

If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing at your own expense. Details regarding the settlement hearing are provided below. If you do not do so, you will be represented by Class Counsel:

Ronald S. Galasi, Esq.  
Law Offices Of Ronald S. Galasi  
1350 Old Bayshore Highway, Suite 610  
Burlingame, California 94010  
Telephone: (650) 685-6200

Email: [galasi@msn.com](mailto:galasi@msn.com)

**Do I have to pay money to participate in the Class?**

No. You will not be personally responsible for any costs or attorney's fees incurred in this lawsuit. If the Court approves the proposed settlement, Anthem will be required to pay a total sum of \$600,000.00 to Class Counsel to cover all advocacy compensation including attorney's fees to Class Counsel, expenses incurred by Class Counsel, plus any and all fees and expenses incurred by the Class Representatives or any consultants hired by Class Counsel in pursuing this lawsuit.

**What is the effect of the judgment in this class action?**

As a Class Member, you will be bound by any judgment benefitting or adverse to the Class and you may not maintain a separate lawsuit. You will have your claim for relief as stated in the Consolidated Class Action Complaint decided in this lawsuit and receive any relief for the claims stated under the settlement. **Amended**

The judgment in this Class Action will also be binding as to any other claims or lawsuits you or other Class Members have outstanding. Any such claims, or future claims, which are covered by the Release included in the judgment in this Class Action, will be barred by the judgment in this case.

**Can I exclude myself from the settlement?**

Because all health plan members should be treated the same, you may not exclude yourself from the settlement.

**I wish to object to the settlement. How do I object?**

The Court has preliminarily approved the settlement. If there is something about the settlement you do not like, you may file an objection with the Court. You will still be in the settlement and you will still be bound by any judgment, **if the Court gives final approval of this settlement.**

If you want to object, you must file your objection in writing with the Court. Your objection must include:

- (1) Your name, address and telephone number;
- (2) Your Anthem policy number (if available);
- (3) The reason you do not like the settlement;
- (4) The case name and number of the lawsuit which are *Lichtman/Serenca v. Anthem Blue Cross Life and Health Insurance Company*, San Mateo County Superior Court Case Nos. CIV492028/CIV493800.

**You must file your written objection with the Court no later than February 15, 2011.** The address for filing your objection is:

San Mateo Superior Court  
Department 2  
800 N. Humboldt  
San Mateo, California 94401

**mail or deliver**  
You must also deliver copies of your objection to the attorneys in this case:

Ronald S. Galasi, Esq.

Law Offices Of Ronald S. Galasi  
1350 Old Bayshore Highway, Suite 610  
Burlingame, California 94010  
Telephone: (650) 685-6200  
Email: [galasi@msn.com](mailto:galasi@msn.com)

Vanessa O. Wells  
Sedgwick, Detert, Moran & Arnold LLP  
One Market Plaza  
Steuart Tower, 8th Floor  
San Francisco, California 94105  
Telephone: (415) 781-7900  
Email: [vanessa.wells@sdma.com](mailto:vanessa.wells@sdma.com)

The written objections delivered to the Court and the attorneys must be postmarked by February 15, 2011, or your objection may not be considered.

**When and where will the Court decide whether to grant final approval of the settlement?**

The Court has scheduled a hearing at 9:00 a.m., on March 1, 2011, at the San Mateo Superior Court, Department 2, 800 N. Humboldt, San Mateo, California 94401. At this hearing, the Court will consider whether the settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. After the hearing, the Court will decide whether to grant final approval of the settlement.

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**Additional Information**

Complete copies of the pleadings and other documents filed in the litigation may be examined and copied at any time during regular office hours at the offices of the Clerk of the Court, San Mateo Superior Court, 400 County Center, Redwood City, CA 94063.

The settlement agreement and other information are also available on the Internet at [www.yyyyyyy.com](http://www.yyyyyyy.com). Additionally, you may call \_\_\_\_\_ for additional information.

**PLEASE DO NOT CALL OR WRITE TO THE COURT FOR INFORMATION OR ADVICE.**

Dated: December 10,  
A, 2010

HON. MARIE WEINER  
Judge, Order of the Superior Court of the State of  
California, County of San Mateo

EXHIBIT C

1 SEDGWICK, DETERT, MORAN & ARNOLD LLP  
2 VANESSA O. WELLS (State Bar No. 121279)  
3 VICTORIA COLLMAN BROWN (State Bar No. 117217)  
4 One Market Plaza  
5 Steuart Tower, 8th Floor  
6 San Francisco, California 94105  
7 Telephone: (415) 781-7900  
8 Facsimile: (415) 781-2635  
9 E-Mail: vanessa.wells@sdma.com  
10 victoria.brown@sdma.com

11 Attorneys for Defendants  
12 Anthem Blue Cross Life and Health Insurance Company,  
13 Blue Cross of California d/b/a Anthem Blue Cross, and  
14 The Wellpoint Companies, Inc.

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
16 COUNTY OF SAN MATEO  
17 CENTRAL BRANCH, COMPLEX CIVIL LITIGATION

18 JOSETTE SERENCESA and CHARLES  
19 LICHTMAN, on their own behalf and on  
20 behalf of all others similarly situated to  
21 them, and on behalf of all putative Class  
22 Members,

23 Plaintiffs,

24 v.

25 BLUE CROSS OF CALIFORNIA DBA  
26 ANTHEM BLUE CROSS, BLUE CROSS  
27 LIFE AND HEALTH INSURANCE  
28 COMPANY, THE WELLPOINT  
COMPANIES, INC., and DOES 1 through  
50, inclusive,

Defendants.

Master File No. 492028  
CONSOLIDATED CLASS ACTIONS  
(consolidated with CIV 493800)

Assigned for All Purposes to  
Hon. Marie S. Weiner, Dept. 2

**[PROPOSED] JUDGMENT, FINAL  
ORDER AND DECREE**

Complaint Filed: February 16, 2010

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN MATEO  
CENTRAL BRANCH, COMPLEX CIVIL LITIGATION

JOSETTE SERENCSEA and CHARLES  
LICHTMAN, on their own behalf and on  
behalf of all others similarly situated to  
them, and on behalf of all putative Class  
Members,

Plaintiffs,

v.

BLUE CROSS OF CALIFORNIA DBA  
ANTHEM BLUE CROSS, BLUE CROSS  
LIFE AND HEALTH INSURANCE  
COMPANY, THE WELLPOINT  
COMPANIES, INC., and DOES 1 through  
50, inclusive,

Defendants.

Master File No. 492028  
CONSOLIDATED CLASS ACTIONS  
(consolidated with CIV 493800)

Assigned for All Purposes to  
Hon. Marie S. Weiner, Dept. 2

**JUDGMENT, FINAL ORDER AND  
DECREE**

Complaint Filed: February 16, 2010

1 This matter came on for hearing on February 9, 2011. The Court has considered the  
2 Amended Stipulation of Settlement ("Stipulation"), objections and comments received regarding  
3 the proposed settlement, the record in the Action, the evidence presented, and the arguments and  
4 authorities presented by counsel. Good cause appearing,

5 IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

6 1. The Court, for purposes of this Judgment, Final Order and Decree ("Judgment")  
7 adopts the terms and conditions set forth in the Stipulation. Throughout this Judgment, the  
8 capitalized words are given the same meaning ascribed in the Stipulation.

9 2. This Court has jurisdiction over the subject matter of this litigation and over all  
10 Parties to the Action and members of the Class.

11 3. The Court finds that the notice to the Class of this settlement pursuant to the  
12 Order Re: Preliminary Approval of Class Action Settlement ("Preliminary Approval Order") and  
13 the Stipulation constituted the best notice practicable under the circumstances to all persons  
14 within the definition of the Class and fully complied with the requirements of due process and all  
15 applicable statutes and laws.

16 4. The Court hereby adopts and approves the Stipulation, and finds that it is in all  
17 respects fair, reasonable, adequate, just and in compliance with all applicable requirements of the  
18 California Code of Civil Procedure ("C.C.P.") and the United States Constitution (including the  
19 Due Process Clause), and all other applicable law, and in the best interests of the Parties and the  
20 Class. The objections have been considered and are overruled. Accordingly, the Court directs the  
21 Parties and their counsel to implement and consummate this settlement in accordance with the  
22 terms and conditions of the Stipulation. Pursuant to C.C.P. §382, the Class as finally certified  
23 shall consist of all persons who, as of September 23, 2010, were subscribers of any individual  
24 health coverage policy written by Anthem Blue Cross Life and Health Insurance Company.

25 5. This Court now finds and concludes that:

26 (a) the members of the Class are so numerous that joinder of all Class  
27 Members in the Action is impracticable;  
28

1 (b) there are questions of law and fact common to the Class which, as to the  
2 settlement and all related matters, predominate over any individual questions;

3 (c) the claims of the Plaintiffs are typical of the claims of the Class Members;

4 (d) Plaintiffs and Class Counsel can and have fairly and adequately  
5 represented and protected the interests of the Class Members;

6 (e) a class action is superior to other available methods for the fair and  
7 efficient adjudication of the controversy considering: (1) the interests of the Class Members in  
8 individually controlling the prosecution of separate actions; (2) the extent and nature of any  
9 litigation concerning the controversy already commenced by the Class Members; (3) the  
10 desirability or undesirability of concentrating the litigation of these claims in this particular  
11 forum; and (4) the difficulties likely to be encountered in the management of this class action;  
12 and

13 (f) the Class is properly certified as a mandatory class, with no right by Class  
14 Members to elect to exclude themselves from the Class. Mandatory class treatment is  
15 appropriate because (1) prosecuting separate actions by individual Class Members would create a  
16 risk of inconsistent or varying adjudications that would create incompatible standards of conduct  
17 applicable to Defendants; (2) determination in this case as to one Class Member would be  
18 dispositive as to all Class Members; (3) as to the rights at issue herein, ABCLHIC and all  
19 Defendants are required to afford equal treatment to all members similarly situated as to risk and  
20 must apply the laws equally as to all Class Members; and (4) due to the complexity of the  
21 questions presented in this Action and the settlement, the risk that a Class Member may exclude  
22 him or herself from the Class by mistake and to his or her detriment, if an exclusion option were  
23 available, is unacceptably high. See Federal Rules of Civil Procedure Rules 23(b)(1)(A) and (B).

24  
25 6. This Court hereby dismisses on the merits and with prejudice and without costs  
26 (except as otherwise provided in the Stipulation) the Action.

27 7. As of the Final Approval Date, Plaintiffs and each Class Member shall be deemed  
28 to have, and by operation of the Judgment shall have, fully, finally and forever released,

1 -relinquished and discharged all Released Claims against the Released Persons. In connection  
2 with the Released Claims, each Class Member shall be deemed as of the Final Approval Date, to  
3 have waived any and all provisions, rights, and benefits conferred by Cal. Civ. Code § 1542 and  
4 any statute, rule and legal doctrine similar, comparable, or equivalent to Cal. Civ. Code § 1542.  
5 As of the Final Approval Date, each Class Member shall be deemed to have expressly waived  
6 and fully, finally and forever settled and released any known or unknown, suspected or  
7 unsuspected, contingent or noncontingent claim with respect to the Released Claims, as defined  
8 in the Stipulation, whether or not concealed or hidden, without regard to subsequent discovery or  
9 existence of different or additional facts.

10 8. Without affecting the finality of this Judgment in any way, this Court hereby  
11 retains continuing jurisdiction over all Parties for the purpose of enforcing and administering the  
12 Stipulation, pursuant to C.C.P. §664.6 or otherwise.

13 9. The Stipulation to an award of advocacy compensation in the total sum of  
14 \$600,000 (six hundred thousand dollars) including any and all attorney's fees and costs, fees or  
15 costs to Plaintiffs, and/or any and all fees and costs to be paid to Plaintiffs' consultants is  
16 approved, and shall be paid by Defendants in the time and manner set forth in the Stipulation.

17 11. The Clerk of the Court is hereby ordered to enter this Judgment forthwith.  
18  
19

20 Final Judgment is hereby entered on this \_\_\_\_\_ day of \_\_\_\_\_, 2011.  
21

22  
23 THE HONORABLE MARIE S. WEINER  
24 JUDGE OF THE SUPERIOR COURT  
25  
26  
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28

# EXHIBIT D

1 SEDGWICK, DETERT, MORAN & ARNOLD LLP  
VANESSA O. WELLS (State Bar No. 121279)  
2 VICTORIA COLLMAN BROWN (State Bar No. 117217)  
3 One Market Plaza  
4 Steuart Tower, 8th Floor  
5 San Francisco, California 94105  
6 Telephone: (415) 781-7900  
7 Facsimile: (415) 781-2635  
8 E-Mail: vanessa.wells@sdma.com  
9 victoria.brown@sdma.com

10 Attorneys for Defendants  
11 Anthem Blue Cross Life and Health Insurance Company,  
12 Blue Cross of California d/b/a Anthem Blue Cross, and  
13 The WellPoint Companies, Inc.

14  
15 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
16 COUNTY OF SAN MATEO  
17 CENTRAL BRANCH, COMPLEX CIVIL LITIGATION

18 JOSETTE SERENCISA and CHARLES  
19 LICHTMAN, on their own behalf and on  
20 behalf of all others similarly situated to  
21 them, and on behalf of all putative Class  
22 Members,

23 Plaintiffs,

24 v.

25 BLUE CROSS OF CALIFORNIA DBA  
26 ANTHEM BLUE CROSS, BLUE CROSS  
27 LIFE AND HEALTH INSURANCE  
28 COMPANY, THE WELLPOINT  
COMPANIES, INC., and DOES 1 through  
50, inclusive,

Defendants.

**ENDORSED FILED**  
**SAN MATEO COUNTY**

DEC 10 2010

Clerk of the Superior Court  
By TERRI MARAGOULAS  
DEPUTY CLERK

Master File No. 492028  
CONSOLIDATED CLASS ACTIONS  
(consolidated with CIV 493800)

Assigned for All Purposes to  
Hon. Marie S. Weiner, Dept. 2

~~PROPOSED~~ ORDER RE:  
PRELIMINARY APPROVAL OF CLASS  
ACTION SETTLEMENT

Complaint Filed: February 16, 2010

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN MATEO  
CENTRAL BRANCH, COMPLEX CIVIL LITIGATION

JOSETTE SERENCOSA and CHARLES  
LICHTMAN, on their own behalf and on  
behalf of all others similarly situated to  
them, and on behalf of all putative Class  
Members,

Plaintiffs,

v.

BLUE CROSS OF CALIFORNIA DBA  
ANTHEM BLUE CROSS, BLUE CROSS  
LIFE AND HEALTH INSURANCE  
COMPANY, THE WELLPOINT  
COMPANIES, INC., and DOES 1 through  
50, inclusive,

Defendants.

Master File No. 492028  
CONSOLIDATED CLASS ACTIONS  
(consolidated with CIV 493800)

Assigned for All Purposes to  
Hon. Marie S. Weiner, Dept. 2

**ORDER RE: PRELIMINARY APPROVAL  
OF CLASS ACTION SETTLEMENT**

Complaint Filed: February 16, 2010

1           WHEREAS, the above-styled Consolidated Action was first filed as *Galasi v. Blue Cross*  
2 *of California et al.*, San Mateo County Superior Court Case No. CIV492028 on February 16,  
3 2010, and *Serenca v. Blue Cross of California et al.*, San Mateo County Superior Court Case  
4 No. CIV493800 was filed on April 7, 2010; the parties stipulated to amendment of Case No.  
5 CIV492028 to substitute Charles Lichtman as plaintiff acting on behalf of himself and all others  
6 similarly situated; and, on May 5, 2010, at the Court's direction, plaintiffs Josette Serenca and  
7 Charles Lichtman filed a single Consolidated Complaint encompassing Case Nos. CIV492028  
8 and CIV493800, Master File No. 492028; and

9           WHEREAS, this Court has reviewed and considered the Amended Stipulation of  
10 Settlement ("Stipulation") entered into among the Parties in this Action, together with all exhibits  
11 thereto, the record in this case, and the arguments of counsel; and

12           WHEREAS, this Court preliminarily finds that the Action meets all the prerequisites of  
13 California Code of Civil Procedure §382, including numerosity, ascertainability, community of  
14 interest, predominance of common issues, superiority and typicality, and that Plaintiff and Class  
15 Counsel are adequate representatives of the Class (as defined below),

16           THEREFORE, for good cause appearing, it is hereby ordered as follows:

17           1. All capitalized terms and definitions used herein have the same meanings as set  
18 forth in the Stipulation.

19           2. The proposed settlement set forth in the Stipulation is hereby preliminarily  
20 approved as being within the range of reasonableness such that notice thereof should be given to  
21 the Class Members.

22           3. Pursuant to California Code of Civil Procedure §382 and California Rules of  
23 Court rule 3.769(c) & (d), the Court hereby orders certification of a provisional settlement class,  
24 to include all persons who, as of September 23, 2010, were subscribers of any individual health  
25 coverage policy written by Anthem Blue Cross Life and Health Insurance Company.

26           4. Josette Serenca and Charles Lichtman are designated as the Class  
27 Representatives. Ronald S. Galasi is designated as Class Counsel. As Class Representatives,  
28 Plaintiffs have claims typical of those held by the Class Members and no conflicts exist which

1 would render them unsuitable representatives. Class Counsel and Plaintiffs are adequate  
2 representatives of the Class.

3 5. The provisional settlement class shall be a mandatory class, with no right by Class  
4 Members to elect to exclude themselves from the Class. Mandatory class treatment is  
5 appropriate because (1) prosecuting separate actions by individual Class Members would create a  
6 risk of inconsistent or varying adjudications that would create incompatible standards of conduct  
7 applicable to Defendants; (2) determination in this case as to one Class Member would be  
8 dispositive as to all Class Members; (3) as to the rights at issue herein, ABCLHIC and all  
9 Defendants are required to afford equal treatment to all members similarly situated as to risk and  
10 must apply the laws equally as to all Class Members; and (4) due to the complexity of the  
11 questions presented in this Action and the settlement, the risk that a Class Member may exclude  
12 him or herself from the Class by mistake and to his or her detriment, if an exclusion option were  
13 available, is unacceptably high. See Federal Rules of Civil Procedure Rules 23(b)(1)(A) and (B).

14 6. Certification of the provisional settlement class shall be solely for settlement  
15 purposes and without prejudice to the Parties in the event that the Stipulation is not finally  
16 approved by this Court or otherwise does not take effect in accordance with the terms of the  
17 Stipulation. Certification of the provisional settlement class shall be vacated and shall have no  
18 effect in the event the Stipulation is not finally approved by this Court or otherwise does not take  
19 effect.

20 7. The Class Notice, which is attached as Exhibit B to the Stipulation, is hereby  
21 approved as ~~to form~~ *modified, subject to separate order.*

22 8. The Parties are hereby authorized to administer and supervise the notice plan as  
23 more fully set forth in the Stipulation, as follows:

24 (a) ~~No later than 65 days before the commencement of the Settlement~~  
*on or before December 20, 2010*  
25 ~~Hearing~~, Defendants will cause the Settlement Administrator to send the Class Notice by first-  
26 class mail, postage prepaid, to each Class Member's last known address, as identified pursuant to  
27 the provisions of the Stipulation; and

28 (b) No less than seven calendar days prior to the commencement of the

1 Settlement Hearing, Defendants' Counsel shall serve on Class Counsel and file with the Court  
2 proof, by declaration, that mailing of the Notice as set forth in paragraph 8(a) of this Order has  
3 been completed.

4 9. The Court finds that the notice to the Class Members regarding the pendency of  
5 the Action and of this settlement, including the method of dissemination to the Class Members in  
6 accordance with the terms of this Order, constitutes the best notice practicable under the  
7 circumstances and constitutes valid, due and sufficient notice to all Class Members, complying  
8 fully with the requirements of California Code of Civil Procedure §382, the California and  
9 United States Constitutions, and any other applicable law.

10 10. The Court hereby approves Rust Consulting, Inc., as the Settlement  
11 Administrator. The Settlement Administrator shall be responsible for performing the acts  
12 specified in the Stipulation and such other acts upon which the Parties may agree.

13 11. Any Class Member may enter an appearance in the Action and/or may seek to  
14 intervene in the Action, individually or through the counsel of his or her choice at his or her  
15 expense. Class Members who do not enter an appearance will be represented by Class Counsel.

16 12. Objections by any Class Member to: (a) the certification of the Class and the  
17 proposed settlement contained in the Stipulation and described in the Class Notice; (b) the  
18 payment of advocacy compensation to Plaintiffs' Counsel and/or Plaintiffs and/or any  
19 consultants retained by Plaintiffs' Counsel; and/or (c) entry of the Judgment, shall be heard, and  
20 any papers submitted in support of said objection shall be considered by the Court at the  
21 Settlement Hearing only if, on or before ~~January 24, 2011~~ <sup>February 15, 2011</sup>, such objector files with the Clerk of  
22 the Superior Court of the County of San Mateo: (1) a notice of his or her objection and a  
23 statement of the basis for such objection; (2) if applicable, a statement of his or her intention to  
24 appear at the Settlement Hearing; and (3) information sufficient to identify that he or she is a  
25 Class Member. Such objector must also serve copies of the foregoing and all other papers in  
26 support of such objections on counsel for the Parties as identified in the Class Notice. In order to  
27 be considered for hearing, all objections must be <sup>Postmarked</sup> ~~actually received by the counsel identified in the~~  
28 ~~Class Notice~~ <sup>15</sup> on or before February 15, 2011. A Class Member need not appear at the Settlement

1 Hearing in order for his or her objection to be considered.

2 13. No later than seven days before the commencement of the Settlement Hearing, the  
3 Parties shall file all papers in support of the Application for Final Approval of the Settlement  
4 and/or any papers in response to any valid and timely objection with the Court, and shall serve  
5 copies of such papers upon each other and upon any objector who has complied with the  
6 provisions of paragraph 12 of this Order.

7 14. A hearing (the "Settlement Hearing") shall be held by the Court on ~~February 23,~~ <sup>March 1,</sup>  
8 2011 at 9:00 a.m., in Department 2 at the Superior Court for the County of San Mateo, 800 North  
9 Humboldt Street San Mateo, California 94401, to consider and determine: whether the  
10 requirements for certification of the Class have been met, and whether the proposed settlement of  
11 the Action on the terms set forth in the Stipulation should be approved as fair, just, reasonable,  
12 adequate and in the best interests of the Class; whether the advocacy compensation for Plaintiffs'  
13 Counsel and/or Plaintiffs and/or Plaintiffs' consultants should be approved; and whether the  
14 Judgment approving the settlement and dismissing the Action on the merits and with prejudice  
15 against the Plaintiffs and all Class Members should be entered.

16 15. The Settlement Hearing may, from time to time and without further notice to the  
17 Class Members (except those who have filed timely and valid objections), be continued or  
18 adjourned by order of the Court.

19 16. All reasonable costs incurred by the Settlement Administrator in identifying and  
20 notifying Class Members, as well as administering the settlement process, shall be paid as set  
21 forth in the Stipulation. In the event that the Stipulation is not approved by the Court, or  
22 otherwise fails to become effective, neither the Plaintiffs nor any of Plaintiffs' Counsel shall have  
23 any obligation to repay the amounts actually and properly disbursed to accomplish such notice  
24 and administration.

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17. Counsel for the Parties are hereby authorized to utilize all reasonable procedures in connection with the administration of the settlement that are not materially inconsistent with either this Order or the terms of the Stipulation.

IT IS SO ORDERED.

Dated: DEC 10 2010

**MARIE S. WEINER**  
\_\_\_\_\_  
THE HONORABLE MARIE S. WEINER  
JUDGE OF THE SUPERIOR COURT

1 **PROOF OF SERVICE**

2 I am a resident of the State of California, over the age of eighteen years, and not a party to  
3 the within action. My business address is Sedgwick, Detert, Moran & Arnold LLP, One Market  
4 Plaza, Steuart Tower, 8th Floor, San Francisco, California 94105. On December 10, 2010, I  
5 served the within document(s):

6 **NOTICE OF ENTRY OF ORDER PRELIMINARILY APPROVING CLASS  
7 ACTION SETTLEMENT**

- 8  FACSIMILE - by transmitting via facsimile the document(s) listed above to the  
9 fax number(s) to the addressee(s) *set forth directly below* on this date before  
10 5:00 p.m.
- 11  E-MAIL - by causing the document(s) to be sent to the person(s) at the e-mail  
12 address(es) listed below. I did not receive, within a reasonable time after the  
13 transmission, any electronic message or other indication that the transmission  
14 was unsuccessful
- 15  MAIL - by placing the document(s) listed above in a sealed envelope with postage  
16 thereon fully prepaid, in the United States mail at San Francisco, California to the  
17 addressee(s) *set forth directly below*.
- 18  PERSONAL SERVICE - by personally delivering the document(s) listed above to  
19 the person(s) at the address(es) set forth below.
- 20  OVERNIGHT COURIER - by placing the document(s) listed above in a sealed  
21 envelope with shipping prepaid, and depositing in a collection box for next day  
22 delivery to the person(s) at the address(es) set forth below via **FEDERAL**  
23 **EXPRESS**.

24 Ronald S. Galasi, Esq. 25 <b>LAW OFFICES OF RONALD S. GALASI</b> 26 1350 Old Bayshore Highway, Suite 610 27 Burlingame, California 94010 28 <i>Telephone: (650) 685-6200</i> <i>Facsimile: (650) 685-6204</i> <i>E-mail: galasi@msn.com</i>	<i>Attorneys For Plaintiffs</i>
--	---------------------------------

21 I am readily familiar with the firm's practice of collection and processing correspondence  
22 for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same  
23 day with postage thereon fully prepaid in the ordinary course of business. I am aware that on  
24 motion of the party served, service is presumed invalid if postal cancellation date or postage  
25 meter date is more than one day after date of deposit for mailing in affidavit.

26 I declare under penalty of perjury under the laws of the State of California that the above  
27 is true and correct. Executed on December 10, 2010, at San Francisco, California.

28   
LAURA A. FLOOD