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*Attorneys for Plaintiffs and the Class*

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES

IRENE PARRY, individually and on behalf of  
all others similarly situated; JEANETTE  
O’SULLIVAN, individually and on behalf of  
all others similarly situated,

Plaintiffs,  
v.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE.; FARMERS  
GROUP, INC.; and DOES 1-100,

Defendants.

Case No.: BC683856

Hon. Amy Hogue, SS Dept. 007

**DECLARATION OF CHARLES J.  
CRUEGER IN SUPPORT OF  
PLAINTIFFS’ AMENDED  
MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
UNOPPOSED MOTION FOR  
PRELIMINARY APPROVAL OF CLASS  
ACTION SETTLEMENT**

DATE: March 8, 2022

TIME: 2:00 p.m.

DEPT: SS 007

COMPLAINT FILED: November 16, 2017

Trial Date: Not Set

1 **DECLARATION OF CHARLES J. CRUEGER**

2 I, Charles J. Crueger, declare as follows:

3 1. I am an attorney with the law firm of Crueger Dickinson LLC and am one of the  
4 attorneys representing Plaintiffs in the above-captioned matter.

5 2. I have personal knowledge of the facts stated herein, which I believe to be true.

6 3. This declaration is submitted in support of the concurrently filed Plaintiffs' Notice  
7 of Unopposed Motion and Motion for Preliminary Approval Of Class Action Settlement.

8 4. A true and accurate copy of the revised Settlement Agreement to the above  
9 captioned matter signed by the Parties on or about February 9, 2022, is attached hereto as Exhibit  
10 A.

11 5. Plaintiffs served 119 interrogatories, 29 requests for admission, and 128 requests to  
12 produce documents on Defendants.

13 6. Defendants served 237 interrogatories and 121 requests to produce documents on  
14 Defendants.

15 7. Plaintiffs also served 7 third-party subpoenas. Defendants served 4 third-party  
16 subpoenas.

17 8. Defendants produced over 268,557 pages of documents (73,136 documents),  
18 including 49,385 emails.

19 9. Plaintiffs produced over 143,809 pages of documents from their files (72,002  
20 documents), as well as more than 17,661 pages of documents they received from third-party  
21 subpoenas (Bass Subpoena 8805; Skillsoft Subpoena 8856).

22 10. Plaintiffs also took 18 days of deposition testimony, while Defendants took 4 days  
23 of depositions.

24 11. Plaintiffs submitted over 155 documents, as well as testimony by 20 witnesses and  
25 declarations by both Plaintiffs, a current agent, and a former manager, to support their class  
26 certification motion.

27 12. Farmers opposed certification by submitting numerous documents and deposition  
28 testimony excerpts, as well as 65 declarations by agents and Farmers' managers.

1           13.     Plaintiffs served the report of their expert Jay Finkelman with their certification  
2 motion, which totaled 17 pages.

3           14.     Farmers served two expert reports (Lewen & Van Hedges) with their opposition  
4 papers, totaling 59 pages.

5           15.     Plaintiffs served a rebuttal expert report from Dr. Samantha Iyengar with their  
6 Reply submission, totally 27 pages (with exhibits).

7           16.     According to information Defendants produced after the Court granted class  
8 certification, the class the Court certified includes approximately 6,369 agents.

9           17.     On May 28, 2021 the Court of Appeals denied Defendants' petition to review the  
10 Certification Order.

11          18.     Plaintiffs believed merits discovery would likely take over a year. This would  
12 include discovery on the underlying issue of whether the agents were "employees" for purposes  
13 of section 2802, the issues of FGI's liability as a joint employer or under an alter ego theory,  
14 FGI's liability under section 2753 for willful misclassification, categories of unreimbursed agent  
15 expenses recoverable under section 2802, and other issues related to manageability that Farmers  
16 raised during certification.

17          19.     This discovery would have required substantial productions of documents and  
18 emails, subpoenas to third parties, and numerous depositions of both Farmers' and third-party  
19 witnesses and would have required both parties to prepare and disclose more fulsome expert  
20 testimony on liability issues as well as expert depositions.

21          20.     On May 25, 2021, Plaintiffs filed a motion for summary adjudication of Farmers'  
22 twelfth affirmative defense that Defendants already reimbursed all or part of the certified class'  
23 expenses by paying enhanced commissions. The motion was scheduled for hearing on October 6,  
24 2021, but the Court took that motion off the schedule in light of the parties' settlement  
25 agreement.

1           21. Plaintiffs also anticipate that both parties would have filed additional dispositive  
2 motions and motions in limine prior to trial, and that Farmers would have moved to decertify the  
3 class.

4           22. The discovery activity in this case required the parties to meet and confer  
5 numerous times about discovery disputes and to involve the Court when those efforts came to an  
6 impasse.

7           23. Plaintiffs spent thousands of hours investigating the claims to prepare the case for  
8 class certification and, eventually, for trial.

9           24. Plaintiffs interviewed numerous third-party witnesses, including fact witnesses,  
10 declarants whose declarations Farmers submitted in support of its opposition to class  
11 certification, potential experts, and class members. Plaintiffs also obtained declarations from  
12 certain third parties to support certification.

13           25. Plaintiffs also researched and analyzed the applicable law as to Plaintiffs' claims,  
14 including extensively researching—and then briefing for certification—issues related to  
15 misclassification under California law, joint employer status, and expense reimbursement under  
16 Lab. Code § 2802.

17           26. Plaintiffs also researched various issues related to Farmers' affirmative defenses,  
18 including filing a motion for summary adjudication on Farmers' affirmative defense that it paid  
19 enhanced commissions to reimburse expenses.

20           27. Plaintiffs also identified and retained experts to assist with their preparation of the  
21 case. This included retaining experts to support class certification.

22           28. The parties have explored avenues to settle this case since its inception. Counsel  
23 for Plaintiffs and the Exchange Defendants initially met for a full-day mediation before the Hon.  
24 Judge Meisinger on August 13, 2018, in Los Angeles. They were unable to agree on a resolution  
25 and, until recently, had no further substantive discussions about settlement. Instead, they focused  
26 on certification and preparing the case for trial.





Active Agents by years service	Number
≥7 years	1,875
<7 years ≥ 6 years	14
<6 years ≥ 5 years	222
<5years ≥ 4 years	147
<4 years ≥ 3 years	174
<3 years ≥ 2 years	240
<2 years ≥ 1 years	239
<1 year	237
<b>Totals</b>	<b>3,148</b>

Former Agents by years service	Number
≥7 years	31
<7 years ≥ 6 years	332
<6 years ≥ 5 years	326
<5years ≥ 4 years	469
<4 years ≥ 3 years	380
<3 years ≥ 2 years	427
<2 years ≥ 1 years	695
<1 year	561
<b>Totals</b>	<b>3,221</b>

All Agents (Active and Former)	Number
≥7 years	1,906
<7 years ≥ 6 years	346
<6 years ≥ 5 years	548
<5years ≥ 4 years	616
<4 years ≥ 3 years	554
<3 years ≥ 2 years	667
<2 years ≥ 1 years	934
<1 year	798
<b>Totals</b>	<b>6,369</b>

37. According to Plaintiffs' tax returns, Plaintiff Parry averaged approximately \$4,900 per month in expenses during the class period, and Plaintiff O'Sullivan averaged approximately \$6,300 per month in total expenses during the class period.

38. Inputting the \$ 4,900 per month average cost number as an average expense per Class Member per month into the formula Plaintiffs constructed generates the following numbers:

		Average Expense Per Agent Per Month
<b>Active Agents by years service</b>	<b>Number</b>	<b>\$4,900</b>
≥7 years	1,875	\$829,127,554
<7 years ≥ 6 years	14	\$5,828,751
<6 years ≥ 5 years	222	\$79,156,849
<5 years ≥ 4 years	147	\$40,807,521
<4 years ≥ 3 years	174	\$37,500,584
<3 years ≥ 2 years	240	\$37,242,570
<2 years ≥ 1 years	239	\$22,726,682
<1 year	237	\$11,283,656
<b>Totals</b>	<b>3,148</b>	<b>\$1,063,674,167</b>

		Average Expense Per Agent Per Month
<b>Former Agents by years service</b>	<b>Number</b>	<b>\$4,900</b>
≥7 years	31	13,000,423
<7 years ≥ 6 years	332	123,812,397
<6 years ≥ 5 years	326	102,928,757
<5 years ≥ 4 years	469	116,782,423
<4 years ≥ 3 years	380	56,746,980
<3 years ≥ 2 years	427	23,582,495
<2 years ≥ 1 years	695	79,656,649
<1 year	561	66,023,403
<b>Totals</b>	<b>3,221</b>	<b>\$582,533,528</b>

		Average Expense Per Agent Per Month
<b>All Agents (Active and Former)</b>	<b>Number</b>	<b>\$4,900</b>
≥7 years	1,906	842,127,977
<7 years ≥ 6 years	346	129,641,148
<6 years ≥ 5 years	548	182,085,607
<5 years ≥ 4 years	616	157,589,944
<4 years ≥ 3 years	554	94,247,564
<3 years ≥ 2 years	667	60,825,066
<2 years ≥ 1 years	934	102,383,331
<1 year	798	77,307,059
<b>Totals</b>	<b>6,369</b>	<b>\$1,646,207,695</b>

39. Inputting the \$ 6,300 per month average cost number as an average expense per Class Member per month into the formula Plaintiffs constructed generates the following numbers.



		Average Expense Per Agent Per Month
<b>Active Agents by years service</b>	<b>Number</b>	<b>\$6,300</b>
≥7 years	1,875	\$1,066,021,141
<7 years ≥ 6 years	14	\$7,494,108
<6 years ≥ 5 years	222	\$101,773,092
<5 years ≥ 4 years	147	\$52,466,813
<4 years ≥ 3 years	174	\$48,215,036
<3 years ≥ 2 years	240	\$47,883,305
<2 years ≥ 1 years	239	\$29,220,020
<1 year	237	\$14,507,557
<b>Totals</b>	<b>3,148</b>	<b>\$1,367,581,072</b>

		Average Expense Per Agent Per Month
<b>Former Agents by years service</b>	<b>Number</b>	<b>\$6,300</b>
≥7 years	31	16,714,830
<7 years ≥ 6 years	332	159,187,367
<6 years ≥ 5 years	326	132,336,974
<5 years ≥ 4 years	469	150,148,830
<4 years ≥ 3 years	380	72,960,403
<3 years ≥ 2 years	427	30,320,351
<2 years ≥ 1 years	695	102,415,692
<1 year	561	84,887,233
<b>Totals</b>	<b>3,221</b>	<b>\$748,971,679</b>

		Average Expense Per Agent Per Month
<b>All Agents (Active and Former)</b>	<b>Number</b>	<b>\$6,300</b>
≥7 years	1,906	1,082,735,970
<7 years ≥ 6 years	346	166,681,475
<6 years ≥ 5 years	548	234,110,066
<5 years ≥ 4 years	616	202,615,643
<4 years ≥ 3 years	554	121,175,439
<3 years ≥ 2 years	667	78,203,656
<2 years ≥ 1 years	934	131,635,711
<1 year	798	99,394,790
<b>Totals</b>	<b>6,369</b>	<b>\$2,116,552,751</b>

40. Inputting the \$ 2,500 per month as an average expense per Class Member per month into the formula Plaintiffs constructed generates the following numbers

		Average Expense Per Agent Per Month
<b>Active Agents by years service</b>	<b>Number</b>	<b>\$2,500</b>
≥7 years	1,875	\$423,024,262
<7 years ≥ 6 years	14	\$2,973,852
<6 years ≥ 5 years	222	\$40,386,148
<5 years ≥ 4 years	147	\$20,820,164
<4 years ≥ 3 years	174	\$19,132,951
<3 years ≥ 2 years	240	\$19,001,311
<2 years ≥ 1 years	239	\$11,595,246
<1 year	237	\$5,756,967
<b>Totals</b>	<b>3,148</b>	<b>\$542,690,902</b>

		Average Expense Per Agent Per Month
<b>Former Agents by years service</b>	<b>Number</b>	<b>\$2,500</b>
≥7 years	31	6,632,869
<7 years ≥ 6 years	332	63,169,590
<6 years ≥ 5 years	326	52,514,672
<5 years ≥ 4 years	469	59,582,869
<4 years ≥ 3 years	380	28,952,541
<3 years ≥ 2 years	427	12,031,885
<2 years ≥ 1 years	695	40,641,148
<1 year	561	33,685,410
<b>Totals</b>	<b>3,221</b>	<b>\$297,210,984</b>

		Average Expense Per Agent Per Month
<b>All Agents (Active and Former)</b>	<b>Number</b>	<b>\$2,500</b>
≥7 years	1,906	429,657,131
<7 years ≥ 6 years	346	66,143,443
<6 years ≥ 5 years	548	92,900,820
<5 years ≥ 4 years	616	80,403,033
<4 years ≥ 3 years	554	48,085,492
<3 years ≥ 2 years	667	31,033,197
<2 years ≥ 1 years	934	52,236,393
<1 year	798	39,442,377
<b>Totals</b>	<b>6,369</b>	<b>\$839,901,885</b>

41. To the best of my knowledge following a reasonable investigation, there are no conflicts between Crueger Dickinson LLC and the members of the Class in this matter.

42. A copy of the Court's March 4, 2021, Amended Order granting class certification is attached hereto as Exhibit D.

43. A true and accurate copy of the Declaration of Zoltan M. Nagy is attached hereto as Exhibit E.

44. A true and accurate copy of the Amended Declaration of Irene Parry in Support of Preliminary Approval is attached hereto as Exhibit F.

1           45.    A true and accurate copy of the Amended Declaration of Irene Parry in Support of  
2 Preliminary Approval is attached hereto as Exhibit G.

3           46.    A true and accurate copy of the Declaration of Justin Parks is attached hereto as  
4 Exhibit H.

5           47.    A true and accurate copy of the Defendants' Responses to Plaintiffs' Special  
6 Interrogatories, Set Two is attached hereto as Exhibit I.

7           48.    A true and accurate copy of the Declaration of Robert Herzog is attached hereto as  
8 Exhibit J.

9           49.    A true and accurate copy of the Declaration of Scott Martindale is attached hereto  
10 as Exhibit K.

11          50.    A true and accurate copy of the Declaration of George Edward Martens is attached  
12 hereto as Exhibit L.

13          51.    A true and accurate copy of the Declaration of C. Paul Wazzan is attached hereto  
14 as Exhibit M.

15          52.    A true and accurate copy of the Declaration of Carroll Pritula is attached hereto as  
16 Exhibit N.

17          53.    A true and accurate copy of the Declaration of Jeff Senigaglia is attached hereto as  
18 Exhibit O.

19          54.    A true and accurate copy of the Farmers Smart Office Standards beginning at bates  
20 label FARMERS002380 is attached hereto as Exhibit P.

21          55.    A true and accurate copy of the Smart Office 2.0 Survey Guide beginning at bates  
22 label FARMERS136748 is attached hereto as Exhibit Q.

23          56.    A true and accurate copy of the Smart Office 3.0 Survey Guide beginning at bates  
24 label FARMERS002426 is attached hereto as Exhibit R.

25          57.    A true and accurate copy of the Smart Office Sign Vendor Information Guide  
26 beginning at bates label FARMERS210417 is attached hereto as Exhibit S.

1           58.     A true and accurate copy of the deposition of Zoltan Nagu taken on August 24,  
2 2020 is attached hereto as Exhibit T.

3           59.     A true and accurate copy of the deposition of Shawn Kitts taken on August 4, 2020  
4 is attached hereto as Exhibit U.

5           60.     A true and accurate copy of the Declaration of Gregory F. Coleman is attached  
6 hereto as Exhibit V.

7           61.     A true and accurate copy of the Declaration of Edward A. Wallace is attached  
8 hereto as Exhibit W.

9           62.     A true and accurate copy of the Declaration of Gabriel Barenfeld is attached hereto  
10 as Exhibit X.

11          63.     A true and accurate copy of the Declaration of Kara Elgersma is attached hereto as  
12 Exhibit Y.

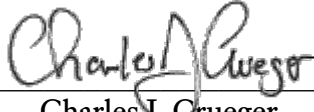
13          64.     A redline showing changes between the current Settlement Agreement attached  
14 hereto as Exhibit A and the version the parties submitted on December 23, 2021, is attached as  
15 Exhibit Z; a redline showing changes between the current Settlement Agreement and the version  
16 the parties submitted on October 6, 2021, is attached as Exhibit Z.1; and a redline showing  
17 changes between the current proposed notice, attached as Ex. A to the Settlement Agreement,  
18 and the version the parties submitted on October 6, 2021, is attached as Exhibit Z.2.

19          65.     Potential Class Members that Plaintiffs' counsel has talked with have been  
20 supportive of the Settlement and ask how they may participate, and they have provided  
21 overwhelmingly positive comments to Plaintiffs' counsel about the Settlement and appreciation  
22 for the work Plaintiffs' counsel devoted to the litigation to obtain the Settlement.

23          66.     A true and accurate copy of the Declaration of Paige Underwood, Vice President of  
24 the United Farmers Agents Association ("UFAA"), is attached hereto as Exhibit AA.

1 I declare under penalty of perjury of the laws of the State of California that the foregoing is  
2 true and correct.

3 Executed on this 10th day of February 2022, in Whitefish Bay, Wisconsin.

4 By:   
5 \_\_\_\_\_  
6 Charles J. Crueger  
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# **EXHIBIT A**

**CLASS ACTION SETTLEMENT AGREEMENT**

This Class Action Settlement Agreement (“Agreement”) is made by and between plaintiffs Irene Parry and Jeanette O’Sullivan (“Class Representatives”) and the members of the certified Class which they represent (collectively with the Class Representatives, “Plaintiffs”), on the one hand, and defendants Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange (collectively, the “Exchange Defendants”) and Farmers Group, Inc. (“FGI” and collectively with Exchange Defendants, “Defendants”), on the other.

**RECITALS**

A. On November 16, 2017, the Class Representatives filed a class action complaint in the Superior Court of California, County of Los Angeles (the “Court”), styled *Irene Parry, et al. v. Farmers Insurance Exchange, et al.*, Case No. BC 683586 pending before the Honorable Amy D. Hogue (the “Action”). The Action alleges that the Exchange Defendants: (1) violated California Labor Code § 2802 by misclassifying them and other Exchange Defendants’ insurance agents (or, the class), in California as independent contractors, including by establishing certain programs during the Settlement Class Period combined with the no-cause termination provision in the Plaintiffs’ contractual agreements with Exchange Defendants, thus requiring the Class Representatives and the other agents to incur necessary business expenses without reimbursing them for such expenses; and (2) the Exchange Defendants engaged in unlawful, unfair and/or fraudulent business practices within the meaning of California Business and Professions Code § 17200 *et seq.* by: (a) failing to reimburse the Class Representatives and the class for all reasonable business expenses; (b) misrepresenting to the Class Representatives and the class that they own their Farmers’ agencies; and (c) intentionally misclassifying the Class Representatives and the class as independent contractors.

B. On October 29, 2019, the Class Representatives amended their complaint reasserting the claims in their original complaint against the Exchange Defendants and (1) alleging that FGI was also liable with the Exchange Defendants for violating California Labor Code § 2802 and California Business and Professions Code § 17200 *et seq.*; (2) alleging that FGI was liable under California Labor Code § 2753 for advising the Exchange Defendants to treat the Class as independent contractors to avoid employee status for these individuals.

C. On March 5, 2021, the Court issued its final order granting class certification of the Class Representatives’ claims against Defendants and certifying a class of all individuals who signed Farmers Agent Appointment Agreement and worked as a Farmers agent in the State of California.

D. On May 28, 2021, the Court of Appeal for the State of California, Second Appellate District, denied Defendants' petition for a writ of mandate. (Case No. B312051.)

E. Defendants and the Released Parties (as defined below) deny that they have engaged in any unlawful activity, have failed to comply with the law in any respect, have any liability to anyone under the claims asserted in the Action, or that the claims raised in the Action are appropriate for certification. Defendants deny each and every allegation by Plaintiffs and/or the Settlement Class (defined below). Defendants contend that Plaintiffs were properly classified as independent contractors and are therefore not entitled to any benefits or statutory protections to which employees may be entitled. This Agreement is entered into solely for the purpose of compromising disputed claims. This settlement and the fact that Plaintiffs and Defendants were willing to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (other than solely in connection with effectuating this Agreement). Nothing in this Agreement is intended or shall be construed as an admission by Defendants of any liability or wrongdoing as to Plaintiffs, Settlement Class Members, or any other person, and Defendants specifically disclaim any such liability or wrongdoing. Moreover, this Agreement is not, and it should not be construed as, any admission of fact or law in this matter or any other matter that a class action is appropriate. The Parties have entered into this Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience, expenses, and risks.

F. Plaintiffs and Defendants prepared for and engaged in a formal, in-person, full-day mediation on June 1, 2021 with an experienced mediator, Randall W. Wulff, Esq. This mediation was preceded by a full-day mediation with the Honorable Louis Meisinger on August 13, 2018 and a full-day mediation with Barbara Reeves, Esq. on April 7, 2021.

G. The Parties have conducted substantial formal discovery and investigation in connection with the claims asserted in the Action. The Parties have propounded substantial written discovery, made substantial productions of documents, and researched and briefed the relevant legal and factual issues arising from all of the claims that are alleged in, or could have been alleged in, the Action. Approximately fifteen depositions have been taken in this case. Settlement Class Counsel also conducted numerous third party interviews. Each Plaintiff was deposed on two occasions and numerous current and former management level witnesses at the Defendants gave depositions. The Parties' discovery efforts and additional data that Settlement Class Counsel (defined below) obtained in advance of the mediation enabled the Parties to evaluate class wide exposure and their probability of prevailing at trial. Since the mediation, the parties have exchanged additional information about the scope of the class, data regarding the agents and programs the agents did or did not participate in, as well as other information that allowed them to further negotiate important terms of the claims process and other relief herein.



H. It is the intention of the Parties to settle and dispose of, fully and completely, any and all claims, demands and causes of action, including all such claims arising from the alleged misclassification of Plaintiffs, that are, or could have been, set forth in the Action for the Settlement Amount and the other terms in this Settlement.

## 1. DEFINITIONS

The following terms shall have the meanings defined in this Section wherever used in this Agreement and in all of its exhibits:

- 1.1 **“Agreement”** means this settlement agreement and all exhibits attached to it.
- 1.2 **“Claim Form”** means the document substantially in the versions attached hereto as Exhibit B and Exhibit C, as approved by the Court, with modifications to be permitted for formatting or for online processing on the Settlement Website. The Claim Form shall be completed by Settlement Class Members who wish to file a claim for a Claim Payment, and it shall be available in paper and electronic format. Claim Forms in paper format that are mailed and emailed (as applicable) with the Class Notice, and Claim Forms available in electronic format on the Settlement Website, will be pre-populated with a unique individual claim identifier, and the name, street address, and email address (if available) of the Settlement Class Member available from Defendants’ records. In addition, Claim Forms will be available in electronic format on the Settlement Website that are not pre-populated.
- 1.3 **“Claims Deadline”** refers to a Settlement Class Member having until no later than one hundred (100) calendar days from the date Class Notice is mailed to submit his or her Claim Form to the Settlement Administrator, subject to any extension for re-mailed notices in section 9.6.
- 1.4 **“Claim Form Review Process”** refers to the process described in Section 10.3.
- 1.5 **“Claim Payment”** means payment to an individual Settlement Class Member who did not timely submit a valid Request for Exclusion by the Exclusion Deadline and who submits a timely and valid Claim Form.
- 1.6 **“Class Representatives”** means plaintiffs Irene Parry and Jeanette O’Sullivan.
- 1.7 **“Defendants”** means Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, and Farmers Group, Inc.

- 1.8 **“Defendants’ Counsel”** means counsel of record for Defendants, Locke Lord LLP and Tharpe & Howell, LLP.
- 1.9 **“Direct Payment”** means payment to individual Settlement Class Member allocated and paid without a requirement to submit a Claim Form.
- 1.10 **“Effective Date”** means the date on which the following have occurred: (1) all conditions of the settlement that can be accomplished prior to the Effective Date come into existence; (2) the Court has entered the Final Approval Order and Judgment; and (c) the Court’s Judgment approving this Agreement becomes Final. Final shall mean the deadline for taking an appeal has passed, or, if there is an appeal of the Court’s Order Granting Final Approval and/or of any Order awarding or denying attorneys’ fees, costs, or service awards, the day after all appeals are fully and finally resolved in favor of final approval of the Agreement.
- 1.11 **“Exchange Defendants”** means Farmers Insurance Exchange, Fire Insurance Exchange, and Truck Insurance Exchange.
- 1.12 **“Exclusion Deadline”** means a date that is sixty (60) calendar days after the date that the Notice is initially mailed to Settlement Class Members and is the deadline by which Settlement Class Members’ Requests for Exclusion must be submitted electronically or postmarked in order to be timely.
- 1.13 **“Final Approval Hearing”** means the hearing scheduled by the Court to consider: (a) whether to finally approve this Agreement; (b) Settlement Class Counsel’s application for Attorneys’ Fees, Expenses, and Class Representative Service Awards; and (c) the issuance of such other rulings as are contemplated by this Agreement or as modified by any subsequent mutual agreement of the Parties in writing and approved by the Court. The Parties will request that the Court schedule the Final Approval Hearing at least thirty (30) days after the Claims Deadline.
- 1.14 **“Fees, Awards, and Expenses”** means (i) attorneys’ fees, costs, and expenses, as set forth herein and as awarded by the Court; (ii) service awards to Settlement Class Representatives as set forth herein and as awarded by the Court; and (iii) the cost of administration of the settlement, including, without limitation, the fees of the Settlement Administrator up to a maximum of one hundred and fifty thousand dollars (\$150,000.00), excluding any additional charges by the Settlement Administrator related to Defendants’ Additional Submissions in the Claim Form Review Process outlined herein, which shall be borne entirely by the Defendants.

- 1.15 **“Order Granting Final Approval”** means the final order entered by the Court after the Final Approval Hearing.
- 1.16 **“Order Granting Preliminary Approval”** means the Order entered by the Court preliminarily approving, *inter alia*, the terms and conditions of this Agreement, the manner and timing of providing Notice, and the time period for, and the manner of, the Requests for Exclusions, objections, and Claim Form submissions.
- 1.17 **“Parties”** means the Plaintiffs and Defendants.
- 1.18 **“Plaintiffs”** means, collectively, “Class Representatives” and “Settlement Class Members.”
- 1.19 **“Request for Exclusion”** means a writing signed by the Settlement Class Member and submitted to the Settlement Administrator that includes his or her name, address, and telephone number, and expressly states the desire to be excluded from the Settlement Class.
- 1.20 **“Settlement Administrator”** means A.B. Data, Ltd., as approved by the Court.
- 1.21 **“Settlement Class”** means the class defined in Section 5.
- 1.22 **“Settlement Class Counsel”** means Charles Crueger and Erin Dickinson of Crueger Dickinson LLC and Edward A. Wallace of Wallace Legal Group LLC as Lead Class Counsel and, Milberg Coleman Bryson Phillips Grossman, PLLC, Nelson & Fraenkel LLP, and Wexler Boley & Elgersma LLP as additional Settlement Class Counsel.
- 1.23 **“Settlement Class Member”** means all persons included in the Settlement Class.
- 1.24 **“Settlement Class Representatives”** means plaintiffs Irene Parry and Jeanette O’Sullivan, as approved by the Court.

## 2. MUTUAL FULL COOPERATION

The Parties and their counsel agree to cooperate fully with each other to promptly execute all documents and take all steps necessary to effectuate the terms and conditions of this Agreement.

### **3. APPOINTMENT OF SETTLEMENT ADMINISTRATOR**

The Parties stipulate to and seek the Court's order appointing A.B. Data, Ltd. to act as the Settlement Administrator for purposes of this settlement, subject to the Court's approval. The Settlement Administrator shall be responsible for, among other matters:

- 3.1 Mailing and emailing (as applicable) of the Notice Package (as defined in Section 9.1 below) to potential Settlement Class Members and receiving Claim Forms (as described in Section 9 below), written Requests for Exclusions and written Objections (as applicable);
- 3.2 After entry of the Court's Order Granting Preliminary Approval, the Settlement Administrator shall determine the timeliness and completeness of submissions of Claim Forms (as set forth in Section 9 below), resolve any dispute by any member of the Settlement Class as to any factor or issue regarding the computation of that member's Settlement Class's Direct Payment or Claim Payment (as defined in Section 10 below), disputed by any member of the Settlement Class or that is part of the Claim Form Review Process; and the Settlement Administrator's decision on any such issue or dispute shall be final, binding, and non-appealable;
- 3.3 Resolving any disputes regarding membership in the Settlement Class as defined in Section 5 of this Agreement and the Settlement Administrator's decision on any such issue or dispute shall be final, binding, and non-appealable;
- 3.4 After the Effective Date, issuing the Direct Payments and Claim Payments and complying with any necessary reporting as set forth in Section 10; and
- 3.5 Collecting any necessary tax information from members of the Settlement Class in order to comply with necessary reporting as set forth in Section 10.

### **4. SETTLEMENT CLASS PERIOD**

The Settlement Class Period will be from November 16, 2013 to the date of the Court's Order Granting Preliminary Approval.

## 5. THE SETTLEMENT CLASS

### 5.1 Class Definition

For purposes of this settlement only, the Parties agree that the “Settlement Class” is defined as follows:

All individuals who (i) signed a Farmers Agent Appointment Agreement or a Farmers Corporate Agent Appointment Agreement and (ii) worked as a Farmers agent or Supervising Agent for an incorporated Farmers agency in the State of California at any time between November 16, 2013 to the date that the Court grants preliminary approval of the Settlement.

### 5.2 Persons Expressly Excluded From the Settlement Class

Any individual who is not a natural, living person (*i.e.*, an entity) shall be excluded from the definition of the Settlement Class. Also excluded from the Settlement Class is any person who during the Settlement Class period: (i) settled the claims asserted in this Action, (ii) released the claims asserted in this Action as part of a settlement of one or more claims asserted under the California Labor Code, (iii) received an adverse final judgment or order in a civil or administrative action involving the claims asserted in this Action, or (iv) received awards through civil or administrative actions for the claims asserted in this Action. Any person who excludes themselves from the Settlement Class pursuant to Section 5.4 is not a member of the Settlement Class.

The Parties agree that Defendants have the burden to timely provide Settlement Class Counsel with a list of names of persons excluded from the Settlement Class under (i) or (iv) in this Section 5.2 along with documents establishing that one or more of those conditions for exclusion are satisfied. The Parties agree that Defendants are not obliged to produce confidential settlement documents and that documents publicly filed in Court referencing a settlement (such as a Notice of Settlement or a Minute Order reflecting a settlement) would satisfy Defendants’ obligations under this Section.

### 5.3 Certification of the Settlement Class and Appointment of Settlement Class Representatives/Class Counsel

Solely for the purposes of implementing this Agreement and effectuating the settlement, Defendants shall not oppose a request by the Class Representatives that the Court enter an order preliminarily certifying the Settlement Class, appointing the Class Representatives as Settlement Class Representatives, and appointing Charles Crueger and Erin Dickinson of Crueger Dickinson LLC and Edward A. Wallace of Wallace Legal Group, LLC as Lead Settlement Class Counsel and, Milberg Coleman Bryson Phillips Grossman, PLLC, Nelson & Fraenkel LLP, and Wexler Boley & Elgersma LLP as additional Settlement Class Counsel (all referred to herein as Settlement Class Counsel).

In the event that this settlement does not receive final approval from the Court (or if a final approval order is reversed on appeal), no party shall use this provision or the certification of the Settlement Class, the appointment of Settlement Class Representatives and Settlement Class Counsel for any purpose whatsoever in the Action or in any other action or proceeding. Upon entry of final approval of the settlement, the class currently certified by the court will be modified to include the definition of the Settlement Class defined herein and as to each of the Defendants.

#### 5.4 Individuals' Right to Exclude Themselves from the Settlement Class

Potential Settlement Class Members who wish to exclude themselves from the Settlement Class and from participation in the proceeds of the settlement must submit a Request for Exclusion (via U.S. mail, email, or fax) pursuant to the instructions in the Notice and such a request must be sent, or postmarked if sent by U.S. mail, no later than the Exclusion Deadline, except that those potential Settlement Class Members who receive a re-sent Notice shall be informed (via an insert in the Notice) that their time to submit a Request for Exclusion to the Settlement Administrator shall be the longer of: (1) thirty (30) days from the date the re-sent Notice is mailed; or (2) the Exclusion Deadline. A written Request for Exclusion must be signed by the potential Settlement Class Member (if by U.S. mail or fax) and include his or her name, address, and telephone number, and expressly state the desire to be excluded. A Request for Exclusion shall not be invalid for failure to provide all the requested information so long as the Settlement Administrator can ascertain the individual's status as a Class Member and the individual's desire to exclude himself or herself from the Settlement Class.

Any Settlement Class Member who does not provide the Settlement Administrator with a timely, written Request for Exclusion waives the right to do so in the future and shall be bound by all the terms and conditions of this Agreement, including the release of identified claims set forth hereinafter, whether or not he or she submits a Claim Form. In the event a potential Settlement Class Member both purports to exclude himself or herself from the Settlement Class and submits a Claim Form, he or she will be considered to have submitted a valid Claim Form only, and will be deemed not to have excluded himself or herself from the settlement so long as the Settlement Class Member submits a written and signed withdrawal of the Request for Exclusion to the Settlement Administrator. Otherwise, the Settlement Class Member will be deemed to have excluded himself or herself from the settlement.

#### 5.5 Defendants' Right to Void Settlement Due to Number of Requests for Exclusions Received

If the number of persons that submit Requests for Exclusion to the Settlement Administrator on a timely basis is equal to or in excess of fifteen percent (15%) of the number of potential Settlement Class Members to whom Notices are mailed, Defendants shall have the option, in their sole and absolute discretion, to be exercised within thirty

(30) calendar days of receiving notice of the total percentage of Requests for Exclusion, to void this Agreement and the Parties' settlement by notifying Settlement Class Counsel in writing of their intention to do so. The Agreement and the Parties' settlement shall become void seven (7) calendar days after the delivery of such written notification unless, during that period, the Parties agree in writing to a mutually acceptable resolution and thereafter the Court approves such resolution. In the event Defendants exercise their option to void the Agreement under this provision: (a) the Preliminary Approval Order and all of its provisions shall be vacated by its own terms; (b) the Action shall revert to the status that existed prior to the execution date of this Settlement Agreement; and (c) no term of this Settlement Agreement or any draft thereof, or of the negotiation, documentation, or other part or aspect of the Parties' settlement discussions, shall have any effect, nor shall any such matter be admissible in evidence for any purpose in the Action, or in any other proceeding.

## **6. MONETARY CONSIDERATION BY DEFENDANTS**

In consideration for the releases and other consideration set forth in this Agreement, Defendants agree to: (a) pay the individual Settlement Class Members pursuant to the payment procedure as described in Sections 10 and 11; (b) pay attorneys' fees, costs and expenses, as set forth herein and as awarded by the Court; (c) pay the Service Awards to Settlement Class Representatives as set forth herein and as awarded by the Court; (d) pay the cost of administration of the settlement, including, without limitation, the fees of the Settlement Administrator, as set forth hereinafter; and (e) implement the systemic and contract changes described in Section 7.

### **6.1 Settlement Amount**

The "Settlement Amount" is the total sum of Seventy Five Million Dollars and No Cents (\$75,000,000.00), which apart from the exception for administrator expenses related to Additional Submissions by Defendants under the Claim Form Review Process, shall be the maximum amount and "all inclusive," including any payment of (i) individual Settlement Class Member payments pursuant to the payment procedure as described in Sections 10 and 11 herein; (ii) Fees, Awards, and Expenses. Under no condition will Defendants' liability exceed the Settlement Amount, except that Defendants agree to separately pay all administrator expenses the Settlement Administrator may incur related to Defendants' Additional Submissions under the Claim Form Review Process and making a final determination about a claim following Defendants' Additional Submissions. This means that no expenses the Settlement Administrator may incur related to Defendants' Additional Submissions under the Claim Form Review Process may be deducted from the Settlement Amount, but Defendants bear no additional financial responsibility for work related to Class Counsel's Additional Submissions and ordinary settlement administration costs, including the Settlement Administrator's costs in making its Initial Determinations and executing upon the Notice and Cure procedures that are unrelated to Defendants' Additional Submissions.

The Settlement Amount shall be distributed in the following order:

- 6.1.1 Direct Payments. Forty Million Dollars (\$40,000,000.00), net of Fees, Awards, and Expenses, shall be distributed pro rata (based on the Settlement Class Members' respective lengths of time as a California Farmers<sup>®</sup> agent/Supervising Agent during the Settlement Class Period) to Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline. Settlement Class Members need not make a claim to receive a Direct Payment.
- 6.1.2 Claim Payments. Thirty-Five Million Dollars (\$35,000,000.00), if and to the extent claimed and net of any Fees that may be deducted from any portion claimed, will be distributed to Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline and who submit a timely and valid Claim Form subject to and in accordance with the procedures described in Section 10. The amount paid to a Settlement Class Member who submits a timely and valid Claim Form shall be determined by the Settlement Administrator in accordance with the Claim Form Review Process. The Settlement Administrator has final authority to determine whether a claim is valid and payable and its decision is not subject to review or appeal. No Claim Payment made to a Settlement Class Member will exceed Ten Thousand Dollars (\$10,000.00). If the total value of the valid Claims determined to be payable by the Settlement Administrator exceeds \$35,000,000.00, the Claim Payment for each Claim will be adjusted by the percentage that the claims exceeded \$35,000,000.00 to ensure that everyone receives an equal proportional share. For example, if total claims equal \$40,000,000.00, then each person's Claim Payment would be adjusted so that they receive 87.5% of their valid and payable Claim ( $\$35M \div \$40M = 0.875$ ).
- 6.1.3 Within fifteen (15) business days of entry of an order granting Preliminary Approval of the settlement, Defendants shall cause \$40 million be paid by wire transfer into an interest-bearing escrow account established and administered by the Settlement Administrator, and which will be treated as a Qualified Settlement Fund within the meaning of 26 C.F.R. § 1.468B-1 ("Escrow Account"). If this Agreement does not receive final Court approval or Defendants elect to void the Agreement under section 5.5, and the Settlement does not reach the Effective Date, then the amount paid by Defendants into the Escrow Account (other than Court-approved settlement administration costs incurred by that date) shall within thirty (30) calendar days be returned to Defendants from the Escrow Account by the Settlement



Administrator, along with any interest accrued thereon. For the sake of clarity, the parties agree that this means Defendants shall pay costs incurred by the Settlement Administrator even if the Court does not grant final approval or Defendants void the Agreement under section 5.5. After the Effective Date and within five (5) business days of the completion of the Claim Form Review Process, including the final determination of the amount of the Claim Payments by the Class Administrator, Defendants shall cause to be deposited into the Escrow Account an amount equal to the total amount of the valid Claims determined by the Settlement Administrator to be payable.

6.1.4 The Settlement Class Members will each be responsible for their own tax obligations arising from their receipt of any settlement payment.

## 6.2 Attorneys' Fees and Costs

Defendants understand that Settlement Class Counsel will file an application for an award of attorneys' fees in an amount not to exceed 33% of the Settlement Amount. Settlement Class Counsel will in addition seek approval for reimbursement of costs and expenses of an amount not to exceed six hundred thousand dollars (\$600,000.00). Defendants agree not to object to such application up to such amounts. Settlement Class Counsel shall file their fee application at least sixty (60) calendar days before the Final Approval Hearing. For sake of clarity, the Parties agree that if the Court awards an amount of attorneys' fees that equals less than 33% of the Settlement Amount, that the difference will not revert to Defendants and will be distributed to Class Members, however, in no case shall any unclaimed portion of the Settlement Amount be reallocated or paid to the Settlement Class or to Settlement Class Counsel. Subject to Court approval, the Court will deduct the award of Costs, Service Awards, and 65% of the award of Fees from the Direct Payments and 35% of the award of Fees from the Claim Payments, however, in no case shall any such deductions or awards be taken from any unclaimed portion of the Settlement Amount.

In the event that this settlement does not receive Final Approval from the Court (or if a final approval order is reversed on appeal), no Party shall use this provision or the award of attorneys' fees, costs, and expenses for any purpose whatsoever in the Action or in any other action or proceeding.

## 6.3 Service Awards

Settlement Class Counsel will file an application for approval of payment of Service Awards to the Settlement Class Representatives each in an amount not to exceed Forty Thousand Dollars (\$40,000.00). This award is in addition to each Settlement Class Representative's Direct Payment and Claim Payment, if any. Defendants agree not to object to such application. For sake of clarity, the Parties agree that if the Court awards

Service Awards less than Forty Thousand (\$40,000), that the difference will not revert to Defendants and will be distributed to Class Members. Settlement Class Counsel shall file the petition for service awards at least sixty (60) calendar days before the Final Approval Hearing.

## 7. SYSTEMIC AND CONTRACT CHANGES

In addition to the monetary consideration described in Section 2.5, Defendants and Plaintiffs agree to the following systemic and contract changes in consideration of the promises and releases set forth in this Agreement and further agree with respect to their valuation of these changes:

### 7.1 Changes to Agent Appointment Agreements and/or Corporate Agent Appointment Agreements

Defendants agree to amend the Agent Appointment Agreement and Corporate Agent Appointment Agreement for all Settlement Class Members who do not timely submit a Request for Exclusion to:

7.1.1 eliminate the no-cause termination provision on three months' notice;

7.1.2 add a provision that the Agent/Supervising Agent may resign his or her appointment at any time with sixty (60) days written notice to the Companies (as defined in the Agent Appointment Agreement and Corporate Agent Appointment Agreement), or at an earlier date by mutual agreement of the parties;

7.1.3 add a provision allowing termination by the Companies on six (6) months' written notice if Agent/Supervising Agent fails to operate his or her agency or the corporate agency consistent with industry or professional standards *or* based on the Companies' changed business circumstances or market conditions;

7.1.4 eliminate the non-solicitation provision for the Settlement Class; and

7.1.5 add a mutual arbitration provision with a jury and class action waiver for certain claims arising from the Settlement Class Members' appointment under the Agent Appointment Agreement and/or Corporate Agent Appointment Agreement.

The foregoing agreed-upon contract changes are set forth in the attached Addenda (Exhibit D.1 and D.2 to this Agreement). The Parties agree that the Addenda

will be deemed mutually executed, binding and enforceable as of the Effective Date to any Settlement Class Member who does not submit a Request for Exclusion by the Exclusion Deadline.

7.2 Amendment of Agency Operations Manual

Defendants agree to remove the entire Customer Service Standards section (including 45 hour agency standard) from the Agency Operations Manual.

7.3 Agency Growth Model

Defendants agree to eliminate any policy that utilizes the Agency Growth Model for determining eligibility for bonuses or achievement clubs.

7.4 Independent Contractor Treatment and Complaint Procedure

Defendants agree that independent contractor insurance agents appointed in California are to be treated consistently with their independent contractor status, as set forth in the Agent Appointment Agreements and/or Corporate Agent Appointment Agreements, and to notify Defendants' personnel and district managers of this. Defendants further agree to establish a written Complaint Procedure for insurance agents to raise concerns related to independent contractor status and to identify a position independent of Farmers' territory leadership to serve as a single point of contact within the Complaint Procedure and allowing an agent to remain anonymous to her/his District Manager and/or Farmers territory leadership if she/he chooses when such issue is raised.

7.5 Agreement of Independent Contractor Status

Defendants and Settlement Class Members agree that nothing in this Settlement Agreement is intended to change, revise or alter provisions of the Agent Appointment Agreement between Defendants and Settlement Class Members that Settlement Class Members are independent contractors for all purposes, which Settlement Class Members hereby reaffirm.

**8. FILING OF MOTION TO CERTIFY SETTLEMENT CLASS**

As part of Plaintiffs' Motion for Preliminary Approval, Plaintiffs shall request the Court to certify the Settlement Class, as defined herein, for purposes of settling the Action. Defendants shall stipulate to certification of the Settlement Class for settlement purposes only. In the event that this settlement does not receive Final Approval from the Court (or if a final approval order is reversed on appeal), no party shall use this provision or the certification of the Settlement Class for any purpose whatsoever in the Action or in any other action or proceeding.

## **9. NOTICE OF SETTLEMENT AND CLAIM FORM; TIME TO SUBMIT CLAIMS**

### **9.1 Direct Notice of Settlement**

The Parties agree that within seven (7) calendar days of entry of the Court's Order Granting Preliminary Approval: (i) Defendants will provide the potential Settlement Class Members' contact information (mailing address, social security number, California insurance license number (if available), and current email address and telephone number, if available in Defendants' records) to the Settlement Administrator; (ii) Settlement Class Counsel will provide to the Settlement Administrator any potential Settlement Class Members' contact information (mailing address, email address and telephone number) that potential Settlement Class Members have provided to Settlement Class Counsel; and (iii) Settlement Class Counsel will provide to the Settlement Administrator any potential Settlement Class Members' contact information (email addresses) obtained from the United Farmers Agents' Association. The Settlement Administrator will remove any duplicated contact information, validate the email addresses provided above (except email addresses for current agents provided by Farmers) and, within twenty-one (21) calendar days of preliminary approval of this Agreement ("Notice Date"), the Settlement Administrator will send to the potential Settlement Class Members by first class United States Mail, at their last known mailing address provided by Farmers, and by email (to the extent available and to each email address available for a potential Settlement Class Member), the following documents (collectively referred to as the "Notice Package"): (1) the Court-approved notice of the terms and conditions of this settlement in the form of a "Notice" agreed upon by the Parties (which will include instructions on how to submit a Request for Exclusion or file an objection), in substantially the same form as Exhibit "A" attached hereto; and (2) the Court-approved "Claim Form," in substantially the same forms as Exhibit "B" or Exhibit "C" attached hereto. The Parties agree that if Notice mailed to a Settlement Class Member is returned as undeliverable, any alternative mailing address provided by Settlement Class Counsel or UFAA may be used to attempt re-delivery, along with any other mailing address the Settlement Administrator identifies in its normal skip tracing. The Parties further agree that if Notice is successfully delivered to at least one email address, Notice by email is deemed complete without need for skip tracing or additional efforts to re-email Notice.

The Notice to potential Settlement Class Members shall include:

- 9.1.1 the terms of the settlement, including the monetary components of the settlement available for Direct Payment (defined above) and the Claim Payment (defined above) and how Settlement Class Counsel's fees will be paid;
- 9.1.2 the Claims Deadline and the Exclusion Deadline as set forth in this Agreement, except as to those Settlement Class Members who receive the

Notice pursuant to re-mailing, who will also have an additional thirty (30) calendar days from the date of re-mailing to submit a Request for Exclusion or a Claim Form);

- 9.1.3 The Settlement Administrator will send by mail and email (if available) a first reminder to all Settlement Class Members who have not submitted a Claim Form within thirty (30) calendar days after the Notice was sent, and a second reminder to all Settlement Class Members who have not submitted a Claim Form within sixty-five (65) calendar days after the Notice was sent.
- 9.1.4 a statement that any Claim Form or Request for Exclusion that is post-marked or submitted later than the applicable deadline will not be considered timely;
- 9.1.5 the name and address of the Settlement Administrator to which any Claim Form or Request for Exclusion must be submitted;
- 9.1.6 the deadline for submitting an objection to the settlement;
- 9.1.7 a pre-populated unique claim identifier assigned by the Settlement Administrator to each individual potential Settlement Class Member, which may be entered on the settlement website for access to a Claim Form; and
- 9.1.8 the URL for the settlement website established by the Settlement Administrator that provides further information about the settlement, including the online claim processing portal and important case documents.

## 9.2 Settlement Website

The Settlement Administrator will be create, launch, and maintain a Settlement Website, which will provide access to relevant settlement administration documents, including the Notice, relevant court filings, and the ability to submit a Claim Form online. The Settlement Website shall be live and active from the Notice Date, to at least sixty (60) calendar days after the last disbursement of settlement payments to Settlement Class Members. The URL of the Settlement Website shall be [farmersagentsettlement.com] or such other URL as the Parties may subsequently agree to.

### 9.3 Creation and Maintenance of Telephone Support

The Settlement Administrator shall maintain a dedicated toll-free telephone number with an automated interactive voice response system from the Notice Date until sixty (60) days after the final disbursement of Claim Payments to Claiming Class Members. The voice response system will present callers with a series of choices to hear pre-recorded information concerning the settlement. If callers require further assistance, the Settlement Administrator shall provide live telephone support during business hours.

### 9.4 Claim Form

The Claim Form shall inform such potential Settlement Class Members:

- 9.4.1 that the individual is believed to be a potential Settlement Class Member, based on Defendants' records;
- 9.4.2 that if the individual requests to be excluded from the Settlement Class, he or she will not be part of the Settlement Class and will not be allowed to submit a Claim Form;
- 9.4.3 that the identifying information of a Settlement Class Member contained on a submitted Claim Form will not be made known to the Defendants except for their legal department/legal counsel (internal and external). Defendants' legal department/legal counsel may disclose identifying information to designated personnel in Farmers' accounting and marketing departments who will assist with the Claims Form Review Process ("Designated Personnel") and who agree by signing a written confidentiality agreement to maintain such information in strict confidence and not to disclose such information to others working for Defendants, including Defendants' District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership. The identities of Designated Personnel need not be disclosed to the Court or Settlement Class Counsel unless the Court orders otherwise. Should Farmers need to involve others beyond Designated Personnel in the Claims Form Review Process, Farmers may seek approval from the Court, but Farmers agrees that such individuals would not include District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership;
- 9.4.4 that to submit a valid claim, a Settlement Class Member must declare under penalty of perjury and, where applicable, provide documentary proof that he or she has paid necessary business expenses during the Settlement Class Period and meets other criteria to receive a Claim

Payment, as set forth in Section 10.3, the Claim Form (Exhibit B), and the Claim Form Review Process;

- 9.4.5 that the Claim Form submitted to the Settlement Administrator must be properly completed and signed, either by hand or electronically through the settlement website;
- 9.4.6 that the failure to sign the Claim Form, to provide the requisite documentary proof, if required, or to provide accurate identifying information upon request may prevent validation of a Settlement Class Member's claim by the Settlement Administrator;
- 9.4.7 that a Settlement Class Member shall have until the Claims Deadline to submit his or her Claim Form to the Settlement Administrator; and
- 9.4.8 that a Settlement Class Member eligible for Direct Payment is not required to submit a Claim Form to receive his or her pro rata Direct Payment.

9.5 Distribution of Notice and Claim Form

The Settlement Administrator shall send the Notice Package to all potential Settlement Class Members who can reasonably be identified via first class United States Mail and email to all Settlement Class Members for whom Defendants have provided email addresses. Before the first mailing, the Settlement Administrator will perform a National Change of Address ("NCOA") search on the addresses for former agents who are part of the Settlement Class. The Settlement Administrator shall perform one skip trace as to any Notices (and accompanying documents) that are returned by the post office for invalid addresses within five (5) calendar days of its receipt of such returned Notice. For Notice Packets returned as undeliverable by the United States Postal Service without any forwarding addresses, the Settlement Administrator will attempt to obtain updated addresses using proprietary database resources to which it subscribes, as well as contact each Class Member by telephone to obtain updated mail and email addresses, and, in instances where updated addresses are found or obtained, will re-mail or email the Notice. Those potential Settlement Class Members who receive Notice pursuant to telephone contact or the skip trace or proprietary database resources shall be informed (via an insert in the Notice) that his or her time to submit a Claim Form or Request for Exclusion to the Settlement Administrator shall be the longer of: (1) thirty (30) calendar days from the date Notice is mailed to the updated address, (2) the Claims Deadline, for submission of a Claim Form; or (3) the Exclusion Deadline, for submission of a Request for Exclusion. The Settlement Administrator shall notify Settlement Class Counsel and Defendants' counsel of the identity of all potential Settlement Class Members who were sent Notice pursuant to a skip trace, or reference to the Settlement Administrator's proprietary database resources, and whose Notice was again returned. The Settlement Administrator

shall provide such notification within seven (7) calendar days of its receipt of such returned Notice.

#### 9.6 Time for Submission of Claim Forms

- 9.6.1 An individual Settlement Class Member who submits a timely and properly completed Claim Form shall be a “Claiming Class Member.”
- 9.6.2 To be considered timely, a Claim Form must be received by the Settlement Administrator and electronically submitted or post-marked on or before the Claims Deadline, except as to those Settlement Class Members who receive Notice pursuant to the one skip trace or receive a Deficiency Notice but timely respond to such Deficiency Notice as defined and described below.
- 9.6.3 The Settlement Class Members who receive Notice pursuant to the one skip trace shall have until the longer of: (a) thirty (30) calendar days from the date Notice is re-mailed or (b) the Claims Deadline to submit a Claim Form.
- 9.6.4 The submission of a Claim Form will be deemed completed on the earlier of the date of electronic or mailed receipt by the Settlement Administrator or the postmark date on the envelope containing the Claim Form.

#### 9.7 Defective Claim Forms

A Claim Form shall be defective if a Settlement Class Member fails to (1) make the required declaration/certification, (2) provide the requisite documentary proof to substantiate a claim, if required, as set forth in Section 10.3, (3) sign the form as required, and/or (4) provide accurate identifying information upon request.

If the Settlement Administrator receives a defective Claim Form, the Settlement Administrator shall return such form to the Settlement Class Member via first class mail (*i.e.*, provide a “Deficiency Notice”) and email (if available) and instruct the Settlement Class Member as to the basis of the deficiency, and that he or she has until the later of (1) thirty (30) calendar days, plus three calendar days if the notice is provided by mail, or (2) the Claims Deadline, within which to correct, complete, supplement, and/or sign such form and return it to the Settlement Administrator via first class mail or electronically (by email or through the Settlement Website) and/or to provide the requested information to the Settlement Administrator. The Settlement Administrator will send only one Deficiency Notice per member of the Settlement Class. If a completed Claim Form, or the requested information is not received within said time frame or remains defective, the Claim Form shall be considered defective and invalid for purposes of this settlement, and the Administrator will deny the Claim without further review. The Settlement



Administrator will provide the identity of Settlement Class Members who submitted defective Claim Forms to Settlement Class Counsel and Defendants' counsel at the same time a Settlement Class Member is provided a Deficiency Notice.

#### 9.8 Reports by Settlement Administrator

No later than sixty (60) calendar days prior to the Final Approval Hearing, the Settlement Administrator shall provide the Parties with a declaration (the "Claims Administration Declaration") setting forth the steps taken by the Settlement Administrator to provide notice to potential Settlement Class Members and send reminders, the number of undeliverable Notice Packages, the number of Requests for Exclusion, the number of Claims, and the Settlement Administrator's Initial and Final Determinations to date for each Claim, including the reasoning for any recalculation of amounts payable after the Initial Determination. The Claims Administration Declaration shall be filed in the public record, although information in the Claims Administration Declaration specific to each Claim, including the Initial and Final Determinations and the reasoning for any recalculation of the amounts payable after the Initial Determination, will be filed under seal.

No later than sixteen (16) calendar days prior to the Final Approval Hearing, Settlement Administrator shall provide the Parties with an updated Claims Administration Declaration that provides its Final Determinations for all Claims that shall, for each Claim, state the Settlement Administrator's Initial Determination of the amount payable, its Final Determination, and the reasoning for any recalculation of amounts payable after the Initial Determination. The Settlement Administrator shall also either update other information provided in the earlier Claims Administrator Declaration or state that the information has not changed. The Parties shall file the updated Claims Administration Declaration in the public record no later than sixteen (16) calendar days before the Final Approval Hearing, although information in the Claims Administration Declaration specific to each Claim, including the Initial and Final Determinations and the reasoning for any recalculation of the amounts payable after the Initial Determination, will be filed under seal.

Information included the original and updated Claims Administration Declarations that is filed under seal shall be disclosed only to Defendants' legal counsel/legal department (internal and external) and shall not be disclosed to any other person working for Defendants, including its District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership, unless authorized by the Court under section 9.4.3.

#### 9.9 Retention of Claim Forms and Requests for Exclusion

The Settlement Administrator shall make available copies of Claim Forms received before or on the Claims Deadline to Class Counsel and counsel for Defendants on a rolling basis as they are received. The Settlement Administrator shall maintain the completed Claim Forms and Requests for Exclusion throughout the administration of the

settlement. The Settlement Administrator shall make the completed Claim Forms and Requests for Exclusion available to the Parties upon a reasonable request for such forms.

## **10. PAYMENT TO SETTLEMENT CLASS MEMBERS**

### **10.1 Settlement Administrator's Role**

The Settlement Administrator will calculate amounts to be paid to Settlement Class Members as provided below.

### **10.2 Direct Payment**

Each Settlement Class Member will receive a Direct Payment, including any Settlement Class Member whose Notice or re-sent Notice is returned as undelivered. All Direct Payments will be reported to the IRS as income on Form 1099.

### **10.3 Claim Payment and Claim Form Review Process**

Each Settlement Class Member who submits a valid Claim Form acceptable to the Settlement Administrator is eligible to receive a Claim Payment, in addition to the Direct Payment, of up to \$10,000. Claim Forms submitted or postmarked after the Claim Deadline will be rejected. The Settlement Administrator shall make available copies of Claim Forms received before or on the Claims Deadline to Class Counsel and counsel for Defendants on a rolling basis as they are received.

To submit a valid claim, the Settlement Class Member must, by the Claims Deadline, submit a valid Claims Form, supported by documentary proof, if applicable, that is completed and signed by hand or electronically. The Settlement Administrator will then follow the Claim Form Review Process set out in this section to make an initial determination and then a final determination on each claim.

The Settlement Administrator will promptly evaluate each timely submitted Claim Form it receives to make an Initial Determination using the following process:

1. For any claim on the Claim Form that the Settlement Class Member attests is supported by documentary proof by checking the applicable box, the Administrator will determine whether the documents submitted by the Settlement Class Member support the amount claimed and whether the Claim Form is completed and signed.
  - a. If yes, the Settlement Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member.

- b. If no, the Settlement Administrator will follow the notice & cure procedure forth in Section 9.7 of the Settlement Agreement, which is to provide notice to the Settlement Class Member of the deficiency and allow the Settlement Class Member until the later of (1) thirty (30) calendar days, plus three calendar days if the notice is provided by mail, or (2) the Claims Deadline, to cure the deficiency (“Notice & Cure Procedure”).
        - c. If the documentation submitted by the Settlement Class Member supports an amount less than the amount claimed by the Settlement Class Member, then the Settlement Administrator will initially approve the lesser amount and follow the Notice & Cure Procedure.
        - d. If as a result of the Notice & Cure Procedure, the Settlement Class Member provides documentation to support the claimed amount, the Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member. If the Settlement Class Member does not provide the necessary documentation after the Notice & Cure Procedure or does not cure other deficiencies, the Settlement Administrator will deny that claimed amount without further review.
2. For any claim on the Claim Form that the Settlement Class Member attests he or she paid by deduction from folio by checking the applicable box, the Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member, provided the Claim Form is completed and signed. If the Claim Form is not completed and signed, the Settlement Administrator will follow the Notice & Cure Procedure and initially approve the claimed amount if the deficiencies in the Claim Form are cured.
3. For any claim on the Claim Form where the Settlement Class Member does not provide supporting documentation or attest that he or she paid by deduction from folio by checking the applicable box, the Settlement Administrator will follow the Notice & Cure Procedure. If the Settlement Class Member does not cure the deficiency as part of the Notice & Cure Procedure, the Settlement Administrator will deny that claimed amount without further review.
4. In making an Initial Determination, the Settlement Administrator shall also apply the following rules:
  - a. Except as set out in subsection (ii), below, a Settlement Class Member may only claim reimbursement for expenses paid for **one** full-time Licensed & Appointed staff (or one or more part-time

Licensed & Appointed Staff who were the equivalent of one full-time Licensed & Appointed Staff) hired on or before December 31, 2020. If a Settlement Class Member submits a claim for expenses paid for one or more part-time Licensed & Appointed staff, the Settlement Class Member must submit documentation showing that the part-time staff were the equivalent of one full-time Licensed & Appointed staff and in total those part-time staff worked no more than 45-hours per week. If the Settlement Class Member does not initially submit the required documentation, the Settlement Administrator will follow the Notice & Cure Procedure to allow or disallow claims related to the additional Licensed & Appointed staff.

- i. Expenses paid for the Licensed and Appointed Staff not only include the wages or salary paid but the costs of licensing and appointment including: Property, Casualty, and Life licensing with DOI; Online training for insurance licensing exams (ExamFC, TesTeachers, Securities Training Corp.); and background check fee.
  - ii. A Settlement Class Member is ineligible to claim reimbursement for Licensed & Appointed staff if the Settlement Class Member was appointed as a Farmers agent through any of the following three programs: External Acquisition (after 1/1/2019), SEED, or Retail.
- b. A Settlement Class Member may only claim one-time expenses for Exterior Signage and Interior Signage and Branding categories identified on the claim form. Notwithstanding the forgoing:
  - i. A Settlement Class Member may claim reimbursement for a second item listed in the Exterior Signage category and Interior Signage and Branding category if they moved offices during the Settlement Class Period. If the Settlement Class Member does not provide documentation showing that he/she moved offices and supporting the expense paid for the second item(s) after the move, the Settlement Administrator will follow the Notice & Cure Procedure. For purposes of this rule, sufficient documentation includes a statement by the Settlement Class Member submitted under penalty of perjury stating that he/she moved offices.
- c. Except as provided in subsection (d) below, a Settlement Class Member may submit claims on the Claim Form only for expenses

they paid between the start of the Settlement Class Period to and including December 31, 2020. The Settlement Administrator will deny any claim for expenses paid after December 31, 2020, without a right to cure. Notwithstanding the forgoing, any Settlement Class Member appointed during the month of December 2020 may submit claims for Smart Office expenses paid after December 31, 2020, to the end of the Settlement Class Period.

- d. A Settlement Class Member may submit claims on the Claim Form for paid website customization and/or website photo expenses only if incurred during the period when digital storefront became part of Smart Office Standards (1/1/2018 to 12/31/2020), and will be paid for the claimed expense up to a maximum of \$30 per month for the website customization plus the documented cost of the website photo, if applicable.

Every two weeks during the claims process, the Settlement Administrator will provide to Class Counsel and counsel for Defendants a list identifying all Settlement Class Claims and its Initial Determinations (“Initial Determinations List”) from the previous two weeks. The Administrator will provide the final Initial Determinations List no later than 30 calendar days after the Claims Deadline or cure deadline for deficient claims (whichever is later).

The Settlement Administrator will then make a Final Determination using the following process:

1. Within 30 calendar days of the distribution of an Initial Determinations List, counsel for Defendants or Class Counsel may provide to the Settlement Administrator additional materials for the Administrator to consider (“Additional Submissions”). The Additional Submissions may address one or more of the following topics:
  - a. Whether any claim on the Claim Form that the Settlement Class Member attests he or she paid by deduction from folio does not match the information in Farmers’ records. Farmers shall provide the Administrator with the relevant information for the Settlement Class Member as part of its Additional Submission. If Farmers has no evidence of a folio deduction for one or more of the claims on a Claim Form that a Settlement Class Member attests he or she paid by deduction from folio, then Farmers shall also provide a statement to that effect under penalty of perjury as part of its Additional Submission.
  - b. Whether Farmers paid or reimbursed, in whole or part, any expense that a Settlement Class Member claims in the Claim Form. Farmers

shall provide the Administrator with documentation showing that Farmers paid or reimbursed the claimed expenses in whole or part as part of its Additional Submission.

- c. Whether any claim the Administrator allowed should have been disallowed, or any claim the Administrator disallowed should have been allowed, under the rules set forth above for the Initial Determination (section 1.4). Farmers or Class Counsel shall provide the Administrator with documentation as necessary as part of its Additional Submission, except that no party shall be permitted to submit new documents/information that were not timely submitted in accordance with the Notice & Cure Procedure.
  - d. Whether a claim for expenses for a person in the role of as a Licensed & Appointed staff is not, in fact, for a person licensed and appointed by Farmers or who was not licensed and appointed by Farmers during time-frame claimed by the Settlement Class Member. If Farmers has no evidence that the person was licensed and appointed by Famers as claimed by the Settlement Class Member, then Farmers shall provide a statement to that effect under penalty of perjury as part of its Additional Submission.
  - e. Whether a Settlement Class Member is or was appointed as a Farmers agent through any of the following three programs, External Acquisition (after 1/1/2019), SEED, or Retail, to determine eligibility for a claim for expenses paid for Licensed & Appointed staff.
  - f. Whether a claim is fraudulent.
2. The Settlement Administrator will provide the Additional Submissions to the non-submitting party (either Class Counsel or counsel for Defendants), who will have 30 calendar days to provide any document contesting or otherwise disputing the documents submitted with the Additional Submission. Unless a Class Member refuses to cooperate, Class Counsel will work with the Class Member to prepare and submit either an Additional Submission or any response to the Additional Submission.
  3. The Administrator shall make its Final Determination after the deadline for either Class Counsel or counsel for Defendants, to provide any responsive documentation has passed. The Claim Form Review Process will be deemed completed upon delivery of the Final Determinations to Class Counsel and counsel for Defendants under Section 9.8 (Reports by Settlement Administrator).

4. For each entry on the Initial Determinations List for which neither counsel for Defendants nor Class Counsel submitted Additional Submissions within the 30-day period, the Settlement Administrator shall consider its Initial Determination as its Final Determination.

Ex parte communications with the Settlement Administrator regarding its Initial Determinations, the Additional Submissions and Responses to Additional Submissions, or its Final Determinations are prohibited. A Party's communication with the Settlement Administrator on these topics shall include the other Parties, and the Settlement Administrator's communications on these topics shall include all Parties. The Settlement Administrator shall have final authority to determine whether a claim is valid and payable and its decision is not subject to review or appeal.

Defendants agree that they shall send payment to reimburse all additional expenses as provided in Section 6.1 within 30 calendar days of the receiving the invoice from the Settlement Administrator. Defendants further agree that they shall remain obligated to reimburse all additional expenses as provided in Section 6.1 regardless of the Settlement Administrator's Initial or Final Determinations and regardless of whether the Court grants Final Approval.

Any Settlement Class Member who does not become a Claiming Class Member shall not receive any Claim Payment. All Claim Payments will be reported to the IRS as income on Form 1099.

#### 10.4 Tax Liability and Net Payments

Settlement Class Members shall be responsible for remitting to State and/or Federal taxing authorities any applicable other taxes due.

#### 10.6 Circular 230 Disclaimer

10.6.1 no provision of this agreement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of the United States Treasury Department Circular 230 (31 CFR Part 10, as amended);

10.6.2 the Parties, including each Settlement Class Member (A) should rely exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this agreement, (B) has not entered into this agreement based upon the recommendation of any other party or any attorney or advisor to any other party, and (C) is not entitled to rely upon any communication or disclosure by any attorney or

adviser to any other party to avoid tax penalty that may be imposed on the party; and

- 10.6.3 no attorney or adviser to any other party has imposed any limitation that protects the confidentiality of any such attorneys' or advisers tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the acknowledging party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this agreement.

10.7 Applicability of Section 384 of the California Code of Civil Procedure

The Parties agree that this settlement is not subject to Section 384 of the California Code of Civil Procedure.

**11. ADMINISTRATION OF SETTLEMENT AMOUNT**

- 11.1 The Settlement Administrator will calculate the settlement payments to be made to the Settlement Class Members in accordance with the terms and provisions of this Agreement. Defendants' counsel and Settlement Class Counsel will be provided access to all calculations and all data forming the basis for such determinations. The fees, costs, and expenses of the Settlement Administrator in connection with said verification and/or performance shall be considered settlement administration expenses, except for the expenses solely borne by Defendants relating to Defendants' Additional Submissions in the Claim Form Review Process. The Court shall retain jurisdiction over the correctness of such calculations and the amount of payments due, and the Parties shall submit any disagreements regarding these issues to the Court for determination.
- 11.2 No person shall have any claim against Defendants, Defendants' counsel, Plaintiffs, the Settlement Class, Settlement Class Counsel, or the Settlement Administrator based on distributions and payments made in accordance with this Agreement.

**12. PRELIMINARY APPROVAL OF SETTLEMENT**

Plaintiffs shall seek preliminary approval of this settlement by the Court for entry of a Preliminary Approval Order. As part of the preliminary approval process, the Court shall be asked to approve, among other matters, the terms of the settlement, the method of providing notice, the Notice Package, the procedure for the calculation of settlement distributions, and scheduling of a hearing on final approval of the settlement and on Settlement Class Counsel's application for payment of attorneys' fees, costs, and expenses, and service awards, as set forth herein.



### **13. FINAL APPROVAL HEARING**

The Notice shall contain a date, time, and location for a “Final Approval Hearing.” The Final Approval Hearing shall be held on a date approved by the Court no earlier than Seventy-Five (75) calendar days after the Claim Deadline. The exact date, time, and location of the Final Approval Hearing shall be set forth in the Notice. At the Final Approval Hearing, Settlement Class Counsel shall request the Court to grant approval of the applications for attorneys’ fees, costs, expenses, and service award referred to in Section 6 of this Agreement.

### **14. PROCEDURE FOR OBJECTIONS TO SETTLEMENT**

The Notice shall provide that Settlement Class Members who wish to object to the settlement, or any portion thereof, may do so either: (1) in writing; and (2) verbally at the Final Approval Hearing. A written objection should be sent to the Settlement Administrator (via U.S. mail, email or fax) no later than thirty (30) calendar days before the Final Approval Hearing. The Settlement Administrator will provide all written objections to Class Counsel and Defendants’ counsel, who will then file them with the Court. The Court may at its discretion refuse to consider untimely written objections. Settlement Class Members who wish to verbally object to the Settlement may do so by appearing (or having his or her attorney appear) at the Final Approval Hearing, either in person or remotely. No notice of appearance is required. Settlement Class Members who do not object, either in writing before the Final Approval Hearing or verbally at the Final Approval Hearing, shall be forever foreclosed from making any objection (whether by appeal or otherwise) to the Settlement, or any aspect of the Settlement, including, without limitation, the fairness, reasonableness or adequacy of the proposed Settlement.

### **15. [PROPOSED] FINAL APPROVAL ORDER, FINAL JUDGMENT AND ORDER OF DISMISSAL**

Upon final approval of the settlement, the Court shall be requested to issue a [Proposed] Final Approval Order and Final Judgment (“Proposed Final Judgment”) in substantially the same form as Exhibits F and G attached hereto, respectively, which shall, *inter alia*:

- 15.1 Grant final approval to the settlement as fair, reasonable, adequate, in good faith and in the best interests of the Settlement Class, as a whole, and order the Parties to carry out the provisions of this Agreement.
- 15.2 Adjudge that all Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline are conclusively deemed to have released Defendants and the Released Parties (as defined below), of and from any and all rights, claims, demands, liabilities, causes of action, liens and judgments arising out of or in any way related to the matters set forth, or that could have been set forth, in the Complaint.

- 15.3 Affirm that nothing in the Settlement Agreement shall change or alter the classification of Settlement Class Members as independent contractors during the Settlement Class Period, which Settlement Class Members who do not timely submit a Request for Exclusion reaffirm.
- 15.4 Bar and permanently enjoin each Settlement Class Member who did not timely submit a Request for Exclusion by the Exclusion Deadline from prosecuting against the Defendants and the Released Parties (as defined below), any and all of the settled and released claims.
- 15.5 Reserve continuing jurisdiction as provided herein above.

**16. APPROVAL AND ADOPTION OF [PROPOSED] FINAL JUDGMENT AND FINAL APPROVAL ORDER**

Plaintiffs shall seek final approval of this settlement by the Court and for entry of the [Proposed] Final Judgment and the Final Approval Order, as well as an Attorneys' Fee Order and Service Awards Order.

**17. PAYMENT OF SETTLEMENT PROCEEDS**

17.1 Timing of Payments

Settlement Class Members who do not timely submit a Request for exclusion shall receive one check as Payment for (i) their portion of the Direct Payment, and (ii) if they also submitted a timely Claim, a Claim Payment for any Claim that has completed the Claim Form Review Process as of the Effective Date, and the Settlement Administrator has up to ten (10) calendar days after the Effective Date to send payment. Settlement Class Members who do not timely submit a valid Request for Exclusion and who timely submit a Claim, but whose Claim has not yet completed the Claim Form Review Process as of the Effective Date, shall receive one check for their share of the Direct Payment after the Effective Date and a second check for any Claim Payment after the completion of the Claim Form Review Process for their Claim, and the Settlement Administrator has up to ten (10) calendar days after the Effective Date to send the Direct Payment and up to ten (10) calendar days after the completion of the Claim Form Review Process to send the Claim Payment.

Payment to the Settlement Administrator for all Court-approved settlement administration expenses, Court-approved service awards to the Class Representatives, and payment to Settlement Class Counsel for Court-approved attorneys' fees, costs and expenses, shall be made after the Effective Date and up to ten (10) calendar days after the Effective Date.

## 17.2 Method of Payment

Defendants will fund a qualified settlement fund established by the Settlement Administrator. The expiration date on settlement checks will be 180 calendar days from the date the settlement checks are issued, unless otherwise extended by agreement of the parties, and the expiration date shall be printed on the front of settlement checks. Un-cashed settlement checks may be reissued where appropriate, including where the Settlement Class Member states that he or she never received the check, in which case the Settlement Administrator will stop payment on the uncashed check and re-issue the check, up to and including the final settlement accounting hearing with the Court. Any funds remaining after the final settlement accounting hearing because of un-cashed checks shall escheat to the State of California as unclaimed funds pursuant to California Code of Civil Procedure section 1510, et seq.

## 18. **RELEASED PARTIES AND CLAIMS**

### 18.1 Released Parties

“Released Parties” means the collective of Defendants, each of their subsidiaries or affiliates, including Mid-Century Insurance Company and Farmers New World Life Insurance Company, and each of their present and former predecessors, successors, assigns, parent companies, divisions, members, owners, executives, officers, directors, governors, shareholders, policyholders, representatives, employees, agents, attorneys, attorneys-in-fact, consultants, contractors, servants, vendors, managers, and their trustees, administrators, fiduciaries, co-defendants, administrators, related individuals and/or entities, insurers, and/or any and all individuals and/or entities acting by, through, under, or in concert with any of them or otherwise affiliated with them.

### 18.2 Released Claims

“Released Claims” means any and all claims, demands, debts, liabilities, actions, obligations, damages, losses, costs, and causes of action of every kind and nature, whether at common law, pursuant to statute, ordinance, or regulation, in equity or otherwise, whether arising under federal, state, or other applicable law, whether known or unknown, actual or potential, suspected or unsuspected, direct or indirect, or contingent or fixed that have been alleged, could have been alleged, or in the future might be alleged, that reasonably arise out of or reasonably relate to the facts and/or claims set forth in the First Amended Complaint during the Class Period, including Plaintiffs’ claims that they were misclassified as independent contractors rather than employees, both on behalf of the Settlement Class Representatives and on behalf of the Settlement Class Members (individually and on behalf of any corporation for which they are/were the Supervising Agent, if applicable), including without limitation claims and theories based on the California Labor Code.

### 18.3 Release

In exchange for the consideration set forth in this Settlement Agreement, and upon Final Approval of this Settlement Agreement and Defendants' compliance with section 6.1.2 and 6.1.3, all Settlement Class Members who did not timely exclude himself or herself from this Settlement Agreement by filing a timely and valid Request for Exclusion, and each of their respective executors, administrators, representatives, agents, heirs, successors, assigns, trustees, guardians, corporations, and all those who claim through them or assert claims on their behalf, shall be deemed to have fully and forever released the Released Parties from any and all Released Claims. By granting preliminary and final approval of the settlement, the Court will have reviewed this Agreement and concluded that the Settlement is fair, reasonable and adequate.

### 18.4 California Civil Code Section 1542 Waiver

With respect to the Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs Irene Parry and Jeanette O'Sullivan (individually and on behalf of any corporation for which they are/were the Supervising Agent, if applicable) shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished as to the Released Claims, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law that purports to limit the scope of a general release. Section 1542 provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

### 19. NO ADMISSION

Defendants and the other Released Parties deny any and all claims alleged in the Action and deny all wrongdoing whatsoever. Defendants continue to assert, *inter alia*, that the Settlement Class Members were properly classified as independent contractors. This Agreement is neither a concession nor an admission, and shall not be used against Defendants or any of the Released Parties as an admission or indication with respect to any claim of any fault, concession or omission by Defendants or any of the Released

Parties. Whether or not the settlement is finally approved, neither the settlement, nor any document, statement, proceeding or conduct related to this Agreement, nor any reports or accounts thereof, shall in any event be:

- 19.1 construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Defendants or the Released Parties, including, but not limited to, evidence of a presumption, concession, indication or admission by Defendants or any of the Released Parties of any liability, fault, wrongdoing, omission, concession or damage; or
- 19.2 disclosed, referred to or offered or received in evidence against Defendants or any of the Released Parties, or its/her counsel, personnel or supervisors, in any further proceeding in the Action, or any other civil, criminal or administrative action or proceeding, except for purposes of settling the Action pursuant to this Agreement.

## **20. COMMUNICATIONS ABOUT THE SETTLEMENT**

- 20.1 The Parties and their counsel agree not to contact any media organization about the settlement and further agree that if they are contacted by a media organization, then they will only state that this matter has settled, and may direct the organization to the Settlement Website and court filings for further information.
- 20.2 No Party or its/her counsel, personnel or supervisors will discourage Settlement Class Members from making claims under the settlement. The Parties and their counsel agree that they will not misrepresent this Agreement, the Class Notice, and the Claim Form. Nothing herein shall prevent Settlement Class Counsel from communicating with the Settlement Class regarding settlement, claims or matters related to the settlement or claims process.
- 20.3 Defendants shall instruct their District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership that they shall not discuss the Settlement Agreement with a potential Settlement Class Member.

## **21. NULLIFICATION OF AGREEMENT**

In the event: (a) the Court does not enter the Preliminary Approval Order specified herein in substantially the same form as Exhibit D attached hereto; (b) the Court does not finally approve the settlement as provided herein; (c) the Court does not issue a [Proposed] Final Judgment (as provided herein and in substantially the same form as Exhibit G attached hereto) which becomes final and not subject to any appeals; or (d) the settlement does not become final for any other reason, this Agreement shall be null and void and any order or judgment entered by the Court in furtherance of this settlement shall be treated as

void *ab initio*. In such event, the Parties hereto and any funds to be awarded under this settlement shall be returned to their respective statuses as of the date and time immediately prior to the execution of this Agreement, and the Parties shall proceed in all respects as if this Agreement had not been executed.

## **22. RETURN OF DOCUMENTS AND INFORMATION**

The Parties agree that none of the documents and information provided to them by the opposing Party and marked as confidential under the protective order shall be used for any purpose other than prosecution of the Action. No later than ten (10) calendar days after the Effective Date, the Parties shall destroy or return to the opposing Party the original and all copies of any documents that opposing Party produced or provided and marked as confidential under the protective order. Should a Party elect to destroy those documents, the Party shall certify under penalty of perjury that such documents have been destroyed.

Nothing in the previous paragraph shall be interpreted to require the destruction of, or bar outside counsel for either party from retaining in their files, (i) one copy of all deposition transcripts, including exhibits, in this matter, consistent with the Protective Order, and (ii) a copy of all documents filed with the court, including any exhibits.

## **23. REPRESENTATIONS AND WARRANTIES**

Each party to this Agreement represents and warrants that he, she or it has not heretofore assigned or transferred, or purported to assign or transfer, any of the claims released pursuant to this Agreement to any other person and that he, she or it is fully entitled to compromise and settle same.

## **24. CALIFORNIA LAW**

All questions with respect to the construction of this Agreement and the rights and liabilities of the Parties hereto shall be governed by the laws of the State of California applicable to agreements to be wholly performed within the State of California.

## **27. OWN COUNSEL**

Each party hereto acknowledges that he, she or it has been represented by counsel of his, her or its own choice throughout all of the negotiations which preceded the execution of this Agreement and in connection with the preparation and execution of this Agreement.

## **28. FURTHER ACTS AND DOCUMENTS**

The Parties and counsel for the Parties hereto agree to do such acts and execute all such documents necessary to effectuate the intent of this Agreement.

## **29. COUNTERPARTS**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and will be effective upon execution by all Parties. Facsimile signatures shall be deemed original signatures for all purposes.

## **30. HEADINGS**

The headings contained in this Agreement are for reference only and are not to be construed in any way as a part of the Agreement.

## **31. ENTIRE AGREEMENT**

This Agreement represents the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior oral and written agreements and discussions. Each of the Parties covenants that he, she or it has not entered into this Agreement as a result of any representation, agreement, inducement, or coercion, except to the extent specifically provided herein. Each party further covenants that the consideration recited herein is the only consideration for entering into this Agreement and that no promises or representations of another or further consideration have been made by any person. This Agreement may be amended only by an agreement in writing duly executed by all Parties hereto and approved by the Court.

## **32. BINDING EFFECT**

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and to their respective heirs, assigns and successors-in-interest.

## **33. DRAFTING**

Each party hereto has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party as drafter of this Agreement.

## **34. SEVERABILITY**

In the event any covenant or other provision herein is held to be invalid, void or illegal, the same shall be deemed severed from the remainder of this Agreement and shall in no way affect, impair or invalidate any other covenant, condition or other provision herein. If any covenant, condition or other provision herein is held to be invalid due to its scope or breadth, such covenant, condition or other provision shall be deemed valid to the extent of the scope or breadth permitted by law.

**34. INCORPORATION OF EXHIBITS**

All exhibits attached to this Agreement are hereby incorporated by reference as though set forth fully herein and are a material part of this Agreement. Any notice, order, judgment or other exhibit that requires approval of the Court must be approved without material alteration from its current form in order for this Agreement to become effective. Notwithstanding this paragraph, insubstantial changes to the attached exhibits shall not invalidate the Agreement.

**35. AUTHORITY**

Each party hereto warrants and represents that each of the persons or entities executing this Agreement is duly empowered and authorized to do so.

**36. ADMINISTRATION OF SETTLEMENT AND COMPLIANCE**

The Court shall have continuing jurisdiction to resolve any dispute which may arise with regard to the terms and conditions of this Agreement as set forth herein.

**37. NOTICES**

All notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement (other than the Notice to Settlement Class Members, Claim Form submissions, and Requests for Exclusion) shall be in writing and shall be delivered personally, telecopied, or mailed postage pre-paid by first class mail to the following persons at their addresses set forth as follows:

Settlement Class Counsel:

Charles J. Crueger, Esq.  
**CRUEGER DICKINSON LLC**  
4532 North Oakland Avenue  
Whitefish Bay, WI 53211

Edward A. Wallace, Esq.  
**WALLACE LEGAL GROUP LLC**  
111 W Jackson Blvd. Suite 1700  
Chicago, IL 60604

Defendants' Counsel:

*For Defendants Farmers Insurance Exchange, Truck Insurance Exchange and Fire Insurance Exchange:*



Nina Huerta, Esq.  
Jordon R. Ferguson, Esq.  
Jonevin Sabado, Esq.  
LOCKE LORD LLP  
300 South Grand Avenue, Suite 2600  
Los Angeles, CA 90071

*For Defendant Farmers Group, Inc.:*

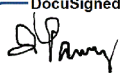
Christopher S. Maile, Esq.  
Gerald M. Siegel, Esq.  
THARPE & HOWELL, LLP  
15250 Ventura Boulevard, Ninth Floor  
Sherman Oaks, California 91403

**WHEREFORE**, Plaintiffs, on their own behalf and on behalf of the Settlement Class, and Defendants, by their respective duly authorized agents or counsel, have executed this Agreement as of the dates set forth below.

**Farmers Insurance Exchange, Truck Insurance Exchange and Fire Insurance Exchange**

**Plaintiffs**

\_\_\_\_\_  
[insert name]  
[insert title]

DocuSigned by:  
  
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Irene Parry  
Plaintiff and Class Representative

\_\_\_\_\_  
Date

2/9/2022  
\_\_\_\_\_  
Date

**Farmers Group, Inc**

\_\_\_\_\_  
[insert name]  
[insert title]

DocuSigned by:  
  
3CB42BA7C9FA4DA...  
Jeanette O Sullivan  
Plaintiff and Class Representative

\_\_\_\_\_  
Date

2/9/2022  
\_\_\_\_\_  
Date

Nina Huerta, Esq.  
Jordon R. Ferguson, Esq.  
Jonevin Sabado, Esq.  
LOCKE LORD LLP  
300 South Grand Avenue, Suite 2600  
Los Angeles, CA 90071

*For Defendant Farmers Group, Inc.:*

Christopher S. Maile, Esq.  
Gerald M. Siegel, Esq.  
THARPE & HOWELL, LLP  
15250 Ventura Boulevard, Ninth Floor  
Sherman Oaks, California 91403

**WHEREFORE**, Plaintiffs, on their own behalf and on behalf of the Settlement Class, and Defendants, by their respective duly authorized agents or counsel, have executed this Agreement as of the dates set forth below.

**Farmers Insurance Exchange, Truck Insurance Exchange and Fire Insurance Exchange**

  
\_\_\_\_\_  
[insert name] Margaret S. Giles  
[insert title] Assistant Secretary

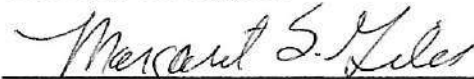
2/9/2022  
\_\_\_\_\_  
Date

**Plaintiffs**

\_\_\_\_\_  
Irene Parry  
Plaintiff and Class Representative

\_\_\_\_\_  
Date

**Farmers Group, Inc**

  
\_\_\_\_\_  
[insert name] Margaret S. Giles  
[insert title] Assistant Secretary

2/9/2022  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Jeanette O'Sullivan  
Plaintiff and Class Representative

\_\_\_\_\_  
Date

Approved as to form:

February 9, 2022

LOCKE LORD LLP



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*Attorneys for Defendants Farmers  
Insurance Exchange, Truck Insurance  
Exchange and Fire Insurance Exchange*

February 9, 2022

THARPE & HOWELL, LLP



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Inc.*

February    , 2022

CRUEGER DICKINSON LLC

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WALLACE LEGAL GROUP LLC

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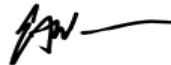
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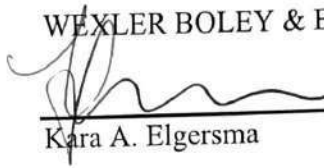
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**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT**

**If you are or were a Farmers® Agent or Supervising Agent in California on or after November 16, 2013, You May Be Eligible for Payments and Other Benefits from a Class Action Settlement.**

*The Superior Court for the State of California, County of Los Angeles authorized this notice. It is not junkmail, spam, an advertisement, or a solicitation from a lawyer.*

*You are not being sued. Please read this notice carefully because it explains your rights.*

- A settlement has been reached in a class action lawsuit known as *Parry et al. v. Farmers Insurance Exchange, et al.*, Superior Court for the State of California, County of Los Angeles, Case No. BC683856. Plaintiffs claim that under California law they and other Farmers® agents are or were employees of Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, and Farmers Group, Inc. (collectively “Defendants”), and that California law requires Defendants to reimburse them and other Farmers® agents for certain necessary business expenses they paid. Defendants deny these claims.
- The Court has not decided whether Defendants violated any law. Defendants deny all liability. Instead, Plaintiffs and Defendants have agreed to a Settlement to avoid the risks and costs of further litigation.
- Defendants have agreed to pay a maximum of \$75 million under the Settlement. The Settlement may entitle you to one or two payments and additional benefits if the Court grants final approval of the Settlement. The Court has not yet decided whether to grant final approval.
- Defendants’ records indicate that you may be a Settlement Class Member and you may be entitled to payments and other benefits from the Settlement. **Your legal rights are affected whether you act or do not act. Read this Notice carefully.**

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>EXCLUDE YOURSELF EXCLUSION DEADLINE IS [ ]</b>	Remove yourself from the Class by “opting out.” You will receive no payments or other benefits from the Settlement. You will keep your right to sue the Defendants about the legal claims in this case. See Sections 11-13 of this Notice.
<b>OBJECT WRITTEN OBJECTIONS DEADLINE IS [ ]</b>	Send a written statement to Settlement Administrator stating why you do not like any aspect of the Settlement. Alternatively, you or your attorney may object verbally at the Final Approval Hearing to be conducted by the Court. See Sections 16-17 of this Notice.
<b>DO NOTHING AND RECEIVE A DIRECT PAYMENT</b>	If you do nothing, a payment will be sent to you for the amount you are eligible to receive a “Direct Payment.” You will also receive the benefits of certain systemic and contract changes. You will give up your rights to sue the Defendants about the legal claims in this case. See Sections 7 and 10 of this Notice.
<b>SUBMIT A CLAIM FOR AN ADDITIONAL CLAIMS PAYMENT OF UP TO \$10,000 CLAIM DEADLINE IS [ ]</b>	In addition to a “Direct Payment,” you may submit a Claim Form online, by e-mail or by mail to receive a “Claims Payment” in the amount you believe you are eligible to receive for up to a maximum of \$10,000. In order to receive a “Claims Payment” you must timely submit a valid Claim Form. You will give up your right to sue the Defendants about the legal claims in this case. See Section 7 and 10 of this Notice.

Questions? Visit [www.farmers.com](http://www.farmers.com) or call 1-800-000-0000

- Your rights and options under the Settlement – **and the deadlines to exercise them** – are explained below.
- The Court must approve the Settlement. If it does, and after any appeals are resolved, payments will be distributed to those who qualify.
- The Settlement does not change the Farmers® agents’ classification as independent contractors.
- Plaintiffs’ Counsel will also host webinars on **February [redacted], and [redacted], and March [redacted] and [redacted]**, to answer questions about the Settlement and explain how you can receive a Direct Payment and submit a Claim for an additional Claims Payment. In addition, a short recorded presentation is available at the Settlement Website [www.\[redacted\]](http://www.[redacted]). Visit the Settlement Website [www.\[redacted\]](http://www.[redacted]) for the link to the webinars and further information.

**Defendants are will not retaliate against you for any actions you take with respect to the proposed Settlement.**

**Settlement Class Member Confidentiality: Identifying information of a Settlement Class Member contained on a submitted Claim Form (required in order to receive a Claims Payment) will not be shared with anyone from the Farmers Defendants except for their legal department/legal counsel (internal and external) and designated employees in Farmers’ accounting and marketing department needed for the processing of Claim Forms. These employees will sign agreements promising to maintain the information in strict confidence and not to disclose the information to others working for Defendants, including Defendants’ District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership. Should Farmers need to involve others beyond Designated Personnel in the Claims Form Review Process, Farmers may seek approval from the Court, but Farmers agrees that such individuals would not include District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership.**

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION.....PAGE 4

1. Why did I get this Notice?
2. What is this lawsuit about?
3. Why is this a class action?
4. Why is there a Settlement?

WHO ARE SETTLEMENT CLASS MEMBERS?

5. How do I know if I am a Settlement Class Member and a part of the settlement?
6. What if I am not sure if I am a Settlement Class Member and included in the Settlement? .....PAGE 5

THE SETTLEMENT BENEFITS - WHAT CAN YOU GET IF YOU ARE A SETTLEMENT CLASS MEMBER?

7. What does the Settlement provide?

HOW TO GET A PAYMENT.....PAGE 6

8. How can I get a payment? How do I file a Claim Form to get a Claims Payment?
9. How will my payments be calculated, when will I get them, and when should I cash them?.....PAGE 7
10. What am I giving up in exchange for the Settlement benefits?.....PAGE 8

EXCLUDING YOURSELF FROM THE SETTLEMENT.....PAGE 9

- 11. If I exclude myself, can I get any payments or benefits from this Settlement?
- 12. If I do not exclude myself, can I sue later?
- 13. How do I “opt-out” of (exclude myself from) this Settlement?

THE LAWYERS REPRESENTING YOU

- 14. Do I have a lawyer in this case and how do I contact them?
- 15. How will the cost of the lawsuit and Settlement be paid?.....PAGE 10

OBJECTING TO THE SETTLEMENT .....PAGE 11

- 16. How do I tell the Court if I do not like the Settlement?
- 17. What is the difference between objecting and asking to be excluded?

THE FINAL APPROVAL HEARING..... PAGE 12

- 18. When and where will the Court decide whether to approve the Settlement and fix amounts to be paid to Class Counsel, Class Representatives and the Settlement Administrator?
- 19. Do I have to come to the hearing?

IF YOU DO NOTHING

- 20. What happens if I do nothing?

GETTING MORE INFORMATION

- 21. How do I get more information?

## **BASIC INFORMATION**

### **1. Why did I get this Notice?**

A Court authorized this Notice because you have a right to know about a proposed Settlement and your options under the proposed Settlement before the Court decides whether to give "final approval" of the Settlement. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who may be eligible for those benefits, and how to get them. You received this Notice because Defendants' records indicate that you may be a Class Member and you may be entitled to payments and other benefits from the proposed Settlement.

The Settlement resolves the case known as *Parry, et al. v. Farmers Insurance Exchange, et al.*, Case No. BC683856.

### **2. What is this lawsuit about?**

The action was commenced on November 16, 2017. Plaintiffs claim that the Defendants unlawfully classified Farmers<sup>®</sup> agents in California as independent contractors and thus required them to incur several categories of unreimbursed business expenses, in violation of California Labor Code section 2802 and California's Unfair Competition Law. Plaintiffs claim that they and other Farmers<sup>®</sup> agents are entitled to reimbursement of the necessary business expenses they paid as Farmers<sup>®</sup> agents. Plaintiffs also claim that defendant Farmers Group, Inc. violated California Labor Code section 2753 by advising the Exchange Defendants to misclassify Farmers<sup>®</sup> agents as independent contractors to avoid employee status. You can read the Plaintiffs' First Amended Complaint at the Settlement Website at [www \[ \] com](http://www.farmers.com). Defendants deny these claims.

### **3. Why is this a class action?**

In a class action lawsuit, one or more people sue on behalf of other people who have similar claims called "Class Members." The people who sued are called "Plaintiffs" in the lawsuit and are "Class Representatives" if they are appointed by the court. The lawyers representing Plaintiffs and Class Members are called "Class Counsel." The companies they sued are called "Defendants." One court then resolves the claims for all Class Members—except for those people who choose to exclude themselves ("opt-out") from the Class.

In this case, Plaintiffs are Irene Parry and Jeanette O'Sullivan, former Farmers<sup>®</sup> agents, and they have been appointed by the Court as Class Representatives to represent the "Class" or "Class Members." On March 5, 2021, the Court issued an order granting class certification of the Class Representatives' claims against Defendants and certifying a class of all individuals who signed Farmers<sup>®</sup> Agent Appointment Agreements and worked as a Farmers<sup>®</sup> agent or Supervising Agent in the State of California on or after November 16, 2013. The class certification order did not determine the merits of the lawsuit.

### **4. Why is there a Settlement?**

The Court has not decided who will win or lose the lawsuit. Instead, both sides agreed to settle this case to avoid the costs and risks of further litigation. The proposed Settlement does not mean that any law was broken or that Defendants did anything wrong. Defendants deny all legal claims in this case. Plaintiffs and Class Counsel believe that in light of litigation uncertainties and the lengthy delay that would result from a trial and possible appeal, the proposed Settlement is a fair and reasonable compromise of the claims alleged and is in the best interest of the Settlement Class Members.

## **WHO ARE SETTLEMENT CLASS MEMBERS?**

To see if you will be affected by the Settlement or if you can get payment and other benefits from it, you first have to determine if you are a Settlement Class Member.

### **5. How do I know if I am a Settlement Class Member and a part of the Settlement?**

If you received this Notice, then Defendants' records show you may be Settlement Class Member. But even if you

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did not receive Notice, you may still be a Settlement Class Member.

The “Settlement Class” are composed of the following “Settlement Class Members”:

All individuals who (i) signed a Farmers Agent Appointment Agreement or a Farmers Corporate Agent Appointment Agreement and (ii) worked as a Farmers agent or Supervising Agent for an incorporated Farmers agency in the State of California at any time between November 16, 2013 to [add date of preliminary approval] (“Settlement Class Period”).

Any individual who is not a natural, living person (*i.e.*, an entity) is excluded from the Settlement Class. Also excluded from the Settlement Class is any person who during the Settlement Class Period: (i) settled the claims asserted in this Action, (ii) released the claims asserted in this Action as part of a settlement of one or more claims asserted under the California Labor Code, (iii) received an adverse final judgment or order in a civil or administrative action involving the claims asserted in this Action, or (iv) who received awards through civil or administrative actions for the claims asserted in this Action.

## 6. What if I am not sure if I am a Settlement Class Member and included in the Settlement?

If you are not sure whether you are a Settlement Class Member, or if have any other questions about the Settlement, visit the Settlement Website at [www.\[ \] .com](http://www.[ ] .com), or call the toll free number for the Settlement Administrator, 1-800-000-0000, or contact Class Counsel using the information provided in Section 14 later in this Notice. You may also write to the Settlement Administrator with questions addressed to *Parry v. Farmers Insurance Settlement*, c/o A.B. Data, Ltd., P.O. Box 0000, Milwaukee, WI 53217.

## **THE SETTLEMENT BENEFITS – WHAT CAN YOU GET IF YOU ARE A SETTLEMENT CLASS MEMBER**

If the Settlement is approved and becomes final, it will provide payment and other benefits to Settlement Class Members.

## 7. What does the Settlement provide?

The Settlement provides for a “Settlement Amount” of Seventy-Five Million Dollars (\$75,000,000) paid by Defendants, in the form of two types of payments, after deductions of payments for Class Counsel’s attorneys’ fees, expenses, Service Awards to Class Representatives, and notice and certain Settlement administration expenses—each in amounts to be approved by the Court at the Final Approval Hearing. See Section 15.

**Direct Payments:** Settlement Class Members will automatically receive a pro rata share of Forty Million Dollars (\$40,000,000) as a “Direct Payment,” unless they timely request exclusion from the Settlement by the exclusion deadline (*see* “Excluding Yourself from the Settlement,” Sections 11-13 below). Each Settlement Class Member’s pro rata share will be based on his or her length of time as a California Farmers® agent/Supervising Agent during the Settlement Class Period. The Court will deduct, in amounts approved by the Court, Class Counsel’s attorneys’ fees, expenses, Service Awards to Class Representatives, and notice and certain Settlement administration expenses from the Direct Payments. **You cannot receive a Direct Payment if you timely request exclusion from the Settlement.**

**Based on Defendants’ records, and the parties’ current assumptions, it is estimated to be that Direct Payments to Agents/Supervising Agents with two years of service (during the Settlement Class Period) will be \$ \_\_\_\_\_ ; with four years of service will be \$ \_\_\_\_\_ ; with six years of service will be \$ \_\_\_\_\_ ; and with eight years of service will be \$ \_\_\_\_\_. The actual amounts you may receive as a Direct Payment likely will be different and will depend on a number of factors.**

**Claims Payments:** In addition to Direct Payments, Settlement Class Members may also be eligible for a Claims Payment of up to a maximum of Ten Thousand Dollars (\$10,000) from a fund of Thirty-Five Million Dollars (\$35,000,000)--**only if they submit a timely and valid Claim Form.** To submit a timely and valid Claim Form, Settlement Class Members must submit **no later than [date]** a Claim Form in which they declare and, where applicable, provide documentary proof, that he or she has paid business expenses necessary to meet one or more of the Smart Office Standards during the Settlement Class Period. The

Questions? Visit [www.\[ \] .com](http://www.[ ] .com) or call 1-800-000-0000

maximum Claims Payment to any Settlement Class Member, regardless of the amount claimed, cannot exceed \$10,000. The maximum amount of the Claims Payment may be less, however, depending on how many Settlement Class Members submit claims and the amounts these claims represent, as well as the amount of attorneys' fees and costs the Court awards from this portion of the Settlement. The sum total of the Claims Payments cannot exceed \$35,000,000. A Claim Form is included at the end of this Notice and can also be found at the Settlement Website [www.\[redacted\].com](http://www.[redacted].com). **Keep in mind that you will not receive a Claims Payment unless you submit a timely and valid Claim Form. You cannot receive a Claims Payment if you timely request exclusion from the Settlement.**

**Systemic and Contract Changes:** The Settlement further provides that Defendants will make certain systemic changes and a Settlement Class Members' AAAs and CAAAs will be amended unless he or she timely requests exclusion from the Settlement by the exclusion deadline. The contract amendments will:

- (i) eliminate the no-cause termination provision on three months' notice;
  - (ii) eliminate the non-solicitation provision;
  - (iii) add a provision that the Agent/Supervising Agent may resign his or her appointment at any time with sixty (60) days written notice to the Companies (as defined in the Agent Appointment Agreement and Corporate Agent Appointment Agreement), or at an earlier date by mutual agreement of the parties;
  - (iv) add a provision allowing termination by the Companies on six (6) months' written notice if Agent/Supervising Agent fails to operate his or her agency or the corporate agency consistent with industry or professional standards or based on the Companies' changed business circumstances or market conditions;
- and
- (v) add a mutual arbitration provision with a jury and class action waiver for certain claims arising from or related to the Settlement Class Members' appointment under the Agent Appointment Agreement and/or Corporate Agent Appointment Agreement.

The systemic changes will (i) eliminate any policy that utilizes the Agency Growth Model for determining eligibility for bonuses or achievement clubs; (ii) eliminate the Customer Service Standards section from the Agency Operations Manual, including the standard that agents have their Farmers' agency open 45 hours a week; and (iii) establish a written Complaint Procedure for agents to raise concerns and complaints related to their independent contractor status and allow the agent to remain anonymous to her/his District Manager and/or Farmers' territory leadership.

An expert retained by Defendants estimates that the amendments have a value of Fifteen Million Dollar (\$15,000,000) to Settlement Class Members.

The Settlement will take effect on the "Effective Date," which is the date on which the following have occurred: (1) all conditions of the Settlement that can be accomplished prior to the Effective Date come into existence; (2) the Court has entered the Final Approval Order and Judgment; and (3) the Court's Judgment approving this Agreement becomes "Final." Final shall mean the deadline for taking an appeal has passed, or, if there is an appeal of the Court's order granting final approval and judgment, and/or order on attorneys' fees, costs, or service awards, the day after all appeals are fully and finally resolved in favor of final approval of the Agreement.

## **HOW TO GET A PAYMENT**

### **8. How can I get a payment? How do I file a Claim to get a Claims Payment?**

If you are a Settlement Class Member, you will automatically be sent a Direct Payment once the Effective Date passes and the Court's Judgment becomes Final, provided you have not timely requested exclusion from the Settlement.

As Settlement Class Member you will also receive an additional Claims Payment up to the maximum amount of Ten Thousand Dollars (\$10,000), provided you have submitted a timely and valid Claim Form with, as necessary, documentary proof that you paid business expenses necessary to meet one or more of the Smart Office Standards during the Settlement Class Period. **In order to be timely, a Claim Form**

Questions? Visit [www.\[redacted\].com](http://www.[redacted].com) or call 1-800-000-0000

**must be submitted electronically on the Settlement Website [www.\[ \] .com](http://www.[ ] .com), or in the form attached at the end of this Notice submitted by fax, email or postmarked by **[insert DATE 100 days from the Court's order granting Preliminary Approval]**. Untimely Claim Forms will be rejected and you will receive no Claims Payment. You are ineligible to receive a Claims Payment if you timely and validly request exclusion from the Settlement. Please check the Settlement Website [www.\[ \] .com](http://www.[ ] .com) for the Claim Deadline status.**

**Directions on How to File a Claim Form:**

Attached at the end of this Notice is Claim Form that can be mailed, faxed or emailed to the Settlement Administrator. Your Notice ID should have been automatically entered on the Claim Form.

To submit a claim electronically, go to the Settlement Website [www.\[ \] .com](http://www.[ ] .com). If you enter the Settlement Website to submit your Claim Form, your Notice ID should be automatically entered on the Claim Form. **Settlement Class Members are encouraged, but are not required, to submit their Claim Forms through the Settlement Website.**

Your Notice ID are provided on the cover page of this Notice.

If you wish to receive a "Claims Payment" from this Settlement, you **MUST** submit a valid and timely Claim Form no later than **[add date]**. **If you have questions about the Claim process, or require assistance in completing your Claim, you may contact the Settlement Administrator at 1-800-000-0000, or contact Class Counsel per Section 14 below.**

If you did not receive a Notice by email or in the mail and believe you are a Settlement Class Member, please contact the Settlement Administrator at [www.\[ \] .com](http://www.[ ] .com) or by calling 1-800-000-0000.

**9. How will my payments be calculated, when will I get them and when should I cash them?**

Calculation of Direct and Claims Payments

Settlement Class Members who do not timely and validly exclude themselves from the Settlement are eligible to receive:

1. Direct Payments. The Settlement Class is made up of approximately 6,369 current and former California Farmers® Agents/Supervising Agents in place during the Settlement Class Period. The Settlement Administrator will calculate your Direct Payment by (a) dividing the \$40,000,000 portion of the Settlement Amount, less deductions approved by the Court, by the total length of service of all Settlement Class Members as California Farmers® Agents/Supervising Agents during the Settlement Class Period; and (b) multiplying the result by your length of service as a California Farmers® Agent/Supervising Agent during the Settlement Class Period. Direct Payments will be automatically sent.
2. Claims Payments. The Settlement Administrator will pay timely and valid Claims submitted by Settlement Class Members, and issue a Claims Payment up to a maximum of \$10,000 per claim, from the \$35,000,000 portion of the Settlement Amount, less deductions approved by the Court, until this fund is exhausted. If the total value of valid Claims exceeds \$35,000,000, the Claim Payments for each Claim will be adjusted by the percentage valid Claims that exceed \$35,000,000. For example, if total valid Claims equal \$40,000,000, then each Settlement Class Member's Claims Payment will be adjusted so that he or she receives 87.5% of their valid and payable Claim (\$35,000,000 divided by \$40,000,000 equals 0.875). Defendants will retain any portion of the \$35,000,000 not timely and validly claimed by Settlement Class Members. Claims Payments will be sent only to Settlement Class Members who have submitted timely and valid Claims.

**IMPORTANT: Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Settlement Administrator as soon as possible.**

Tax Matters

The Settlement Administrator will report Direct Payments and Claims Payments on IRS 1099 Forms. If the Settlement Administrator does not have your Social Security/Tax Identification Number, or you don't provide it upon request, your Payments will be subject to withholding.

Neither Class Representatives, Class Counsel, Defendants nor Defendants' lawyers are providing you with any advice regarding taxes or taxability of Direct Payments or Claims Payments. You assume full responsibility and liability for taxes owed on Direct Payments and Claims Payments you receive. You should consult with your financial or tax advisor with respect to any questions you have regarding these Payments.

When Will Payments Be Sent

Payments will be made after the Effective Date, which comes after Court grants "final approval" to the Settlement and after any appeals are resolved. You will receive a check for the Direct Payment and, if you submitted a valid claim, a Claims Payment. Please be patient. Please check the Settlement Website [www.\[\] .com](http://www.[].com) for updates.

You Should Cash Your Payments As Soon as Possible

The front of every check will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies represented by your check will be deposited with the California Controller's Unclaimed Property Fund in your name. If the monies represented by your check is sent to the Controller's Unclaimed Property Fund, you should consult the rules of the Fund for instructions on how to retrieve your money.

## 10. What am I giving up in exchange for the Settlement benefits?

In exchange for the monetary and other benefits provided in the Settlement, Settlement Class Members who do not timely request exclusion from the Settlement will fully and finally release the "Released Parties" (defined below) from the "Released Claims" (defined below). This means that if you are a Settlement Class Member and you do not timely request exclusion from the Settlement, you will no longer be able to sue the Defendants regarding any of the claims described in the Settlement Agreement. The Released Claims become effective only if the Settlement becomes Final and Defendants fully fund the maximum Settlement Amount in accordance with the Settlement.

"Released Claims" means any and all claims, demands, debts, liabilities, actions, obligations, damages, losses, costs, and causes of action of every kind and nature, whether at common law, pursuant to statute, ordinance, or regulation, in equity or otherwise, whether arising under federal, state, or other applicable law, whether known or unknown, actual or potential, suspected or unsuspected, direct or indirect, or contingent or fixed that have been alleged, could have been alleged, or in the future might be alleged, that reasonably arise out of or reasonably relate to the facts and/or claims set forth in the First Amended Complaint during the Class Period, including Plaintiffs' claims that they were misclassified as independent contractors rather than employees, both on behalf of the Settlement Class Representatives and on behalf of the Settlement Class Members (individually and on behalf of any corporation for which they are/were the Supervising Agent, if applicable), including without limitation claims and theories based on the California Labor Code.

"Released Parties" means the collective of Defendants, each of their subsidiaries or affiliates, including Mid-Century Insurance Company and Farmers New World Life Insurance Company, and each of their present and former predecessors, successors, assigns, parent companies, divisions, members, owners, executives, officers, directors, governors, shareholders, policyholders, representatives, employees, agents, attorneys, attorneys-in-fact, consultants, contractors, servants, vendors, managers, and their trustees, administrators, fiduciaries, co-defendants, administrators, related individuals and/or entities, insurers, and/or any and all individuals and/or entities acting by, through, under, or in concert with any of them or otherwise affiliated with them.

The Settlement Agreement is available for review at the Settlement Website [www.\[\] .com](http://www.[] .com). The Settlement Agreement describes the Released Claims and the Released Parties with specific descriptions in necessary, accurate legal terminology, so read it carefully. The Settlement Website also contains the First Amended Complaint referenced in the Released Claims. You can also speak with Class Counsel representing the Settlement Class

Questions? Visit [www.\[\] .com](http://www.[] .com) or call 1-800-000-0000



identified in Section 15 below at no cost or you can, at your own expense, speak with your own lawyer if you have any questions about the Released Claims or what they mean.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want to participate in this proposed Settlement and you want to keep the right to sue the Defendants about the legal issues in this case, then you must take steps to exclude yourself from the Settlement in accordance with the requirements of the Settlement. This is also sometimes called “opting out” of the Settlement Class.

#### **11. If I exclude myself, can I get any payments or benefits from this Settlement?**

No. If you exclude yourself: (1) you will not receive any Direct Payment or Claims Payment; (2) you will not receive the benefits of any contract amendments; and (3) you cannot object to any aspect of the proposed Settlement. If you timely request to be excluded, however, you will retain any right you may have to individually sue or be part of a different lawsuit against Defendants in the future. You will not be bound by anything in the Settlement or anything that happens in this lawsuit.

#### **12. If I do not exclude myself, can I sue later?**

No. If you do not exclude yourself, you may not sue any of the “Released Parties” for any of the “Released Claims.” (See Section 10 above.)

#### **13. How can I get out of (exclude myself from) this Settlement?**

If you wish to exclude yourself from the Settlement and the Settlement Class (“opt-out”), you must send a letter to the Settlement Administrator identifying: (1) the name and case number of this lawsuit (*Parry, et al. v. Farmers Insurance Exchange, et al., Superior Court of California, County of Los Angeles, Case No. BC683856*); (2) your full name, current address, and telephone number; and (3) a statement that you wish to exclude yourself from the Settlement Class; and (4) you must sign the letter.

To be effective you must submit your request to exclude yourself **no later than [60 days from Notice], or your request will be rejected.** You can submit your written request by U.S. Mail, fax, or email to the following:

*Parry v. Farmers Insurance  
Settlement* c/o A.B. Data, Ltd., P.O.  
Box 0000 Milwaukee, WI 53217  
[insert email address]  
[insert fax number]

This is a firm deadline for requesting exclusion from the proposed Settlement. **A written request must be sent, or postmarked if sent by U.S. mail, no later than [60 days from Notice] or your request will be rejected.** You cannot ask to be excluded on the phone or using the Settlement Website.

### **THE LAWYERS REPRESENTING YOU**

#### **14. Do I have a lawyer in this case and how do I contact them?**

Yes. The Court has appointed the following law firms to serve as Class Counsel for the Settlement Class:

CRUEGER DICKENSON LLC  
Charles J. Crueger  
Erin K. Dickenson  
Krista K. Baisch  
Whitefish Bay, WI

MILBERG COLEMAN BRYSON  
PHILLIPS GROSSMAN, PLLC

WALLACE LEGAL GROUP LLC  
Edward A. Wallace  
Chicago, IL

WEXLER BOLEY & ELGERSMA LLP  
Kara A. Elgersma  
Mark J. Tamblyn  
Chicago, IL

Questions? Visit [www.\[redacted\].com](http://www.[redacted].com) or call 1-800-000-0000

Greg F. Coleman  
Knoxville, TN

NELSON & FRAENKEL LLP  
Gretchen M. Nelson  
Gabriel S. Barenfeld  
Los Angeles, CA

If you want to contact someone with Class Counsel, please email, fax or telephone as follows. But please first contact the Settlement Administrator with any questions.

Email: [ClassAction@CruegerDickinson.com](mailto:ClassAction@CruegerDickinson.com)  
Phone: 833.400.0201  
Fax: 414.433.4544

You can also send correspondence to:

Crueger Dickinson LLC  
4532 N. Oakland Ave.  
Whitefish Bay, WI 53211

### 15. How will the cost of the lawsuit and the Settlement be paid?

Subject to Court approval:

- A. Class Counsel will apply to the Court for an award of attorneys' fees no greater than Twenty-Five Million Dollars (\$25,000,000) (33.33% of the total Settlement Amount), plus unpaid litigation expenses no greater than Six Hundred Thousand Dollars (\$600,000). Class Counsel contend that the amount of attorneys' fees awarded should also take into consideration the value to Settlement Class Members of the contract amendments. An expert retained by Defendant has estimated the value of the contract amendments to be Fifteen Million Dollars (\$15,000,000); the Court has not yet ruled on the expert's opinion. To date, Class Counsel have not received any payment for their services in conducting this Action on behalf of the Settlement Class Representatives and the Settlement Class, nor have Class Counsel been reimbursed for their costs and expenses to date in this case. This Action was commenced in November 2017.
- B. Class Representatives will apply to the Court for a Service Award of Forty Thousand Dollars (\$40,000) each (or a total of Eighty Thousand Dollars (\$80,000) for filing the Action, working with Class Counsel and representing the Class. The Service Award will be the only monies Class Representatives will receive other than their Direct Payment and Claims Payment.
- C. An amount up to \$150,000 to the Settlement Administrator for services administering the Settlement.

The Court's decision whether to finally approve the Settlement will include a determination how much will be paid to Class Counsel, Class Representatives, and the Settlement Administrator. The Settlement proposes deducting the award of Costs, Service Awards, and 65% of the award of attorneys' fees from the Direct Payments and 35% of the award of attorneys' fees from the Claim Payments. The Court is not bound by that proposal and will determine the percentages during the Final Approval Hearing. You are not personally responsible for any payments, but every dollar paid to Class Counsel, Class Representatives and Settlement Administrator reduces the overall amount available for payments to you and the other Settlement Class Members. You can object to the amounts requested by Class Counsel, Class Representative and/or Settlement Administrator if you think they are unreasonable. Only

Settlement Class Members who do not exclude themselves from the Settlement have the right to object to any of these deductions. *See* Sections 16-17 of this Notice regarding “Objections” below.

At least 60 days before the Final Approval Hearing, Class Counsel and/or Class Representatives will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair and reasonable, and (2) a Motion for Attorneys’ Fees, Litigation Expenses and Service Award setting forth (i) the amount Class Counsel is requesting for attorneys’ fees and litigation expenses; (ii) the amount Class Representatives are requesting as a Service Award; and (iii) the reasons why these amounts are fair and reasonable. Upon reasonable request, Class Counsel (whose contact information is in Section 14 of this Notice below) will send you copies of these documents at no cost to you. You can also view them on the Settlement Website [www.\[.\].com](#), or the Court’s website [add].

## **OBJECTING TO THE SETTLEMENT**

### **16. How do I tell the Court if I do not like the Settlement?**

Any Settlement Class member may object to the proposed Settlement, or any aspect of it, including the amount attorneys’ fees and expenses to be paid to Class Counsel or the amount of the Service Awards to be paid to Class Representatives, either: (1) in writing; and (2) verbally at the final approval hearing. A written objection should be sent to the Settlement Administrator (via U.S. mail, email or fax) no later than **[insert 30 days before final approval hearing]** to the following address:

*Parry v. Farmers Insurance  
Settlement* c/o A.B. Data, Ltd., P.O.  
Box 0000 Milwaukee, WI 53217  
[insert email address]  
[insert fax number]

A written objection should contain: (1) the case name and case number of this Action (*Parry, et al. v. Farmers Insurance Exchange, et al., Superior Court of California, County of Los Angeles, Case No. BC683856*); (2) your full name, current address, and phone number; (3) facts indicating that you are a Settlement Class Member; (4) why you do not like the Settlement or any portion thereof; (5) the identity of any counsel who represent you, if any; and (5) your signature. While a failure to include any of this information will not invalidate your objection, but including it will assist the Court in understanding the basis for your objections.

Settlement Class Members who wish to verbally object to the Settlement may do so by appearing (or having his or her attorney appear) at the Final Approval Hearing, either in person or remotely. No notice of appearance is required.

Any Settlement Class Member who files or verbally raises an objection remains eligible to receive monetary compensation from the Settlement, unless the Settlement Class Member submits a timely and valid request for exclusion. If the Court overrules any objections and grants final approval of the Settlement, any Settlement Class Member who submitted an objection but did not submit a timely and valid request for exclusion will be bound by the Settlement as approved by the Court, including the Released Claims. (*See* Section 11 above.)

### **17. What is the difference between objecting and asking to be excluded?**

Objecting is simply telling the Court that you do not like something about the Settlement. If you object, you are still a part of the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you cannot object to any part of the Settlement and you will not be eligible to receive any monetary compensation or other benefits under the Settlement because the case no longer affects you.

## **THE COURT’S FINAL APPROVAL HEARING**

Questions? Visit [www.\[.\].com](#) or call 1-800-000-0000

The Court will hold a Final Approval Hearing to decide whether to approve the Settlement and to fix amounts to be paid to Class Counsel, Class Representatives and the Settlement Administrator. You may attend, and you may ask to speak at, the Final Approval Hearing. **If you intend to appear at the Final Approval Hearing it is important to visit the Los Angeles County Superior Court website at [www.lacourt.org](http://www.lacourt.org) to determine whether there are any social distancing or Covid-19 related guidelines for in-person court appearances. If you have questions about the Settlement, you do not have to wait until the Final Approval Hearing to ask them. If you wish, you may contact the Settlement Administrator at 1-800-000-0000, visit the Settlement Website at [www.\[\]](http://www.[]).com or contact Class Counsel as provided in Section 14 above.**

**18. When and where will the Court decide whether to approve the Settlement and fix amounts to be paid to Class counsel, Class Representatives and the Settlement Administrator?**

The Court will hold a “Final Approval Hearing” on [date], 2022 at 10:00 a.m., in Department 007 at the Superior Court of California for the County of Los Angeles, located at 312 N. Spring St., Los Angeles, 90012. The hearing may be moved to a different date, time and/or location without additional notice, but any change of date, time or location will be posted on the Settlement Website at [www.\[\]](http://www.[]).com. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also decide how much to pay Class Counsel for their fees and reimbursement of their expenses, Class Representative for their Service Awards, and the Settlement Administrator for the costs of administering the Settlement. And consider any objections to the amounts requested.

**19. Do I have to come to the hearing?**

No. Class Counsel will answer any questions the Court may have. If you file an objection, you do not have to come to Court to talk about it. As long as you have filed your written objection on time, the Court will consider it. You may also pay (at your own expense) another lawyer to attend for you.

**IF YOU DO NOTHING**

**20. What happens if I do nothing?**

If you do nothing and you are an eligible member of the Settlement Class, you will automatically be sent a Direct Payment (*see* Section 7 above) and you will be bound by the Released Claims and the contract amendments, subject to the Court’s final approval of the terms of the Settlement. But if you do nothing you will **not** receive a Claims Payment. You can only receive a Claims Payment if you timely submit a valid Claim.

**GETTING MORE INFORMATION**

**21. How do I get more information?**

The Settlement Agreement spells out everything Defendants and Class Representatives have promised to do under the proposed Settlement. The easiest way to read the Settlement Agreement, the Judgment or any other Settlement documents is to go to the Settlement Website [www.\[\]](http://www.[]).com. You can also telephone or send an email to Class Counsel or the Settlement Administrator, or consult the Superior Court website by going to (<http://www.lacourt.org/casesummary/ui/index.aspx>) [**confirm**] and entering the Case Number for the Action, Case No. BC683856. You can also make an appointment to personally review court documents in the Clerk’s Office at the Stanley Mosk Courthouse by calling (213) 830-0800.

Plaintiffs’ Counsel will also host webinars on **February [ ]**, and **[ ]**, and **March [ ]** and **[ ]**, to answer questions about the Settlement and explain how you can receive a Direct Payment and submit a Claim for an additional Claims Payment. In addition, a short recorded presentation is available at the Settlement Website [www.\[\]](http://www.[]). Visit the Settlement Website [www.\[\]](http://www.[]) for the link to the webinars and further information.

**Do Not telephone Department 7 of the Superior Court to obtain information about the Settlement.**

**Supervisors working for Farmers Group, Inc. and the Exchange Defendants have been instructed to not discuss this Notice or the Settlement with you. This instruction applies to Farmers Agency Services and Service Operations, or District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership regarding this Notice or the Settlement. District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership**

DATE: MONTH 00, 2021

## Claims Form for Additional Claims Payment

**RESPONSE DUE  
DATE  
Postmarked By  
[DATE]**

**Parry, et al. v. Farmers Insurance  
Exchange, et al.**  
**Superior Court for the State of  
California, Los Angeles County**  
**Case No. BC683856**

**Official Use Only**

Records indicate that you are a class member because you worked as a Farmers<sup>®</sup> agent and/or Supervising Agent for an incorporated Farmers<sup>®</sup> agency in the State of California between November 16, 2013 and [PRELIMINARY APPROVAL DATE]. (“Class Period”).

Under the Settlement Agreement, you will automatically receive a pro-rata settlement payment based on your length of time as a California Farmers<sup>®</sup> agent/Supervising Agent (“Direct Payment”) unless you submit a written request to the Settlement Administrator to be excluded from the Settlement Class. **You do not have to fill out this form to receive a Direct Payment.**

Under the Settlement Agreement, if you do not submit a written request for exclusion from the Settlement Class, you may also submit a claim for an **ADDITIONAL** settlement payment (“Claims Payment”) for certain expenses you paid that were necessary to meet one or more of the Farmers’ Smart Office Standards, even if you did not meet all Smart Office Standards. The maximum Claims Payment you can receive is \$10,000. That amount may be less, however, depending on how many class members submit claims and the amount of attorneys’ fees the Court awards from this portion of the Settlement.

**If you submit a claim, your identity will be kept confidential.** Your identity will be known only to Farmers’ legal department/legal counsel and to designated personnel in Farmers’ accounting and marketing departments who agree to keep your information **in strict confidence** and who cannot disclose your identity to Farmers’ District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership.

To submit your claim for a Claims Payment, you may use the secure online portal maintained at \_\_\_\_\_. We encourage you to use the online portal, but you can also submit your claim for an additional settlement payment using the claim form below by mailing it (and supporting records) to \_\_\_\_\_ or scanning and e-mailing it to \_\_\_\_\_.

Claim Forms, whether submitted via the online portal, mail or e-mail, submitted or postmarked after [DATE] will be rejected.

\_\_\_\_\_

Complete All **Three** Steps to submit a claim:

**1. Verify or update your contact information:**

[Insert Contact Info, including email if available]

**Check box if contact information is correct.**

If the information above is incorrect, or incomplete, please correct it below: *(Please print or type)*

\_\_\_\_\_

Name Agency Name and Agent Number

\_\_\_\_\_

Street Address City State Zip Code

Telephone Number: (\_\_\_\_) \_\_\_\_\_

Email address: \_\_\_\_\_

**2. Complete the certification:** Complete the following certification stating that you paid expenses in the amount(s) set forth below and gather documentation as necessary. You need to submit documentation for any expenses you paid in items (a) through (e) UNLESS those expenses were deducted from your Farmers’ folio and you check box(es) for those expenses below indicating such folio deductions.

I swear under penalty of perjury recognized by the laws of the State of California that: (a) between November 16, 2013 and December 31, 2020, I paid the expense(s) in the amount(s) and categories I have filled in below while appointed as a Farmers agent; and (b) those expenses were necessary to meet one or more Farmers’ Smart Office Standards

<p><b>a. Licensed and appointed staff necessary to have agency open 45 hours a week (see footnote<sup>1</sup> below)</b></p>			
<p>Name Staff Member (Check boxes as appropriate)</p>	<p>Claimed Cost</p>	<p>Submitting Documentation</p>	

<sup>1</sup> You may only make a claim for expenses paid for **one** full-time Licensed & Appointed staff (or one or more part-time Licensed & Appointed staff who were the equivalent of one full-time Licensed & Appointed staff). Eligible expenses include the wages or salary paid and the costs of licensing and appointment, including: licensing with DOI; online training for insurance licensing exams; and background check fee.

**However**, if you were appointed as a Farmers agent through any of the following three programs that required a Licensed and Appointed staff to be appointed, **External Acquisition (after 1/1/2019), SEED, or Retail**, then you **cannot** make a claim for expenses you paid for Licensed and Appointed staff.

## Exhibit B

	\$ _____	<input type="checkbox"/>	
	\$ _____	<input type="checkbox"/>	
<b>Total</b>	\$ _____		
<b>b. Exterior signage</b>			
Check boxes as appropriate	Claimed Cost	Submitting Documentation	Farmers deducted cost from Folio
<input type="checkbox"/> Outdoor sign	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Window Graphic	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total</b>	\$ _____		
<b>c. Interior signage and branding</b>			
Check boxes as appropriate	Claimed Cost	Submitting Documentation	Farmers deducted cost from Folio
<input type="checkbox"/> Interior Sign	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Cut out letters	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Vinyl Graphics	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Plaques	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Stationary	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Business Cards	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Promotion Items	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Wall Art	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total</b>	\$ _____		
<b>d. Digital</b>			
Check boxes as appropriate	Claimed Cost	Submitting Documentation	Farmers deducted cost from Folio
<input type="checkbox"/> Website Photo	\$ _____	<input type="checkbox"/>	
<input type="checkbox"/> Website customization expenses from 1/1/2018 to 1/31/2020 up to a maximum of \$30/month from Yext or as part of the Performance Marketing Package	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total</b>	\$ _____		
<b>e. Office appearance</b>			
Check boxes as appropriate	Claimed Cost	Submitting Documentation	Farmers deducted cost from Folio



## Exhibit B

<input type="checkbox"/> Exterior	\$ _____	<input type="checkbox"/>	
<input type="checkbox"/> Interior	\$ _____	<input type="checkbox"/>	
<input type="checkbox"/> Furniture	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Walls/floors	\$ _____	<input type="checkbox"/>	
Total	\$ _____		
GRAND TOTAL (sum of a through e)	\$ _____		

I further swear under penalty of perjury recognized by the laws of the State of California that the documents I have submitted with this Claim Form are true and accurate copies from my business records.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

PRINT NAME:

NOTE: You need to submit documentation for any expenses you paid in items (a) through (e) UNLESS those expenses were deducted from your Farmers' folio. Examples of acceptable documentation include profit and loss statements or other accounting records you maintained in the ordinary course of business (e.g., Quickbooks); payroll records; receipts; or itemized expenses from tax returns.

### [UPLOAD SUPPORTING DOCUMENTS]

The total amount of expenses you submit above may exceed \$10,000. The **maximum** Claims Payment you can receive, however, is \$10,000. That amount may be less depending on how many class members submit claims.

**3. Timely Submit Claim Form and Supporting Records:** Return this signed, dated, and completed Claim Form with supporting records by [Date] in one of these ways:

1. Email it to [insert];
2. [Upload](#) it at [insert]; or
3. Mail it to [insert]

Claim Forms submitted or postmarked after [DATE] will be rejected.

**NOTE: The Settlement Administrator is authorized to request, from persons submitting this form, any documentation necessary to prevent consideration of duplicate claims submitted by or on behalf of a class member. Failure to provide such information in response to such request may constitute grounds for rejection of the Claim.**

## Claims Form for Additional Claims Payment

<b>RESPONSE DUE DATE</b> <i>Postmarked By</i> <b>[DATE]</b>
-----------------------------------------------------------------------

*Parry, et al. v. Farmers Insurance  
Exchange, et al.*  
**Superior Court for the State of  
California, Los Angeles County**  
**Case No. BC683856**

<b>Official Use Only</b>
--------------------------

Records indicate that you are a class member because you worked as a Farmers<sup>®</sup> agent and/or Supervising Agent for an incorporated Farmers<sup>®</sup> agency in the State of California between November 16, 2013 and [PRELIMINARY APPROVAL DATE]. (“Class Period”).

Under the Settlement Agreement, you will automatically receive a pro-rata settlement payment based on your length of time as a California Farmers<sup>®</sup> agent/Supervising Agent (“Direct Payment”) unless you submit a written request to the Settlement Administrator to be excluded from the Settlement Class. **You do not have to fill out this form to receive a Direct Payment.**

Under the Settlement Agreement, if you do not submit a written request for exclusion from the Settlement Class, you may also submit a claim for an **ADDITIONAL** settlement payment (“Claims Payment”) for certain expenses you paid that were necessary to meet one or more of the Farmers’ Smart Office Standards, even if you did not meet all Smart Office Standards. The maximum Claims Payment you can receive is \$10,000. That amount may be less, however, depending on how many class members submit claims.

**If you submit a claim, your identity will be kept confidential.** Your identity will be known only to Farmers’ legal department/legal counsel and to designated personnel in Farmers’ accounting and marketing departments who agree to keep your information **in strict confidence** and who cannot disclose your identity to Farmers’ District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership.

To submit your claim for a Claims Payment, you may use the secure online portal maintained at \_\_\_\_\_. We encourage you to use the online portal, but you can also submit your claim for an additional settlement payment using the claim form below by mailing it (and supporting records) to \_\_\_\_\_ or scanning and e-mailing it to \_\_\_\_\_.

Claim Forms, whether submitted via the online portal, mail or e-mail, submitted or postmarked after [DATE] will be rejected.

Complete All **Three** Steps to submit a claim:

### 1. Verify or update your contact information:

[Insert Contact Info, including email if available]

**Check box if contact information is correct.**

If the information above is incorrect, or incomplete, please correct it below: *(Please print or type)*

Name		Agency Name and Agent Number		
Street Address		City	State	Zip Code
Telephone Number: (____) _____				
Email address:				

**2. Complete the certification:** Complete the following certification stating that you paid expenses in the amount(s) set forth below and gather documentation as necessary. You need to submit documentation for any expenses you paid in items (a) through (e) UNLESS those expenses were deducted from your Farmers’ folio and you check box(es) for those expenses below indicating such folio deductions.

I swear under penalty of perjury recognized by the laws of the State of California that: (a) I was appointed during the month of December 2020; (b) I incurred the expense(s) in the amount(s) and categories I have filled in below during or after the month of December 2020, while appointed as a Farmers agent; (c) those expenses were necessary to meet one or more Farmers’ Smart Office Standards; and (d) I paid those expenses during or after the month of December 2020.

<b>a. Licensed and appointed staff necessary to have agency open 45 hours a week (see footnote<sup>1</sup> below)</b>			
Name Staff Member (Check boxes as appropriate)	Claimed Cost	Submitting Documentation	
	\$ _____	<input type="checkbox"/>	
	\$ _____	<input type="checkbox"/>	
Total	\$ _____		
<b>b. Exterior signage</b>			
Check boxes as appropriate	Claimed Cost	Submitting	Farmers deducted

<sup>1</sup> You may only make a claim for expenses paid for **one** full-time Licensed & Appointed staff (or one or more part-time Licensed & Appointed staff who were the equivalent of one full-time Licensed & Appointed staff). Eligible expenses include the wages or salary paid and the costs of licensing and appointment, including: licensing with DOI; online training for insurance licensing exams; and background check fee.

**However**, if you were appointed as a Farmers agent through any of the following three programs that required a Licensed and Appointed staff to be appointed, **External Acquisition (after 1/1/2019), SEED, or Retail**, then you **cannot** make a claim for expenses you paid for Licensed and Appointed staff.

## Exhibit C

		Documentation	cost from Folio
<input type="checkbox"/> Outdoor sign	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Window Graphic	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
Total	\$ _____		
<b>c. Interior signage and branding</b>			
Check boxes as appropriate	Claimed Cost	Submitting Documentation	Farmers deducted cost from Folio
<input type="checkbox"/> Interior Sign	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Cut out letters	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Vinyl Graphics	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Plaques	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Stationary	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Business Cards	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Promotion Items	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Wall Art	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
Total	\$ _____		
<b>d. Digital</b>			
Check boxes as appropriate	Claimed Cost	Submitting Documentation	Farmers deducted cost from Folio
<input type="checkbox"/> Website Photo	\$ _____	<input type="checkbox"/>	
<input type="checkbox"/> Website customization expenses from 1/1/2018 to 1/31/2020 up to a maximum of \$30/month from Yext or as part of the Performance Marketing Package	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
Total	\$ _____		
<b>e. Office appearance</b>			
Check boxes as appropriate	Claimed Cost	Submitting Documentation	Farmers deducted cost from Folio
<input type="checkbox"/> Exterior	\$ _____	<input type="checkbox"/>	
<input type="checkbox"/> Interior	\$ _____	<input type="checkbox"/>	
<input type="checkbox"/> Furniture	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Walls/floors	\$ _____	<input type="checkbox"/>	
Total	\$ _____		

GRAND TOTAL (sum of a through e)	\$ _____	
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I further swear under penalty of perjury recognized by the laws of the State of California that the documents I have submitted with this Claim Form are true and accurate copies from my business records.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

PRINT NAME:

NOTE: You need to submit documentation for any expenses you paid in items (a) through (e) UNLESS those expenses were deducted from your Farmers' folio. Examples of acceptable documentation include profit and loss statements or other accounting records you maintained in the ordinary course of business (e.g., Quickbooks); payroll records; receipts; or itemized expenses from tax returns.

**[UPLOAD SUPPORTING DOCUMENTS]**

The total amount of expenses you submit above may exceed \$10,000. The **maximum** Claims Payment you can receive, however, is \$10,000. That amount may be less depending on how many class members submit claims.

**3. Timely Submit Claim Form and Supporting Records:** Return this signed, dated, and completed Claim Form with supporting records by [Date] in one of these ways:

1. Email it to [insert];
2. [Upload](#) it at [insert]; or
3. Mail it to [insert]

Claim Forms submitted or postmarked after [DATE] will be rejected.

**NOTE: The Settlement Administrator is authorized to request, from persons submitting this form, any documentation necessary to prevent consideration of duplicate claims submitted by or on behalf of a class member. Failure to provide such information in response to such request may constitute grounds for rejection of the Claim.**

### Addendum to Agent Appointment Agreement

This Addendum to Agent Appointment Agreement is between Agent and the Companies as those parties are identified in their Agent Appointment Agreement (“Agreement”), modifies the Agreement as follows, and becomes part of the Agreement between Agent and the Companies. This Addendum is deemed mutually executed, binding and enforceable on the date of final approval of the settlement in *Irene Parry, individually and on behalf of all others similarly situated, et al. v. Farmers Insurance Exchange, et al.* before the Superior Court of the State of California for the County of Los Angeles, Case No. BC683856. Except as modified as follows in this Addendum and in any prior Addenda, all of the provisions of the Agreement remain in full force and effect.

#### I. Modifications to Grounds for Termination

The Termination section of the Agreement (Section C in Agreement 32-0388, Agreement 32-0389, Agreement 32-1106, Agreement 32-8489, and Agreement 32-1650; Section D in Agreement 32-9276; and Section E in Agreement 32-9768 and Agreement 32-9955) is modified as follows:

- i. Language stating that the Agreement may be terminated without cause by either Agent or the Companies upon three (3) months written notice is deleted.
- ii. The following paragraph is added: “The Agent may resign his or her appointment with the Companies under this Agreement upon 60 days’ written notice. The Agreement will terminate on the effective date of the resignation or at an earlier date by mutual agreement of the parties.”
- iii. The following paragraph is added: “This Agreement may be terminated by the Companies upon six (6) months’ written notice if Agent fails to operate his or her agency consistent with industry *or* professional standards or based on the Companies’ changed business circumstances or market conditions.”

II. In Agreement 32-8489 and Agreement 32-1650 only, the following language in the first sentence of the Contract Value section (Section G) is deleted: “in accordance with paragraphs C(1) or C(2).” That sentence now reads: “‘Contract Value’ is a payment made to an agent whose Agent Appointment Agreement with the Companies is being terminated.” Aside from the change noted above, the remainder of this section will remain unchanged.

#### III. Deletion of Non-Solicitation Provision

In the Post-Termination Obligations section of the Agreement (Section H in Agreement 32-0388, Agreement 32-0389, and Agreement 32-1106; Section I in Agreement 32-8489 and Agreement 32-1650; Section J in Agreement 32-9276 and Agreement 32-9768; Section K in Agreement 32-9955), language stating that, for the year following contract termination, Agent is restricted from solicitation of certain policyholders is deleted.

For example, in Agreement 32-9276, the following language is deleted from Section J of the Agreement: “For a period of one year following the effective date of termination of this Agreement, to neither directly nor indirectly solicit, accept, or service the insurance business of any policyholder of record in the Agency as of the effective date of termination.” Other versions of the Agreement are likewise modified through the deletion of similar language.

#### IV. Addition of Arbitration Provision

The below language is added to the Agreement as a new Section:

##### **“Arbitration Provision**

In order to facilitate the resolution of certain disputes that may arise between Agent and the Companies, the Parties agree to a binding arbitration process as set forth in this Arbitration Provision. It is understood and agreed that this arbitration process is mutual in nature, has been the subject of negotiation, bargaining and drafting by and between the parties as part of the settlement of the claims in *Irene Parry, individually and on behalf of all others similarly situated, et al. v. Farmers Insurance Exchange, et al.* Case No. BC683856 (L.A. Sup. Ct.), and enter into this arbitration process on the understanding that it fully complies with applicable law in California and other states. This process will apply to all claims brought after the date of this agreement and does not apply retroactively to claims already filed in court, in an administrative agency or in any other forum.

##### 1. Mutual Agreement to Arbitrate Certain Claims.

Except for the claims expressly excluded by this Arbitration Provision, both Agent and the Companies agree to arbitrate any and all disputes, claims, or controversies (“claim” or “claims”) arising out of or relating to: (i) an alleged breach of the terms of this Agreement by the Agent (ii) the Agent’s classification in this Agreement and under any and all applicable laws as an independent contractor or non-employee, including without limitation, employment-based claims brought by the Agent against the Companies and declaratory relief actions by the Companies against the Agent; (iii) the formation, existence, enforceability, interpretation, or applicability of the Agent Appointment Agreement, if brought by the Companies; and/or (iv) an attempt to validate or invalidate this Agreement or any part of it or seeking a declaratory judgment that this Agreement is or is not in existence as to the Agent or otherwise is or is not enforceable or applicable to the Agent. For the avoidance of doubt, it is understood that the covered claims subject to arbitration include, but are not limited to, any claims brought by either party against the other under common law or statute that are based on alleged misclassification and/or an alleged employment relationship, including the California Labor Code or any other state, local or federal laws applicable to employees and any action brought by the Companies based on the Agreement. In addition to the foregoing, if any other claim arises between the Companies and the Agent, and the Agent demands it be arbitrated pursuant to this section, the Companies agree to arbitrate the claim unless it is expressly excluded below in subsection (iii), (iv) or (v) below.

Claims expressly excluded by this Arbitration Provision include: (i) claims which by law are not subject to mandatory binding pre-dispute arbitration pursuant to the Federal Arbitration Act or applicable state laws whether brought by the Companies or the Agent; (ii) disputes or claims

brought under any state private attorneys general act or brought under or governed by any statute or law that prohibits or does not permit pre-dispute arbitration agreements or the arbitration of the particular type of dispute that would otherwise be a “claim” as defined above; (iii) disputes or claims against either the Companies or the Agent regarding any injury or damage of any nature allegedly suffered by a customer or third party; (iv) disputes or claims by a third party involving any alleged action by Agent or the Companies, including but not limited to the filing of an Errors and Omission (E&O) claim against Agent’s or the Companies’ E&O coverage; and/or (v) claims filed in federal or state court, or in a federal, state, or local administrative agency, prior to the effective date of this Arbitration Provision. Nothing in this Agreement shall alter or limit the scope of the release in the settlement reached by the parties and approved by the Court in *Irene Parry, individually and on behalf of all others similarly situated, et al. v. Farmers Insurance Exchange, et al.* Case No. BC683856.

Nothing in this Arbitration Provision prohibits Agent filing an administrative charge with any federal, state, or local administrative agency. However, upon receipt of a right to sue letter or similar administrative determination allowing Agent to bring a claim in a court of law, if the claim is one subject to this arbitration provision the claim will be subject to arbitration as defined herein.

Further, nothing in this Arbitration Provision limits or forecloses any legal rights that any Party may have to commence, or participate, testify, or assist others in any proceeding or investigation of any nature before an administrative, regulatory, or law enforcement agency or testify or assist another person or entity in a lawsuit or arbitration proceeding commenced by another person or entity.

The Parties agree that a court, not an arbitrator, shall resolve any dispute over whether the parties agreed that a particular claim is subject to arbitration under this Arbitration Provision.

The Parties further agree that as used in this Arbitration Provision (i) “Companies” includes the Companies’ attorneys-in-fact, affiliates, subsidiaries, and parents and any of their and their collective officers, agents, employees, members, shareholders, directors, governors, managers, attorneys, and assigns; and (ii) “Agent” shall include the Agent and any and all Supervising Agents, corporations, heirs, executors, personal representatives, agents, employees, contractors, members, managers, attorneys, and assigns of the Agent.

## 2. Jury Waiver and Class/Collective Action Waiver

The Parties agree to be mutually obligated to arbitrate all claims as set forth above. **This means the Parties waive any right to a trial by a jury of a covered dispute and to have a covered dispute be decided by a court or a jury.** Both Agent and the Companies are bound to use arbitration to resolve all claims as set forth above.

Further, the Parties agree that all claims must be pursued on an individual basis only. **This means Agent waives his or her right to commence, or be a party to, any class, collective or representative claims against the Companies, or to bring jointly with any other person any claim against the Companies. This further means Agent agrees to opt-out of or be severed from any such action, arbitration proceeding, or claim.** The arbitrator shall have no authority to consider or resolve any claim on any basis other than on an individual basis and may not



consolidate or join one or more claims pertaining to Agent with any other Agent's or Agents' claims.

Neither the Agent nor the Companies are deemed to forfeit any remedies otherwise available in a court of law by virtue of this Arbitration Provision. Nothing in this Arbitration Provision, moreover, limits or forecloses any right to give testimony or assist another private or a governmental party in any proceeding of any nature.

3. JAMS Arbitration Rules and Procedures Shall Apply.

Any Party shall initiate arbitration for any and all claims under any of the JAMS Arbitration Rules and Procedures that are applicable. Such Rules and Procedures are currently available for review at [www.jamsadr.com](http://www.jamsadr.com) (under the Rules/Clauses tab), including but not limited to the JAMS Streamlined or Comprehensive Arbitration Rules and Procedures. If any law or court decision in the relevant jurisdiction affords a Party any rights relating to arbitration that are not included in an applicable set of arbitration rules, the Parties agree that such rights shall be available to and may be exercised by the Parties.

4. Arbitrator to decide all issues; Arbitrator's Decisions are final and binding

The Parties agree to select a single arbitrator according to the applicable JAMS Arbitration Rules and Procedures.

Except for disputes over whether the Parties agreed that a claim is subject to arbitration under this Arbitration Provision, the arbitrator (and not a court or jury) shall decide all issues in any claim, including but not limited to issues regarding timeliness, scope of arbitrator's authority, scope of the arbitration, arbitration procedures, statute of limitations, validity and existence of this Agreement, and all other issues regarding the application, interpretation, enforceability, coverage, and implementation of this section. The statute of limitations for any claim shall be consistent with the applicable statutory and common law statutes of limitations. To the fullest extent permitted by law, the arbitrator shall have the power and authority to award any remedy or relief available under applicable law. The arbitrator's decisions shall be final and binding. The Parties agree that a court of competent jurisdiction shall have the authority to enter a judgment upon the award made by the arbitrator or to confirm an arbitration award, and any such proceeding shall not itself be deemed a claim.

The Parties agree that in the case of any claim arising under state law, the internal laws of California (excluding its Conflict of Laws rules) shall apply, and they authorize the arbitrator to issue subpoenas for nonparty depositions pursuant to California Code of Civil Procedure section 1283.05. The Parties further agree that they do not intend for anything in this Arbitration Provision to preclude application of applicable federal law in addition to any applicable state law.

If there are any ambiguities in the terms or conditions of this Arbitration Provision, it is the Parties' intent that all ambiguities be resolved in favor of arbitration. If any provision of this Arbitration Provision is unenforceable, the Parties request that such provision be modified, if feasible, in such a manner as to best reflect the intent of the Parties, but in any event, the remainder of this Arbitration Provision shall remain in full force and effect.

5. Location of arbitration shall be closest to Agent.

The Parties agree that any such arbitration shall be held at one of the two dozen JAMS locations in the U.S. nearest to the residence of Agent or, upon the request of Agent and in the discretion of the arbitrator, at a location more convenient to Agent.

6. Fees; Award.

The Parties agree that the Companies will pay the full amount of the arbitrator's and JAMS arbitration fees and costs, except that if the Agent makes an arbitration demand, the Agent will pay the initial JAMS Case Management Fee up to the amount the Agent would be required to pay to file a lawsuit in court. Each Party shall bear the cost of its own legal fees and costs, including but not limited to attorneys' fees and expert witness fees, subject to any right to recover such fees and costs under applicable law, which the arbitrator shall apply where applicable. In rendering an arbitration award, the arbitrator shall apply applicable law consistent with the terms of this Agreement and shall award all statutory remedies and penalties, including attorneys' fees and costs to the extent authorized by and consistent with such law. The award shall be in writing and the arbitrator shall set forth the essential findings of fact and law.”

**Addendum to Corporate Agent Appointment Agreement**

This Addendum to Corporate Agent Appointment Agreement is between Agent and Supervising Agent, on the one hand, and the Companies, on the other hand, as those parties are identified in their Corporate Agent Appointment Agreement (“Agreement”), modifies the Agreement as follows, and becomes part of the Agreement between Agent and Supervising Agent, on the one hand, and the Companies, on the other hand. This Addendum is deemed mutually executed, binding and enforceable on the date of final approval of the settlement in *Irene Parry, individually and on behalf of all others similarly situated, et al. v. Farmers Insurance Exchange, et al.* before the Superior Court of the State of California for the County of Los Angeles, Case No. BC683856. Except as modified as follows in this Addendum and in any prior Addenda, all of the provisions of the Agreement remain in full force and effect.

I. Modifications to Grounds for Termination

The Termination section of the Agreement (Section D in Agreement MIM 3151 and Agreement 32-8901; Section G in Agreement 32-9301, Agreement 32-9847 and Agreement 32-6379) is modified as follows:

- i. Language stating that the Agreement may be terminated without cause by either Agent or the Companies upon three (3) months’ written notice is deleted.
- ii. The following paragraph is added: “The Agent/Supervising Agent may resign his or her appointment with the Companies under this Agreement upon 60 days’ written notice. The Agreement will terminate on the effective date of the resignation or at an earlier date by mutual agreement of the parties.”
- iii. The following paragraph is added: “This Agreement may be terminated by the Companies upon six (6) months’ written notice if Agent/Supervising Agent fails to operate his or her agency consistent with industry or professional standards *or* based on the Companies’ changed business circumstances or market conditions.”

II. In Agreement 32-8901 only, the following language in the first sentence of the Contract Value section (Section H) is deleted: “in accordance with paragraphs D(1) or D(2).” That sentence now reads: “‘Contract Value’ is a payment made to an Agent whose Agent Appointment Agreement with the Companies is being terminated.” Aside from the change noted above, the remainder of this section will remain unchanged.

III. Deletion of Non-Solicitation Provision

In the Post-Termination Obligations section of the Agreement (Section I in Agreement MIM 3151; Section J in Agreement 32-8901; Section M in Agreement 32-9301 and Agreement 32-6379; Section L in Agreement 32-9847), language stating that, for the year following contract termination, the Agent, undersigned shareholders, and Supervising Agent are restricted from soliciting, accepting or servicing the insurance business of certain policyholders is deleted.

For example, in Agreement 32-9847, the following language is deleted from Section L of the Agreement: “For a period of one year following the effective date of termination of this Agreement, to neither directly nor indirectly in any manner solicit, accept, or service, for or on behalf of Agent, Supervising Agent, shareholder(s) or limited liability company member(s) of Agent, or any insurer or broker, the insurance business of any of the Companies’ policyholders of record in the Agency as of the effective date of termination.” Other versions of the Agreement are likewise modified through the deletion of similar language.

#### IV. Addition of Arbitration Provision

The below language is added to the Agreement as a new Section:

##### **“Arbitration Provision**

In order to facilitate the resolution of certain disputes that may arise between Agent and the Companies, the Parties agree to a binding arbitration process as set forth in this Arbitration Provision. It is understood and agreed that this arbitration process is mutual in nature, has been the subject of negotiation, bargaining and drafting by and between the parties as part of the settlement of the claims in *Irene Parry, individually and on behalf of all others similarly situated, et al. v. Farmers Insurance Exchange, et al.* Case No. BC683856 (L.A. Sup. Ct.), and enter into this arbitration process on the understanding that it fully complies with applicable law in California and other states. This process will apply to all claims brought after the date of this agreement and does not apply retroactively to claims already filed in court, in an administrative agency or in any other forum.

##### 1. Mutual Agreement to Arbitrate Certain Claims.

Except for the claims expressly excluded by this Arbitration Provision, both Agent and the Companies agree to arbitrate any and all disputes, claims, or controversies (“claim” or “claims”) arising out of or relating to: (i) an alleged breach of the terms of this Agreement by the Agent (ii) the Agent’s classification in this Agreement and under any and all applicable laws as an independent contractor or non-employee, including without limitation, employment-based claims brought by the Agent against the Companies and declaratory relief actions by the Companies against the Agent; (iii) the formation, existence, enforceability, interpretation, or applicability of the Agent Appointment Agreement, if brought by the Companies; and/or (iv) an attempt to validate or invalidate this Agreement or any part of it or seeking a declaratory judgment that this Agreement is or is not in existence as to the Agent or otherwise is or is not enforceable or applicable to the Agent. For the avoidance of doubt, it is understood that the covered claims subject to arbitration include, but are not limited to, any claims brought by either party against the other under common law or statute that are based on alleged misclassification and/or an alleged employment relationship, including the California Labor Code or any other state, local or federal laws applicable to employees and any action brought by the Companies based on the Agreement. In addition to the foregoing, if any other claim arises between the Companies and the Agent, and the Agent demands it be arbitrated pursuant to this section, the Companies agree to arbitrate the claim unless it is expressly excluded below in subsection (iii), (iv) or (v) below.

Claims expressly excluded by this Arbitration Provision include: (i) claims which by law are not subject to mandatory binding pre-dispute arbitration pursuant to the Federal Arbitration Act or applicable state laws whether brought by the Companies or the Agent; (ii) disputes or claims brought under any state private attorneys general act or brought under or governed by any statute or law that prohibits or does not permit pre-dispute arbitration agreements or the arbitration of the particular type of dispute that would otherwise be a “claim” as defined above; (iii) disputes or claims against either the Companies or the Agent regarding any injury or damage of any nature allegedly suffered by a customer or third party; (iv) disputes or claims by a third party involving any alleged action by Agent or the Companies, including but not limited to the filing of an Errors and Omission (E&O) claim against Agent’s or the Companies’ E&O coverage; and/or (v) claims filed in federal or state court, or in a federal, state, or local administrative agency, prior to the effective date of this Arbitration Provision. Nothing in this Agreement shall alter or limit the scope of the release in the settlement reached by the parties and approved by the Court in *Irene Parry, individually and on behalf of all others similarly situated, et al. v. Farmers Insurance Exchange, et al.* Case No. BC683856.

Nothing in this Arbitration Provision prohibits Agent filing an administrative charge with any federal, state, or local administrative agency. However, upon receipt of a right to sue letter or similar administrative determination allowing Agent to bring a claim in a court of law, if the claim is one subject to this arbitration provision the claim will be subject to arbitration as defined herein.

Further, nothing in this Arbitration Provision limits or forecloses any legal rights that any Party may have to commence, or participate, testify, or assist others in any proceeding or investigation of any nature before an administrative, regulatory, or law enforcement agency or testify or assist another person or entity in a lawsuit or arbitration proceeding commenced by another person or entity.

The Parties agree that a court, not an arbitrator, shall resolve any dispute over whether the parties agreed that a particular claim is subject to arbitration under this Arbitration Provision.

The Parties further agree that as used in this Arbitration Provision (i) “Companies” includes the Companies’ attorneys-in-fact, affiliates, subsidiaries, and parents and any of their and their collective officers, agents, employees, members, shareholders, directors, governors, managers, attorneys, and assigns; and (ii) “Agent” shall include the Agent and any and all Supervising Agents, corporations, heirs, executors, personal representatives, agents, employees, contractors, members, managers, attorneys, and assigns of the Agent.

## 2. Jury Waiver and Class/Collective Action Waiver

The Parties agree to be mutually obligated to arbitrate all claims as set forth above. **This means the Parties waive any right to a trial by a jury of a covered dispute and to have a covered dispute be decided by a court or a jury.** Both Agent and the Companies are bound to use arbitration to resolve all claims as set forth above.

Further, the Parties agree that all claims must be pursued on an individual basis only. **This means Agent waives his or her right to commence, or be a party to, any class, collective or representative claims against the Companies, or to bring jointly with any other person any**

**claim against the Companies. This further means Agent agrees to opt-out of or be severed from any such action, arbitration proceeding, or claim.** The arbitrator shall have no authority to consider or resolve any claim on any basis other than on an individual basis and may not consolidate or join one or more claims pertaining to Agent with any other Agent's or Agents' claims.

Neither the Agent nor the Companies are deemed to forfeit any remedies otherwise available in a court of law by virtue of this Arbitration Provision. Nothing in this Arbitration Provision, moreover, limits or forecloses any right to give testimony or assist another private or a governmental party in any proceeding of any nature.

3. JAMS Arbitration Rules and Procedures Shall Apply.

Any Party shall initiate arbitration for any and all claims under any of the JAMS Arbitration Rules and Procedures that are applicable. Such Rules and Procedures are currently available for review at [www.jamsadr.com](http://www.jamsadr.com) (under the Rules/Clauses tab), including but not limited to the JAMS Streamlined or Comprehensive Arbitration Rules and Procedures. If any law or court decision in the relevant jurisdiction affords a Party any rights relating to arbitration that are not included in an applicable set of arbitration rules, the Parties agree that such rights shall be available to and may be exercised by the Parties.

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The Parties agree that in the case of any claim arising under state law, the internal laws of California (excluding its Conflict of Laws rules) shall apply, and they authorize the arbitrator to issue subpoenas for nonparty depositions pursuant to California Code of Civil Procedure section 1283.05. The Parties further agree that they do not intend for anything in this Arbitration Provision to preclude application of applicable federal law in addition to any applicable state law.

If there are any ambiguities in the terms or conditions of this Arbitration Provision, it is the Parties' intent that all ambiguities be resolved in favor of arbitration. If any provision of this Arbitration

Provision is unenforceable, the Parties request that such provision be modified, if feasible, in such a manner as to best reflect the intent of the Parties, but in any event, the remainder of this Arbitration Provision shall remain in full force and effect.

5. Location of arbitration shall be closest to Agent.

The Parties agree that any such arbitration shall be held at one of the two dozen JAMS locations in the U.S. nearest to the residence of Agent or, upon the request of Agent and in the discretion of the arbitrator, at a location more convenient to Agent.

6. Fees; Award.

The Parties agree that the Companies will pay the full amount of the arbitrator's and JAMS arbitration fees and costs, except that if the Agent makes an arbitration demand, the Agent will pay the initial JAMS Case Management Fee up to the amount the Agent would be required to pay to file a lawsuit in court. Each Party shall bear the cost of its own legal fees and costs, including but not limited to attorneys' fees and expert witness fees, subject to any right to recover such fees and costs under applicable law, which the arbitrator shall apply where applicable. In rendering an arbitration award, the arbitrator shall apply applicable law consistent with the terms of this Agreement and shall award all statutory remedies and penalties, including attorneys' fees and costs to the extent authorized by and consistent with such law. The award shall be in writing and the arbitrator shall set forth the essential findings of fact and law.”

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SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES

IRENE PARRY, individually and on behalf  
of all others similarly situated; JEANETTE  
O’SULLIVAN, individually and on behalf  
of all others similarly situated,

Plaintiffs,

v.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE.; FARMERS  
GROUP, INC.; and DOES 1-100,

Defendants.

Case No.: BC683856

Hon. Amy Hogue, SS Dept. 007

**[PROPOSED] ORDER GRANTING  
PRELIMINARY APPROVAL OF  
CLASS ACTION SETTLEMENT**

DATE: March 8, 2022

TIME: 2:00 p.m.

DEPT: SS 007

Plaintiffs claim that Defendants should have reimbursed the expenses incurred by Plaintiffs and a certified class of insurance agents in California who are or were appointed by the three Exchange Defendants (Farmers Insurance Exchange, Truck Insurance Exchange and Fire Exchange) to sell Farmers® insurance and service Farmers® customers because they were treated as employees under California law and not independent contractors. Plaintiffs now seek preliminary approval of a class action settlement with Defendants. The Court held a hearing on January 21, 2021, and, for the following reasons, grants preliminary approval.



1 **I. Background**

2 **A. Procedural history leading up to the Settlement**

3 Plaintiffs are former Farmers<sup>®</sup> insurance agents. They filed this class action in November  
4 2017, alleging that because the three Exchange Defendants misclassified them and a putative  
5 class of Farmers<sup>®</sup> agents as independent contractors, they violated Labor Code section 2802 by  
6 failing to reimburse the agents' business expenses as well as the Unfair Competition Law (UCL),  
7 Bus. & Prof. Code, section 17200, *et seq.* (Nov. 16, 2017, Compl., at ¶¶ 87-106.) Plaintiffs later  
8 amended their complaint to add Farmers Group, Inc. (FGI) as a defendant and allege that FGI  
9 also violated Labor Code section 2802 and the UCL, and that it further violated Labor Code  
10 section 2753 by advising the Exchange Defendants to treat the Class as independent contractors  
11 to avoid employee status. (Amend. Compl., at ¶¶ 97-115.) Plaintiffs sought, among other things,  
12 recovery of Class members' unreimbursed expenses, a declaratory judgment that Exchange  
13 Defendants and FGI violated section 2802, and a declaratory judgment that FGI violated section  
14 2753. (*Id.* at p. 21 [Prayer for Relief].)

15 After the Court entered a case management schedule, the parties took extensive discovery  
16 over a period of years, and Plaintiffs filed a motion for class certification on October 16, 2020.  
17 Defendants opposed certification, and both sides supported their positions with declarations and  
18 expert opinions.

19 The Court issued a ruling on class certification on February 26, 2021, which it amended  
20 on March 4, 2021. In its order, the Court denied Plaintiffs' request to certify a class seeking  
21 injunctive relief but granted the motion as to all other claims for relief. (Amended Order, at p.  
22 22.) The Court certified the following class:

23 All individuals who signed a Farmers Agent Appointment Agreement and worked  
24 as a Farmers agent in the State of California.

25 (*Id.* at p. 1.) The class period as to the Exchange Defendants was from November 16, 2013, until  
26 notice is mailed to the class, while the class period for claims against FGI was October 29, 2015,  
27 until notice is mailed to the class. (*Id.* at p. 2.) The Court also appointed Plaintiffs as class  
28 representatives and Plaintiffs' counsel as class counsel. (*Id.* at p. 22.)

1 Defendants filed a petition asking the Court of Appeal to review the Court’s certification  
2 order. The Court of Appeal denied the petition on May 28, 2021. (*Farmers Group, Inc. v.*  
3 *Superior Court* (May 28, 2021, Case No. B312051) Cal.App 2 Dist.) Plaintiffs also filed a motion  
4 for summary adjudication of Defendants’ twelfth affirmative defense. That motion was scheduled  
5 for hearing on October 6, 2021, but the Court took that motion off the schedule in light of the  
6 parties’ settlement (discussed below).

7 **B. The Settlement**

8 **1. The proposed settlement class**

9 The Settlement proposes that the Court certify the following class for settlement  
10 purposes:

11 All individuals who (i) signed a Farmers Agent Appointment Agreement or a  
12 Farmers Corporate Agent Appointment Agreement and (ii) worked as a Farmers  
13 agent or Supervising Agent for an incorporated Farmers agency in the State of  
14 California at any time between November 16, 2013 to the date that the Court  
grants preliminary approval of the Settlement.

15 (Settlement Agreement (“SA”) § 5.1.) The definition of “individuals” excludes entities as well as  
16 persons who settled, released, or already pursued the claims asserted in this action and either  
17 prevailed or received an adverse judgement or order. (SA § 5.2.)

18 The parties state that while the settlement class definition differs slightly from the  
19 definition the Court certified, they made the change only to avoid any confusion on whether the  
20 class included agents who signed a corporate Agent Appointment Agreement. The parties agree  
21 that the settlement class definition neither expands nor restricts the ranks of Class Members  
22 eligible to participate in the Settlement from the definition the Court previously certified. The  
23 parties agree that, as with the previously certified class, the Class encompasses approximately  
24 6,369 current and former agents, and the class period matches the longest class period of the class  
25 the Court previously certified. (See Amended Order, at p. 2.)

26 **2. The proposed settlement terms**

27 The Settlement Amount is a maximum of \$75 million in cash to Class Members. Forty  
28 million dollars, less any amounts that may be awarded by the Court for attorneys’ fees, costs or

1 service awards, will be distributed directly to each Class Member who does not timely opt out on  
2 a pro rata basis, with each Class Member's share determined by his or her length of time as a  
3 California Farmers agent during the class period. Class Members need not make a claim to receive  
4 a direct payment. (SA § 6.1.1)

5 Up to thirty-five million dollars, less any award of attorneys' fees (which shall be  
6 awarded, if at all, from Claim Payments), will be distributed to Settlement Class members on a  
7 claims-made basis, with claims payments of up to \$10,000 to each Class member who claims  
8 unreimbursed expenses related to Farmers' Smart Office program—the basic categories being one  
9 Licensed & Appointed Staff, Exterior Signage, Interior Signage and Branding, Digital (e.g.,  
10 website), and Office Appearance. (SA § 6.1.2.) If the total value of the valid claims exceeds \$35  
11 million, each Class Member's claim payment will be adjusted by the percentage that all claims  
12 exceeded \$35 million to ensure that all Class Members who submit valid claims receive an equal  
13 proportional share of their claimed amount. For example, if total valid claims equal \$40 million,  
14 then each person's Claim Payment would be adjusted so that they receive 87.5% of their valid  
15 claim. (*Id.*) Any unclaimed portion of the \$35 million will revert to Defendants, while any  
16 uncashed checks from the \$40 million direct payments or claims payments will escheat to the  
17 State of California as unclaimed property by being sent to the Unclaimed Property Division for  
18 class members to possibly claim. (SA § 17.2.) The Settlement proposes that the Court deduct the  
19 award of costs, service awards, and 65% of the award of attorneys' fees from the Direct Payments  
20 and 35% of the award of attorneys' fees from the Claim Payments, however, in no case shall any  
21 such deductions or awards be taken from any unclaimed portion of the Settlement Amount. (SA §  
22 6.2.)

23 The Settlement also commits Defendants to make changes to the Class Members' Agent  
24 Appointment Agreements, and other systemic changes, that the parties believe will protect and  
25 preserve the Class Members' independent contractor status under California law. More  
26 specifically, as to the Class Members who do not opt out of the Settlement, the following changes  
27 will be made:

- 1                   • Elimination of the no-cause termination provision on three months’ notice in the  
2                   Agent Appointment Agreement for the Settlement Class. The Exchange  
3                   Defendants retain the right to terminate the Agreement if (a) the agent fails to  
4                   operate the agency consistent with industry or professional standards, or (b) based  
5                   on the Companies’ changed business circumstances or market conditions, and (c)  
6                   only after providing the agent with six months written notice.<sup>1</sup> (SA §§ 7.1.1-7.1.3.)  
7                   Class Members who are current agents, by contrast, retain the right to resign their  
8                   appointment under the Agreement at any time without cause, and now only have to  
9                   give 60-days’ notice, or at an earlier date by mutual agreement of the agent and the  
10                  Companies. (SA § 7.1.2.)
- 11                 • Elimination of the non-solicitation provision contained in the Agent Appointment  
12                 Agreement, which prohibited solicitation of customers of their former Farmers’  
13                 agency for one year.
- 14                 • Elimination of any policy that utilizes the Agency Growth Model for determining  
15                 eligibility for bonuses or achievement clubs. (SA § 7.3.)
- 16                 • Establishment of a written Complaint Procedure for agents to raise concerns and  
17                 complaints related to their independent contractor status and allow the agent to  
18                 remain anonymous to her/his District Manager and/or Defendants’ territory  
19                 leadership. (SA ¶ 7.4.) Defendants must also notify its personnel and district  
20                 managers that they are to treat agents consistent with their independent contractor  
21                 status under California law. (SA ¶ 7.4.)
- 22                 • Elimination of the Customer Service Standards section from the Agency  
23                 Operations Manual, including the standard that agents have their Farmers’ agency  
24                 open 45 hours a week. (SA § 7.2.).

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27                 <sup>1</sup> The Exchange Defendants also retain the right to terminate the agent agreement for other reasons  
28                 already enumerated in the agent agreements.

- Defendants and Class Members agree to a mutual arbitration clause that includes a jury and class action waiver for certain claims. (SA § 7.1.5.)

The parties have submitted a declaration by an expert, C. Paul Wazzan, a Senior Managing Director of FTI Consulting, Inc., that values the total gains to Class Members from the contract changes at \$15,547,489.

### 3. Notice and administration costs

The cost of notice and settlement administration, up to a maximum of \$150,000, will be paid from the \$40 million direct payment funds, except that all administrative costs related to Defendants' review of claims submissions will be borne entirely by Defendants. (SA § 1.14.) The parties intend to use A.B. Data, Ltd. (A.B. Data) as the settlement administrator. (SA § 1.20.)

The parties will provide notice of the settlement to Class Members in accordance with the proposed notice program administered by A.B. Data. That proposed notice program is as follows. The Exchange Defendants will provide A.B. Data the potential Class Members' contact information (mailing address, social security number, California insurance license number (if available) and current email address and telephone number, if available in Defendants' records). (SA § 9.1.) The Exchange Defendants represent that they have current email and mailing addresses for all 3,140 current agents (about half the class) and mailing and potentially email addresses for the other half (about 3,229 former agents), although the Exchange Defendants do not know whether all that contact information is correct. Additionally, Plaintiffs state that they have been working with the United Farmers Agents Association (UFAA), which has contact information for thousands of current and former potential Class Members in California and has been working to assist Plaintiffs' counsel in educating Class Members about the settlement and the importance of receiving accurate and current contact information. UFAA has provided its contact list to Plaintiffs' counsel, who state they are working to verify the accuracy of that contact information and provide that contact information to the settlement administrator so that it may be utilized in the notice process. Finally, Plaintiffs' counsel state that they have been communicating with potential Class Members through a series of webinars and in-person meetings, all of which

1 have encouraged the attendees to provide their current contact information to counsel, who have  
2 maintained a website and dedicated email address through which class members can submit their  
3 current contact information. Plaintiffs' counsel will provide A.B. Data any potential Class  
4 Members' contact information (mailing address, email address and telephone number) that  
5 potential Class Members have provided them, as well as any potential Class Members' contact  
6 information (email addresses) obtained from the United Farmers Agents' Association. (SA § 9.1.)  
7 All these efforts are designed so that the Notice reaches as many Class Members as possible at  
8 inception.

9       Upon Preliminary Approval, A.B. Data will mail a Notice Package to all potential  
10 Settlement Class Members by United States Postal Service ("USPS") First-Class Mail using Class  
11 Members' contact information supplied by Defendants. (SA § 9.1.) The Notice Package will consist  
12 of the Court-approved notice of the terms and conditions of this settlement and the Court-approved  
13 Claim Form. (SA § 9.1.) Before mailing the Notice Package, A.B. Data will run the addresses of  
14 all known intended recipients through the USPS National Change of Address ("NCOA") database.  
15 (Declaration of Justin Parks ("Parks Decl.") ¶ 6.) In addition to the mailed notice, A.B. Data will  
16 send the full content of the Notice Package in the form of an email to all potential Class Members  
17 for whom the Exchange Defendants have provided email addresses, the thousands of email  
18 addresses provided by the Agents' association, and all email addresses Plaintiffs' counsel has  
19 collected while educating potential Class Members about the Settlement. (SA § 9.1.)

20       For mailed Notice Packages returned as undeliverable without any forwarding addresses,  
21 A.B. Data will attempt to obtain updated addresses using skip tracing and proprietary database  
22 resources and, in instances where updated addresses are found, re-mail the Notice Packages. (SA,  
23 § 9.5.) A.B. Data will also try to contact each Class Member whose Notice Package is returned as  
24 undeliverable by telephone to obtain updated mail and email addresses. (*Id.*)

25       In addition, A.B. Data will maintain a settlement administration website that provides all  
26 pertinent dates, including the deadline to submit claims and the date and time for the final  
27 approval hearing. The settlement website will also have hyperlinks to the page where Class  
28

1 Members can submit a claim, as well as hyperlinks to copies of the Settlement Agreement and all  
2 related court filings and court orders. A.B. Data will also maintain a dedicated toll-free telephone  
3 number that will present callers with a series of choices to hear pre-recorded information  
4 concerning the settlement and live telephone support during business hours if Class Members  
5 need further assistance. (SA § 9.3.)

#### 6 **4. Claim Forms**

7 Class Members do not have to submit a claim to receive their pro rata share of the \$40  
8 million direct payment. If the Class Member does not opt out, A.B. Data will mail them a check  
9 for their pro rata share. (SA § 6.1.1.) The notice sent to Class Members will also provide an  
10 estimate of that Class Member's share of the direct payment prior to any reductions to pay notice  
11 and settlement costs, attorneys' fees and costs, and service awards.

12 To receive benefits in the second part of the settlement, a fund of \$35 million, Class  
13 members will submit claims through a confidential and streamlined process, consisting of a form  
14 and supporting documentation of expenses. In this portion of the Settlement, Class Members will  
15 have the opportunity to receive up to \$10,000 each for reimbursement of their unreimbursed  
16 Smart Office-related expenses. (See generally SA § 9.4 and Claim Forms appended as exhibits to  
17 the Settlement Agreement.) Smart Office was a program applicable to Class Members to  
18 standardize the appearance, hours of operation, staffing, and websites of Farmers® agencies that,  
19 according to Plaintiffs, ran afoul of the independent contractor classification. This was a highly  
20 contested issue that is directly tied to the merits of the litigation. Defendants state Smart Office  
21 was terminated in December 2020, prior to the resolution of this matter.

22 The claims process, which is the product of significant negotiation between the parties, is  
23 a straightforward and simple one designed to maximize claims. Class Members may submit their  
24 Claim Form, and any supporting documentation, online at the settlement website, by emailing it  
25 to A.B. Data, or by U.S. mail. The claim form contains a list of categories of Smart Office-related  
26 expenses that may be claimed, including the expense of one Licensed & Appointed Staff, Exterior  
27 Signage, Interior Signage and Branding, Digital (e.g., website), and Office Appearance. Claims  
28

1 for expenses can be submitted for any of the agent’s expenses incurred between the start of the  
2 Class Period, November 16, 2013, and December 31, 2020, when the Exchange Defendants  
3 ended the Smart Office program. The claim form requires that Class Members attest that they  
4 paid the Smart Office expenses as follows:

5 I swear under penalty of perjury recognized by the laws of the State of California  
6 that: (a) between November 16, 2013 and December 31, 2020, I paid the  
7 expense(s) in the amount(s) and categories I have filled in below while appointed  
8 as a Farmers agent; and (b) those expenses were necessary to meet one or more  
9 Farmers’ Smart Office Standards.

10 Class Members can support a claim either by submitting documentation showing that they paid  
11 the expense or—for all expenses except Licensed & Appointed Staff—attest that they paid the  
12 expenses by a deduction from their Farmers’ folio.<sup>2</sup> Class members simply fill out the claim form,  
13 sign the attestation and upload their documentation to make a claim.

14 Class Members appointed through Farmers’ External Acquisition (after 1/1/2019), SEED,  
15 or Retail programs prior to January 1, 2021, however, are ineligible to claim expenses paid for  
16 Licensed and Appointed staff because those three programs required a Licensed and Appointed  
17 staff to be engaged as a condition of the agent’s appointment with the Exchange Defendants. (SA  
18 § 10.3(4)(ii).) These Class Members may still receive a Claims Payment of up to \$10,000,  
19 however, by claiming reimbursement for any other categories of eligible expenses. (SA, § 6.1.2.)  
20 As of September 30, 2021, Defendants stated that 1,088 Class Members fell into this category and  
21 the vast majority of them received start-up or signing bonuses of up to \$10,000. (SA, §  
22 10.3(4)(ii); Declaration of Zoltan Nagy, ¶¶ 8-11.) Class Members appointed in January of 2021  
23 and after were not subject to Farmers’ Smart Office policy and, therefore, incurred no eligible  
24 expenses for which they may receive a Claims Payment. Approximately 205 Class Members fall  
25 into this category and those agents will receive the other benefits of the Settlement. (Declaration  
26 of Zoltan Nagy, ¶ 6.)

27 \_\_\_\_\_  
28 <sup>2</sup> Class Members could not use folio to pay for Licensed & Appointed Staff.



1           Class Members will have 100 calendar days after A.B. Data sends out notice to file a  
2 claim and to submit supporting documentation (if any) online at the settlement website, by email,  
3 or by mailing it to A.B. Data. (SA §§ 1.3; 9.4.) The Claim Form mailed to Class Members will be  
4 prepopulated with the Class Member's contact information available to A.B. Data. A.B. Data will  
5 assign each Class Member a unique identifier that they can use to access an online claim form  
6 that will also be prepopulated with the Class Member's contact information on file. (SA § 9.4.)  
7 A.B. Data will send by mail and email (if available) a first reminder to all Settlement Class  
8 Members who have not submitted a Claim Form within thirty (30) calendar days after the Notice  
9 was sent, and a second reminder to all Settlement Class Members who have not submitted a  
10 Claim Form within sixty-five (65) calendar days after the Notice was sent. (SA § 9.1.3.)  
11 Plaintiffs' counsel will also be given notice of any deficiencies and has committed to working  
12 with Class Members to correct them and submit valid claims.

13           A.B. Data will review all claims and make initial determinations on whether to approve  
14 the claim or deny the claim as deficient because the Class Member did not sign the form or the  
15 required certification, did not substantiate a claim, or did not provide accurate identifying  
16 information upon request. (SA § 9.7, § 10.3.) A.B. Data will notify a Class Member if it denied  
17 the claim as deficient who will then have the opportunity to correct any deficiencies within 30  
18 calendar days. (*Id.*) At the same time it provides the Class Member notice of a deficient claim,  
19 A.B. Data will also notify Plaintiffs' and Defendants' counsel, and Plaintiffs' counsel will assist  
20 Class Members with correcting any deficiency. In addition, A.B. Data will notify Plaintiffs' and  
21 Defendants' counsel of its initial determinations (both approvals and denials) who then have 30  
22 calendar days to review the initial determinations and decide whether to submit additional  
23 information to A.B. Data for it to consider. (SA § 10.3.) If a party decides to submit additional  
24 information, it will provide that information to both A.B. Data and the non-submitting party, who  
25 then has 30 calendar days to respond. (*Id.*) If the submitting parties are Defendants, then  
26 Plaintiffs' counsel will work with Class Members to prepare and submit any response. (*Id.*) A.B.

1 Data has full authority, however, to determine whether to allow or deny a claim, and its decision  
2 is not subject to review or appeal. (*Id.*)

3 **5. The release.**

4 The Settlement Agreement contains a standard release. In that Release, Plaintiffs and the  
5 Class Members agree to release all “Released Claims” against the “Released Parties” as of the  
6 Effective Date. (SA § 18.3.) The Settlement Agreement defines “Released Claims” as follows:

7 any and all claims, demands, debts, liabilities, actions, obligations, damages, losses,  
8 costs, and causes of action of every kind and nature, whether at common law,  
9 pursuant to statute, ordinance, or regulation, in equity or otherwise, whether arising  
10 under federal, state, or other applicable law, whether known or unknown, actual or  
11 potential, suspected or unsuspected, direct or indirect, or contingent or fixed that  
12 have been alleged, could have been alleged, or in the future might be alleged, that  
13 reasonably arise out of or reasonably relate to the facts and/or claims set forth in the  
14 First Amended Complaint during the Class Period, including Plaintiffs’ claims that  
15 they were misclassified as independent contractors rather than employees, both on  
16 behalf of the Settlement Class Representatives and on behalf of the Settlement Class  
17 Members (individually and on behalf of any corporation for which they are/were  
18 the Supervising Agent, if applicable), including without limitation claims and  
19 theories based on the California Labor Code.

20 (SA § 18.2.) The “Released Parties” means Defendants, each of their subsidiaries or affiliates,  
21 including Mid-Century Insurance Company and Farmers New World Life Insurance Company,  
22 and each of their present and former predecessors, successors, assigns, parent companies,  
23 divisions, members, owners, executives, officers, directors, governors, shareholders,  
24 policyholders, representatives, employees, agents, attorneys, attorneys-in-fact, consultants,  
25 contractors, servants, vendors, managers, and their trustees, administrators, fiduciaries, co-  
26 defendants, administrators, related individuals and/or entities, insurers, and/or any and all  
27 individuals and/or entities acting by, through, under, or in concert with any of them or otherwise  
28 affiliated with them. (SA § 18.1.) The California Civil Code section 1542 waiver applies only to  
the named Plaintiffs, however, and not other Class Members. (SA § 18.4.)

**6. Attorneys’ fees, costs, service awards, and objections.**

The Settlement contemplates Plaintiffs’ counsel filing an application for an award of  
attorneys’ fees in an amount not to exceed 33% of the \$75 million Settlement Amount, and for

1 reimbursement of costs and expenses of an amount not to exceed six hundred thousand dollars.  
2 (SA § 6.2.) Plaintiffs' counsel will also seek a service award for each named Plaintiff not to  
3 exceed forty thousand dollars. (SA § 6.3.) Plaintiffs must file the motion for attorneys' fees, costs,  
4 and service awards no later than sixty days before the final approval hearing. (SA § 6.2.)  
5 Defendants agree that they will not oppose the motion up to the amounts provided for in Section  
6 6.2 of the Settlement Agreement. (*Id.*) The Court will approve any award of fees, costs and  
7 service awards, however, and it will decide these issues, including how to split the attorneys' fees  
8 and costs between the direct payment and claims-made portions of the Settlement, at final  
9 approval. (*Id.*)

10 Class Members may object to any aspect of the Settlement, including the request for  
11 attorneys' fees, costs, and service awards, and written objections are due thirty days before the  
12 final approval hearing, although the Court retains discretion to hear untimely written objections.  
13 The Court will hear any Class Members who wish to verbally object by appearing (or having his  
14 or her attorney appear) at the final approval hearing, either in person or remotely. No notice of  
15 appearance is required. (SA § 14.)

## 16 **II. Discussion**

17 “[T]he law favors settlements.’ [Citation.]” (*Village Northridge Homeowners Assn. v.*  
18 *State Farm Fire & Casualty Co.* (2010) 50 Cal.4th 913, 930.) This is particularly true when a  
19 settlement achieves significant results that cannot be achieved by litigation. Indeed, the  
20 Settlement here achieves important business changes that could not have been awarded by a jury  
21 or the Court in this matter. Notably, part of the relief that Defendants have agreed to here was  
22 relief previously sought against them in a legal action in which they prevailed. Finally, the  
23 Settlement solves a fundamental issue in this case, leaving the agents as the independent  
24 contractors they wish to be. Indeed, the claims raised by Plaintiffs created the potential of  
25 reclassification of agents as employees if the agents prevailed in this litigation. By agreeing to  
26 this Settlement, both direct payments and monetary claims can be made and important protections  
27 are put into place to preserve the independent contractor classification. It is a “business”  
28

1 resolution that maximizes the opportunities for agents to both grow and run the agencies without  
2 fear of retaliation or undue interference.

3 California Rules of Court, rule 3.769 requires Court approval of class action settlements  
4 and establishes a three-step process for obtaining court approval. “[T]he court preliminarily  
5 approves the settlement and the class members are notified as directed by the court,” and then  
6 “the court conducts a final approval hearing to inquire into the fairness of the proposed  
7 settlement.” (*Cellphone Termination Fee Cases* (2009) 180 Cal.App.4th 1110, 1118.) But first the  
8 Court must address whether to certify “a provisional settlement class.” (Cal. Rules of Court, rule  
9 3.769(d).)

10 **A. Certification of settlement class.**

11 “[I]t is well established that trial courts should use different standards to determine the  
12 propriety of a settlement class, as opposed to a litigation class certification. Specifically, a lesser  
13 standard of scrutiny is used for settlement cases. [Citation.] The reason for this is that no trial is  
14 anticipated in a settlement class case, so the case management issues inherent in the ascertainable  
15 class determination need not be confronted. [Citation.]” (*Global Minerals & Metals Corp. v.*  
16 *Superior Court* (2003) 113 Cal.App.4th 836, 859.) As the Court already granted Plaintiffs’ earlier  
17 certification motion, this standard is easily met. Accordingly, the Court grants certification to the  
18 following class for purposes of settlement pursuant to Code of Civil Procedure section 382 and  
19 California Rules of Court, rule 3.7689:

20 All individuals who (i) signed a Farmers Agent Appointment Agreement or a  
21 Farmers Corporate Agent Appointment Agreement and (ii) worked as a Farmers  
22 agent or Supervising Agent for an incorporated Farmers agency in the State of  
23 California at any time between November 16, 2013 to the date that the Court  
grants preliminary approval of the Settlement.

24 (SA § 5.1.) As discussed above, no material difference exists between this definition and the  
25 definition that the Court earlier certified in its March 4, 2021, Amended Order. Moreover, as  
26 explained below, the Settlement Class continues to meet the requirements for certification under  
27 Code of Civil Procedure section 382, as it is (1) a “sufficiently numerous, ascertainable class,”  
28 with (2) “a well-defined community of interest” having all three sub-factors—namely,

1 “predominant common questions of law or fact,” and “class representatives with claims or  
2 defenses typical of the class,” who “can adequately represent the class”—and (3) “certification  
3 will provide substantial benefits to litigants and the courts, i.e., that proceeding as a class is  
4 superior to other methods.” (*Fireside Bank v. Superior Court* (2007) 40 Cal.4th 1069, 1089.)

5 **1. The Class Satisfies Numerosity.**

6 A class of approximately 6,369 former and current agents satisfies numerosity. (See  
7 Amended Order, at p. 3 [finding class is numerous].)

8 **2. The Class is Ascertainable.**

9 The Settlement defines Class Members by who signed an agreement with the Exchange  
10 Defendants, an “objective characteristic[] and common transactional fact[]” that makes “the  
11 ultimate identification of class members possible when that identification becomes necessary.”  
12 (*Noel v. Thrifty Payless, Inc.* (2019) 7 Cal.5th 955, 980; see also Amended Order, at p. 3 [finding  
13 class is ascertainable].)

14 **3. Common Questions of Fact and Law Predominate.**

15 For commonality and predominance, the class certification inquiry focuses “on what type  
16 of questions—common or individual—are likely to arise in the action . . . .” (*Sav-On Drug Stores,  
17 Inc. v. Superior Court* (2004) 34 Cal.4th 319, 327.) To assess predominance, a court “must  
18 examine the issues framed by the pleadings and the law applicable to the causes of action  
19 alleged.” (*Hicks v. Kaufman & Broad Home Corp.* (2001) 89 Cal.App.4th 908, 916.) The  
20 pertinent question is whether the common issues are so numerous or substantial, when compared  
21 to the individual issues, that trying them in one proceeding would be advantageous to the judicial  
22 process and the litigants. (*Sav-On*, 34 Cal. 4th at 326.)

23 Plaintiffs’ claims raise at least four common questions: (1) Are the agents “employees”  
24 under Lab. Code section 2802? (2) Do the Exchange Defendants reimburse agents for all  
25 expenses they necessarily incur? (3) Is FGI is an “employer,” or the alter ego of the employer,  
26 under section 2802? and (4) Did FGI knowingly advise the Exchange Defendants to classify the  
27 agents as independent contractors to avoid employee status? Answering these questions also  
28

1 answers whether any Defendant violated the UCL. These common issues predominate because  
2 they all are “susceptible of proof on a classwide basis” using evidence common to all class  
3 members of Defendants’ company-wide policies. (*Ayala v. Antelope Valley Newspapers, Inc.*  
4 (2014) 59 Cal.4th 522, 531.) Indeed, the Court previously concluded that common issues of fact  
5 and law predominate for all these issues to grant class certification, and nothing has changed  
6 since then to alter that analysis. (Amended Order, at pp. 4-16.)

#### 7 **4. Plaintiffs’ Claims are Typical.**

8 Typicality refers to the nature of the claim or defense of the class representatives. “‘The  
9 test of typicality ‘is whether other members have the same or similar injury, whether the action is  
10 based on conduct which is not unique to the named plaintiffs, and whether other class members  
11 have been injured by the same course of conduct.’ [Citation.]” (*Seastrom v. Neways, Inc.* (2007)  
12 149 Cal.App.4th 1496, 1502.) Typicality does not require that class representatives suffered all  
13 the damages of class members. (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224,  
14 238.)

15 Plaintiffs’ claims are typical as both Plaintiffs’ claims arise from the same factual and  
16 legal questions as Class Members, and both “Plaintiffs’ claims for monetary and other non-  
17 equitable relief are common to the class.” (Amended Order, at p. 17, 19.)

#### 18 **5. Class Counsel and the Class Representatives are Adequate.**

19 Plaintiffs are adequate Class Representatives because their claims are not antagonistic to  
20 the claims of the Settlement Class. (*McGhee v. Bank of America* (1976) 60 Cal.App.3d 442, 450.)  
21 Plaintiffs contacted and selected Class Counsel, volunteered to be class representatives,  
22 prosecuted this case faithfully for many years, responded to extensive discovery, including  
23 numerous depositions, and assisted Class Counsel on many issues relating to the claims as well as  
24 the Settlement.

25 Class Counsel are adequate because they have extensive experience in class action  
26 litigation, including insurance agent misclassification disputes. (See Amended Order, at pp. 19-20  
27  
28

1 [finding Plaintiffs and Plaintiffs’ counsel are adequate].) Neither Class Counsel nor the Class  
2 Representatives have any conflicts with the Settlement Class.

3 **6. Class Treatment is Superior.**

4 Certification for settlement purposes presents a superior means for resolution. One  
5 settlement resolving the claims and issues of approximately 6,349 individuals confers “substantial  
6 benefits” that “render proceeding as a class superior to the alternatives,” including numerous and  
7 potentially conflicting individual lawsuits that would waste economic and judicial resources.  
8 (*Fireside Bank, supra*, 40 Cal.4th at 1089; see also Amended Order, at pp. 20-21 [finding class  
9 action treatment superior].)

10 **B. The settlement is presumptively fair and warrants preliminary approval**

11 A trial court’s preliminary approval of a class action settlement requires “nothing more  
12 than [a determination] that ‘there is, in effect, ‘probable cause’ to submit the proposal to members  
13 of the class and to hold a full-scale hearing on its fairness.’” (*State of California v. Levi Strauss &*  
14 *Co.* (1986) 41 Cal.3d 460, 485 [quoting *Manual for Complex Litigation (Second)*, § 1.46].) The  
15 Court need only “scrutinize the proposed settlement agreement to the extent necessary to reach a  
16 reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion  
17 between, the negotiating parties, and that the settlement, taken as a whole, is fair, reasonable and  
18 adequate to all concerned.” (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 245  
19 [internal quotation marks omitted].)

20 Here the Court finds no evidence of fraud overreaching or collusion between the  
21 negotiating parties. The record shows that this case was hotly contested from the very beginning  
22 and the parties’ attempts to resolve the case literally spanned years and required the services of  
23 multiple well-known and highly respected mediators. Additionally, the Court finds that the  
24 proposed Settlement taken as a whole is fair and reasonable. To determine fairness, the Court  
25 “should consider relevant factors, such as the strength of plaintiffs’ case, the risk, expense,  
26 complexity and likely duration of further litigation, the risk of maintaining class action status  
27 through trial, the benefits offered in settlement, the extent of discovery completed and the stage of  
28

1 the proceedings, the experience and views of counsel, the presence of a governmental participant,  
2 and the reaction of the class members to the proposed settlement. [Citation] The list of factors is  
3 not exhaustive and should be tailored to each case. Due regard should be given to what is  
4 otherwise a private consensual agreement between the parties.” (*Dunk v. Ford Motor Co.* (1996)  
5 48 Cal.App.4th 1794, 1801.) Further, a “‘presumption of fairness exists where: (1) the settlement  
6 is reached through arm’s-length bargaining; (2) investigation and discovery are sufficient to allow  
7 counsel and the court to act intelligently; (3) counsel is experienced in similar litigation; and (4)  
8 the percentage of objectors is small.’ [Citation]” (*Wershba, supra*, 91 Cal.App.4th at 245 [quoting  
9 *Dunk*, at p. 1802].)

10 The presumption of fairness applies here. The first three elements are clearly satisfied.  
11 The parties reached the settlement through the assistance of three different highly experienced  
12 mediators skilled in resolving complex class action litigation and only after four years of  
13 discovery, investigation, and motion practice. No evidence of collusion exists. Moreover, counsel  
14 for both Plaintiffs and Defendants are experienced in class action litigation and claims involving  
15 the complex questions about the proper classification of insurance agents at issue here. The fact  
16 that the case settled at such an advanced stage of the litigation, when the parties had a clear view  
17 of the merits and potential risks, further weighs in favor of preliminary approval. (*Chun-Hoon v.*  
18 *McKee Foods Corp.* (N.D. Cal. 2010) 716 F. Supp. 2d 848, 851–852 [“The parties have engaged  
19 in several years of litigation, including depositions, substantial research, an interlocutory appeal  
20 and several motions. By the time the settlement was reached, therefore, the litigation had  
21 proceeded to a point at which both plaintiffs and defendants ha[d] a clear view of the strengths  
22 and weaknesses of their cases.”] [citations omitted].) The fourth element—the percentage of  
23 objections—cannot be evaluated until final approval after Class Members receive notice.

24 The Court has received one objection filed by an attorney representing two objectors. The  
25 Court finds that the objection is premature and, more importantly, does not raise arguments  
26 directly calling into question the settlement’s fairness. To evaluate the fairness, adequacy, and  
27 reasonableness of a proposed class settlement, the Court considers the strength of plaintiffs’ case,  
28



1 the risk, expense and likely duration of further litigation, the settlement amount, the stage of the  
2 proceedings, the views of class counsel and the reaction of the class members. (*In re Microsoft I-*  
3 *V Cases* (2006) 135 Cal.App.4th 706, 723; *Dunk, supra*, 48 Cal.App.4th at 1801.) The two  
4 objectors do not address those issues. Instead, they chiefly argue that Plaintiffs should have taken  
5 the independent contractor issue to trial and only then, if they prevailed, entered into settlement  
6 talks. The Court does not agree that Plaintiffs had to risk losing a trial on whether Defendants  
7 properly classified Plaintiffs and class members as independent contractor issue before they could  
8 settle the case. (*Low v. Trump Univ., LLC* (S.D.Cal. 2017) 246 F. Supp. 3d 1295, 1302 [courts  
9 favor settlement before trial where parties have engaged in extensive discovery].)

10 Moreover, the Plaintiffs' *Dunk/Kullar* analysis makes plain that while Plaintiffs remain  
11 confident that they could prevail at trial, they faced considerable risk of an adverse result either at  
12 trial or on appeal that would result in zero recovery for the Plaintiffs and the class. In fact, as  
13 Plaintiffs point out, the caselaw should cause any reasonable plaintiff to temper expectations on  
14 whether they will prevail through an appeal of the independent contractor issue. (See *Murray v.*  
15 *Principal Fin. Grp., Inc.* (9th Cir. 2010) 613 F.3d 943, 944-45 [“[w]e, along with virtually every  
16 other Circuit . . . have held that insurance agents are independent contractors”]; *Arnold v. Mutual*  
17 *of Omaha Ins. Co.* (2011) 202 Cal.App.4th 580, 581 [affirming summary judgment that an  
18 insurance agent was an independent contractor, not an employee, under Labor Code § 2802 and  
19 *Borello*].) In fact, counsel for Plaintiffs recently prevailed on the issue of whether a certified class  
20 of insurance agents were employees under the common-law test, only to have a divided court of  
21 appeals reverse. (*Jammal v. Am. Family Ins. Co.* (6th Cir. 2019) 914 F.3d 449; see also *Plazzo v.*  
22 *Nationwide Mut. Ins. Co.* (6th Cir. 1989) 892 F.2d 79 [reversing judgment that insurance agent  
23 was an employee].) Moreover, after A.B. 5 clarified that *Borello*'s test determined the employee  
24 status of insurance agents, a plaintiff dropped as “no longer viable” his wage and hour claims  
25 against Farmers alleging that Farmers misclassified its agents as independent contractors.<sup>3</sup> The

26 \_\_\_\_\_  
27 <sup>3</sup> See Nov. 21, 2019, Notice of Unopposed Motion and Memorandum in Support of Motion for  
28 Preliminary Approval of Class Action Settlement, at p. 4, filed in *Ashe v. Farmers Ins. Group*  
(Super. Ct. Los Angeles County, Case No. 18STCV00453).

1 fact that Plaintiffs reached a settlement before a trial of the underlying independent contractor  
2 issue in no way undermines the presumption of fairness.

3 Further, the *Dunk/Kullar* analysis requires the Court to measure the reasonableness of  
4 settlement against the risk Plaintiffs faced of not prevailing at all, not the recovery Plaintiffs  
5 might in theory have obtained had they prevailed in full. “The proposed settlement cannot be  
6 judged without reference to the strength of plaintiffs’ claims. ‘The most important factor is the  
7 strength of the case for plaintiffs on the merits, balanced against the amount offered in  
8 settlement.’ [Citations]” (*Kullar, supra*, 168 Cal.App.4th at p. 130.) Approval only “requires a  
9 record which allows ‘an understanding of the amount that is in controversy and the realistic range  
10 of outcomes of the litigation,’” not “explicit statement[s]” of “the maximum amount” of value  
11 plaintiffs could have recovered had they prevailed on all claims at trial. (*Munoz v. BCI Coca-Cola*  
12 *Bottling Co. of Los Angeles* (2010) 186 Cal.App.4th 399, 409 [quoting *Kullar, supra*, 168  
13 Cal.App.4th at p. 130].)

14 The Court finds that the benefits of the settlement when measured against the risks of  
15 continuing to litigate the merits of the independent contractor issue through trial, followed by  
16 individual damages trials, and then an inevitable appeal, clearly weigh in favor finding that the  
17 settlement benefits are reasonable to grant preliminary approval and provide notice to settlement  
18 class members. The settlement delivers \$90 million in immediate value and benefits to the class.  
19 Up to \$75 million in monetary benefits—\$40 million in direct payments without any claim  
20 requirement and \$35 million expense reimbursement pursuant to a claims-made process—plus  
21 contract and other changes designed to protect current class members’ independent contractor  
22 status valued at over \$15.5 million. While Plaintiffs estimate that the total recovery to the class  
23 could have potentially exceeded \$1 billion if all class members engaged in a post-trial contested  
24 damages process against Defendants, which Defendants dispute, they also correctly point out a  
25 trial on the independent contractor issue would not have fixed Defendants’ liability to each class  
26 member. The parties agree that the expenses each class member incurred differ by class member,  
27 and thus fixing the extent of Defendants’ liability to each class member would have required class  
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1 members to participate in individual evidentiary proceedings. The Court agrees that it is unclear  
2 how many class members, particularly current agents, would be willing to participate in  
3 individualized hearings on damages, subject themselves to cross examination and, in the case of  
4 the over 3000 current agents, enter into an adversarial process with the companies they continue  
5 to work with.

6 A settlement that avoids this process and delivers between 4%-15% of the maximum  
7 recovery with many more hurdles to clear before that maximum recovery is achieved is well  
8 within the range of approval. This is especially true when the risk of a zero recovery to the class  
9 exists. And while the two objectors argue that the total settlement should be higher, they provide  
10 no reasoning for a higher amount, no evidence that Defendants would ever pay a higher amount  
11 in settlement, and disregard how a “settlement need not obtain 100 percent of the damages sought  
12 in order to be fair and reasonable.” (*Wershba, supra*, 91 Cal.App.4th at p. 250.)

13 Here the evidence is clear that Plaintiffs achieved a fair and reasonable settlement short of  
14 incurring the risk, uncertainty and delay of trial and appeal. Indeed, the Settlement the parties  
15 ultimately accepted was a structure posed by an extremely experienced mediator following  
16 several unsuccessful attempts at mediation and years of litigation. The Court is convinced that  
17 Plaintiffs were able to achieve the maximum dollar amounts that Defendants were willing to offer  
18 at this stage of the litigation and observes that Plaintiffs were additionally able to achieve  
19 substantial changes to the Signatory Defendants’ business practices that prompted the lawsuit in  
20 the first place. It is significant that these changes could not have been earned through continuing to  
21 litigate the case. Compromise is inherent and necessary in the settlement process. “[E]ven if ‘the  
22 relief afforded by the proposed settlement is substantially narrower than it would be if the suits  
23 were to be successfully litigated,’ this is no bar to a class settlement because ‘the public interest  
24 may indeed be served by a voluntary settlement in which each side gives ground in the interest of  
25 avoiding litigation.’ [Citation]” (*Wershba, supra*, 91 Cal.App.4th at p. 250; see also *Greko v.*  
26 *Diesel U.S.A., Inc.*, (N.D. Cal. Apr. 26, 2013) 2013 U.S. Dist. LEXIS 60114, 2013 WL 1789602,  
27 at \*5 [approving settlement in which the average settlement payment amounted to under 3% of  
28

1 the gross settlement value]; *In re Omnivision Techs., Inc.* (N.D. Cal. 2008), 559 F. Supp. 2d 1036,  
2 1042 [approving settlement in which class received payments in excess of 6% of potential  
3 damages].)

4 The Court finds on a preliminary basis, therefore, that the Settlement Agreement, which is  
5 hereby incorporated in full by reference as part of this Order, is within the range of  
6 reasonableness of a settlement that could ultimately be given final approval.

7 **ACCORDINGLY,**

8 1. The Court grants preliminary approval of the Settlement based upon the terms set  
9 forth in the settlement agreement;

10 2. The Court grants provisional certification of the Settlement Class pursuant to Code  
11 of Civil Procedure § 382 and California Rules of Court, Rule 3.7689 to the following Settlement  
12 Class:

13 All individuals who (i) signed a Farmers Agent Appointment Agreement or a  
14 Farmers Corporate Agent Appointment Agreement and (ii) worked as a Farmers  
15 agent or Supervising Agent for an incorporated Farmers agency in the State of  
16 California at any time between November 16, 2013 to the date that the Court  
17 grants preliminary approval of the Settlement.

18 3. The Court appoints Plaintiffs Irene Parry and Jeanette O’Sullivan as Class  
19 Representatives and Charles Crueger and Erin Dickinson of Crueger Dickinson LLC and Edward  
20 A. Wallace of Wallace Legal Group LLC as Lead Class Counsel and, Milberg Coleman Bryson  
21 Phillips Grossman, PLLC, Nelson & Fraenkel LLP, and Wexler Boley & Elgersma LLP as  
22 additional Settlement Class Counsel (all referred to herein as Settlement Class Counsel).

23 4. The Court finds that the form and content of the proposed Class Notice and Claim  
24 Form, as well as the distribution method provided for in the Settlement Agreement, are  
25 reasonable and designed to fully satisfy due process and the requirements of the California Rules  
26 of Court. The proposed Class Notice and Claim Form attached as Exhibits A, B and C to the  
27 Settlement Agreement’s plan of delivery is designed to reach as many Settlement Class Members  
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1 as possible and includes measures to obtain updated contact information for any Settlement Class  
2 Member whose notice is returned as undeliverable, including skip-tracing. The Court accordingly  
3 authorizes and approves the proposed form, method, and timing of giving notice to the Settlement  
4 Class of this action and the proposed Settlement as set forth in the Settlement Agreement.

5 5. The Court finds that the proposed deadlines are also reasonable. Class members  
6 will have 60 days to object or opt-out from the Settlement and will have 100 days from the date  
7 Class Notice is mailed to potential Class Members, subject to any extension for re-mailed notices  
8 to submit his or her Claim Form to the Settlement Administrator.

9 6. The Court appoints A.B. Data Ltd. as the Settlement Administrator.

10 7. The Court sets the Final Approval Hearing for \_\_\_\_\_, 2022, and orders the  
11 implementation of the following schedule for further proceedings:

Event	Deadline
Settlement website	Within 5 calendar days of entry of preliminary approval order.
Defendant to submit Class List to third party Settlement Administrator	Within 7 calendar days after of entry of preliminary approval order.
Emailing and mailing of Class Notice and Claim Form	Within 21 calendar days of entry of preliminary approval order.
Opt Out Deadline	60 calendar days after the Notice is first mailed to potential Class Members, subject to 30 day extension for Class Members who are re-mailed a Class Notice
Deadline for claim form	100 days from the date Class Notice is mailed to potential Class Members, subject to any extension for re-mailed notices.
Motions for Final Approval and for Award of Attorney Fees, Expense Reimbursement, and Service Awards.	60 calendar days prior to the Final Approval Hearing
Objection to Settlement or any request for Award of Attorney Fees, Expense Reimbursement, and Service Awards	30 calendar days prior to the Final Approval Hearing.

1           The Final Approval Hearing and related prior deadlines set forth above may, from time to  
2 time, and without further notice to the Settlement Class (except those who have filed timely and  
3 valid objections) be continued or adjourned by order of the Court.

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5 **IT IS SO ORDERED.**

6 Dated: \_\_\_\_\_, 2022

7 \_\_\_\_\_  
8 Honorable Amy D. Hogue  
9 Judge of the Superior Court

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
**COUNTY OF LOS ANGELES**

IRENE PARRY and JEANETTE  
O’SULLIVAN, individually and on  
behalf of all others similarly situated,

Plaintiffs,

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE; and  
FARMERS GROUP, INC., and DOES 1-  
100,

Defendants.

Case No. BC683856

**CLASS ACTION**

**[PROPOSED] ORDER  
GRANTING FINAL APPROVAL  
OF CLASS ACTION  
SETTLEMENT**

Date: \_\_\_\_\_, 2021  
Time: 10:00 a.m.  
Dept.: SS 007  
Complaint Filed: November 16, 2017

Hon. Amy D. Hogue

1 The Motion for Final Approval of Class Action Settlement came on for hearing before  
2 this Court, the Honorable Amy D. Hogue, presiding, on \_\_\_\_\_, 2022. The Court having  
3 considered all submissions and arguments with respect to the Motion, the Court HEREBY  
4 ORDERS THE FOLLOWING:

5 1. The Court has jurisdiction over the subject matter of this action, the Settlement  
6 Class Representatives, the Settlement Class as defined in the Class Action Settlement Agreement  
7 filed on \_\_\_\_\_, 2021, (the "Settlement Agreement" or "Settlement"), and the Defendants.  
8 Capitalized terms not otherwise defined in this Order shall have the definitions set forth in the  
9 Settlement Agreement.  
10 Settlement Agreement.

11 2. Pursuant to the Order Granting Preliminary Approval of Class Action  
12 Settlement, the Class Notice was sent to each individual identified on the Notice list provided  
13 by the Defendants by first-class mail and, to the extent email addresses were located in  
14 Defendants' records, by email. The Class Notice informed Settlement Class members,  
15 including those who requested exclusion, of: the material terms of the Settlement; their right to  
16 receive the benefits of the Settlement; their right to object to the Settlement or to exclude  
17 themselves from the Settlement; and their right to appear in person or by counsel at the  
18 Fairness Hearing and be heard regarding approval of the Settlement. Adequate periods of time  
19 were provided by each of these procedures. There were [no objections] or [there were \_\_\_\_\_  
20 objections] to the Settlement from [any] or \_\_\_\_\_ Settlement Class Member(s). The Court  
21 finds and determines that this notice procedure afforded adequate protections to all members of  
22 the Settlement Class, including those who requested exclusion, and provides the basis for the  
23 Court to make an informed decision regarding approval of the Settlement. The Court finds and  
24 determines that the notice provided in this case was the best notice practicable, which satisfied  
25 the requirements of law and due process.  
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1           3.       \_\_\_\_\_ individuals have submitted valid and timely requests for exclusion and  
2 those who have requested exclusion are identified on Exhibit \_\_ to the declaration of the  
3 Settlement Administrator. Those individuals are not bound by the terms of the Settlement.

4           4.       The Court rules by separate Order on the request by the Settlement Class  
5 Representatives and Settlement Class Counsel for service awards to the Settlement Class  
6 Representatives and the request by Settlement Class Counsel for an award of fees and expenses,  
7 including the costs of class administration (collectively, the “Fees, Awards, and Expenses”).  
8

9           5.       For purposes of the Settlement, the Court confirms its certification of the  
10 Settlement Class, confirms Plaintiffs Irene Parry and Jeanette O’Sullivan as representatives (the  
11 “Settlement Class Representatives”) of the Class and confirms Charles Crueger and Erin  
12 Dickinson of Crueger Dickinson LLC and Edward A. Wallace of Wexler Wallace, LLP as Lead  
13 Settlement Class Counsel, and Milberg Coleman Bryson Phillips Grossman, PLLC and Nelson &  
14 Fraenkel LLP as additional Settlement Class Counsel (referred to herein collectively as  
15 “Settlement Class Counsel”). The Court concludes that Settlement Class Counsel and the  
16 Settlement Class Representatives have fairly and adequately represented the Settlement Class  
17 with respect to the Settlement. Notwithstanding the certification of the Settlement Class and  
18 appointment of the Settlement Class Representatives for purposes of effecting the Settlement, if  
19 this Order is reversed on appeal or the Agreement is terminated in accordance with the  
20 provisions of the Agreement, the foregoing certification of the Settlement Class and appointment  
21 of the Settlement Class Representatives shall be void and of no further effect and the parties to  
22 the Settlement shall be returned to the status each occupied before entry of the Preliminary  
23 Approval Order, without prejudice to any legal argument that any of the parties to the Settlement  
24 might have asserted but for the Settlement.  
25  
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27           6.       The Court has considered the objections to the Settlement and [overrules them].  
28

1           7.     The Settlement is in all respects fair, reasonable, adequate, and proper and in the  
2 best interests of the Settlement Class. In reaching this conclusion, the Court has considered a  
3 number of factors, including: (1) the strength of Plaintiffs' case and Defendants' defenses; (2)  
4 the risk, expense, complexity, and likely duration of the litigation; (2) the reaction of the  
5 Settlement Class to the settlement; (3) the extent of discovery and stage of the proceedings; (4)  
6 the experience and views of counsel; (5) the valuable systemic and contractual changes agreed  
7 to by the parties under the terms of the Settlement; and (6) the range of reasonableness of the  
8 Settlement fund to a possible recovery in light of all the attendant risks of litigation.  
9

10           8.     The Court finds that the Settlement has been reached as a result of informed and  
11 non-collusive arm's-length negotiations. The Court further finds that the Parties have conducted  
12 sufficient investigation, discovery and research, and their attorneys were able to reasonably  
13 evaluate their respective positions.  
14

15           9.     The Settlement Agreement is not an admission by Defendants, nor is this Order a  
16 finding of the validity of any allegations or of any wrongdoing by Defendants. Neither this  
17 Order, the Settlement Agreement, nor any document referred to herein, nor any action taken to  
18 carry out the Settlement Agreement, may be construed as, or may be used as, an admission of  
19 any fault, wrongdoing, omission, concession, or liability whatsoever by or against Defendants.  
20

21           10.    The Court finds that the Settlement, including the plan for allocation of a portion  
22 of the Settlement funds to each participating member of the Settlement Class on a pro rata basis  
23 and a portion of the Settlement funds to members of the Settlement Class that make timely and  
24 valid claims, is fair, adequate, and reasonable. The Court determines that the Settlement amounts  
25 to be paid to the participating members of the Settlement Class, as provided for by the Settlement  
26 Agreement, are fair and reasonable. The Court hereby gives final approval to the Settlement and  
27 orders the payment of those amounts to be made by the Settlement Administrator to the  
28

1 participating Settlement Class Members pursuant to the terms of the Settlement Agreement and  
2 further orders the Addenda attached as Exhibits A and B to be deemed mutually executed,  
3 binding and enforceable on the date of final approval in this Order.

4 11. The Parties are hereby ordered to comply with the terms of the Settlement.

5 12. Nothing in this Order will preclude any action to enforce the Parties' obligations  
6 under the Settlement or under this Order.

7 13. Nothing in the Settlement Agreement shall change or alter the classification of  
8 Settlement Class Members as independent contractors during the Settlement Class Period, which  
9 Settlement Class Members who do not timely submit a Request for Exclusion reaffirm.

10 14. Pursuant to the Settlement, Settlement Class members who have not excluded  
11 themselves from the Settlement are permanently barred from prosecuting the Released Claims  
12 against the Released Parties under the Settlement.

13 15. Without affecting the finality of this Order in any way, the Court retains  
14 jurisdiction of all matters relating to the interpretation, administration, implementation,  
15 effectuation and enforcement of this Order and the Settlement.

16 16. The Parties will bear their own costs and attorneys' fees except as otherwise  
17 provided by the Court's Order on the Fees, Awards, and Expenses.

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22 **IT IS SO ORDERED.**

23 Dated: \_\_\_\_\_, 2022

\_\_\_\_\_  
24 Honorable Amy D. Hogue  
25 Judge of the Superior Court  
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**SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
**COUNTY OF LOS ANGELES**

IRENE PARRY and JEANETTE  
O’SULLIVAN, individually and on  
behalf of all others similarly situated,

Plaintiffs,

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE; and  
FARMERS GROUP, INC., and DOES 1-  
100,

Defendants.

Case No. BC683856

**CLASS ACTION**

**[PROPOSED] FINAL JUDGMENT**

Hon. Amy D. Hogue

1 Pursuant to the Court’s Order Granting Final Approval of Class Action Settlement dated  
2 \_\_\_\_\_, 2022, (“Final Approval Order”):

3 **IT IS ORDERED, ADJUDGED, AND DECREED** that:  
4

5 1. All capitalized terms used herein shall have the same meaning as defined in the  
6 Class Action Settlement Agreement (“Settlement” or “Settlement Agreement”) unless they are  
7 otherwise defined herein.

8 2. “Participating Settlement Class Members” mean those Settlement Class members  
9 who have not timely elected to be excluded from the Settlement Class.

10 3. This Court has finally certified, for settlement purposes only, under California  
11 Rule of Court 3.769(d), a Settlement Class that is defined as follows (except for persons  
12 expressly excluded from the Settlement Class in the Settlement Agreement):  
13

14 All individuals who (i) signed a Farmers Agent Appointment Agreement or a Farmers  
15 Corporate Agent Appointment Agreement and (ii) worked as a Farmers agent or  
16 Supervising Agent for an incorporated Farmers agency in the State of California at any  
17 time between November 16, 2013 to [date of preliminary approval order].  
18

19 4. All Participating Settlement Class Members and all Released Claims are covered  
20 by and included within the Settlement Agreement and this Final Judgment.

21 5. The Court finally approves the settlement of this Action under the terms of the  
22 Settlement Agreement and, having considered the matters required under applicable law  
23 including the provisions of California Code of Civil Procedure § 382, finds that the Settlement is  
24 in all respects fair, adequate, reasonable, and in the best interest of the Settlement Class,  
25 especially in light of the fact that the Settlement Class, by and through their counsel, have  
26 investigated the facts and law relating to the matters alleged in the Complaint (including the First  
27

1 Amended Complaint), including through extensive discovery, motion practice, legal research as  
2 to the sufficiency of the claims and defenses, an evaluation of the risks associated with continued  
3 litigation, trial, and/or appeal, including risks associated with class certification. The Settlement  
4 was reached as a result of arm's length negotiations between Settlement Class Counsel and  
5 counsel for Defendants. Moreover, the Settlement confers substantial benefits, in the form of  
6 monetary and other relief, upon the Settlement Class, without the costs, uncertainties, delays, and  
7 other risks associated with continued litigation, trial, and/or appeal. In finding the Settlement  
8 fair, adequate, and reasonable, the Court has also considered the number of exclusions from the  
9 Settlement, objections by Settlement Class members, and the opinion of competent counsel  
10 concerning such matters. [No objections to the Settlement have been filed.] or [The objections by  
11 \_\_\_ Settlement Class members are without merit and are overruled and denied in all respects.  
12

13           6.       Distribution of Notice directed to the Settlement Class members as set forth in the  
14 Settlement Agreement has been completed in conformity with the Preliminary Approval Order,  
15 including individual notice to all Settlement Class members who could be identified through  
16 reasonable effort, and the best notice practicable under the circumstances. The Notice provided  
17 due and adequate notice of the proceedings and of the matters set forth therein, including the  
18 proposed Settlement, to all persons entitled to Notice, and the Notice and its distribution fully  
19 satisfied the requirements of due process.  
20

21           7.       The Court hereby approves the Settlement and directs the Parties to effectuate the  
22 Settlement and to make payment to Participating Settlement Class Members according to the  
23 Settlement's terms as set forth in the Court's Final Approval Order.  
24

25           8.       The Settlement Class members listed on Exhibit 1 to this Final Judgment have  
26 properly and timely opted-out of the Settlement and are therefore not bound by the Settlement,  
27 Releases, Final Approval Order or Final Judgment. As of the Effective Date, Participating  
28

1 Settlement Class Members and each of their respective executors, administrators,  
2 representatives, agents, heirs, successors, assigns, trustees, guardians, corporations, and all those  
3 who claim through them or assert claims on their behalf, shall be deemed to have released the  
4 Released Parties from any and all Released Claims. The Released Parties and Released Claims  
5 shall have the same meaning as in Section 18 of the Settlement Agreement.

6 9. The Court hereby confirms Plaintiffs Irene Parry and Jeanette O’Sullivan as the  
7 Settlement Class Representatives.  
8

9 10. The Court hereby confirms Charles Crueger and Erin Dickinson of Crueger  
10 Dickinson LLC and Edward A. Wallace of Wexler Wallace, LLP as Lead Settlement Class  
11 Counsel, and Milberg Coleman Bryson Phillips Grossman, PLLC and Nelson & Fraenkel LLP as  
12 additional Settlement Class Counsel (referred to herein collectively as “Settlement Class  
13 Counsel”).  
14

15 11. The Court hereby confirms its award in the Class Award Order of \$\_\_\_\_\_ to  
16 Settlement Class Counsel for attorneys’ fees and expenses according to the Settlement’s terms.  
17 The Court further confirms that service awards in the amount of \$\_\_\_\_\_ shall be paid to  
18 Irene Parry and Jeanette O’Sullivan according to the Settlement’s terms and as set forth in the  
19 Class Award Order.

20 12. The Court hereby confirms its award in the Class Award Order of \$\_\_\_\_\_ to  
21 A.B. Data Ltd. as Settlement Administrator for the costs of providing notice and administering  
22 the Settlement according to the Settlement’s terms.  
23

24 13. This Final Judgment and the accompanying Class Award Order and the Final  
25 Approval Order are not a finding or determination of any wrongdoing by Defendants.

26 14. Pursuant to California Rule of Court 3.769(h), jurisdiction is hereby reserved by  
27 this Court to assure compliance with all terms of this Settlement, in accordance with the  
28

1 Settlement Agreement, the Class Award Order and the Final Approval Order. Specifically,  
2 without affecting the finality of the Court's Final Approval Order, the Class Award Order or this  
3 Final Judgment in any way, the Court retains jurisdiction over: (a) implementation and  
4 enforcement of the Settlement Agreement pursuant to further order of the Court until the final  
5 judgment contemplated hereby has become effective and each and every act agreed to be  
6 performed by the Parties shall have been performed pursuant to the Settlement Agreement; (b)  
7 any other action necessary to conclude this Settlement and to implement the Settlement  
8 Agreement; and (c) the construction and interpretation of the Settlement Agreement.  
9

10 15. This Final Judgment is intended to be a final disposition of the above captioned  
11 action in its entirety and is intended to be immediately appealable. This Judgment resolves and  
12 extinguishes all claims released by the Settlement Agreement against the Released Parties.  
13

14 **IT IS SO ORDERED.**

15  
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17 Dated: \_\_\_\_\_, 2022

\_\_\_\_\_  
18 Honorable Amy D. Hogue  
19 Judge of the Superior Court  
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**EXHIBIT AA**

**EXHIBIT AA**

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**SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES**

IRENE PARRY, individually and on behalf of  
all others similarly situated; JEANETTE  
O’SULLIVAN, individually and on behalf of  
all others similarly situated,

Plaintiffs,

v.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE.; FARMERS  
GROUP, INC.; and DOES 1-100,

Defendants.

Case No.: BC683856

Hon. Amy Hogue, SS Dept. 007

**DECLARATION OF PAIGE  
UNDERWOOD IN SUPPORT OF  
PLAINTIFFS’ AMENDED  
MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
UNOPPOSED MOTION FOR  
PRELIMINARY APPROVAL OF CLASS  
ACTION SETTLEMENT**

DATE: March 8, 2022

TIME: 2:00 p.m.

DEPT: SS 007

COMPLAINT FILED: November 16, 2017

Trial Date: Not Set

1 DECLARATION OF PAIGE UNDERWOOD

2 I, Paige Underwood, declare as follows:

3 1. I am the Vice President of the United Farmers Agents Association ("UFAA"), a  
4 professional association whose membership is comprised of current and formers Farmers' agents,  
5 including current and former agents in California.

6 2. I have personal knowledge of the facts stated herein, which I believe to be true.

7 3. This declaration is submitted in support of the concurrently filed Plaintiffs' Notice  
8 of Unopposed Motion and Motion for Preliminary Approval of Class Action Settlement.

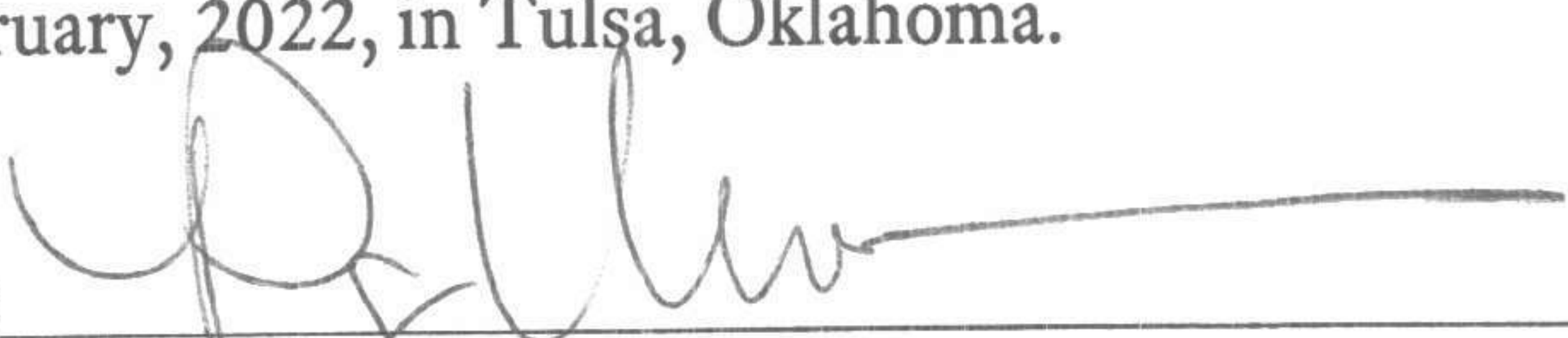
9 4. UFAA has been made aware of the *Parry et al v. Farmers Insurance Exchange et al.*  
10 litigation pending In the Superior Court of Los Angeles County, including that the Court certified  
11 a class of California current and former Farmers' agents, which includes agents who are UFAA  
12 members.

13 5. UFAA also has become familiar with the proposed settlement of the *Parry et. al v.*  
14 *Farmers Insurance Exchange et al* litigation and understands the basic terms of that settlement.  
15 UFAA strongly supports the proposed settlement and believes it provides real and meaningful  
16 relief to the California agents in the class, including significant monetary relief and changes to  
17 Farmers' business practices that agents have been complaining about for years.

18 6. The reaction UFAA has received from agents about the proposed settlement has  
19 been overwhelmingly positive, and UFAA helped Plaintiffs' counsel organize virtual presentations  
20 to provide basic background information about the Proposed settlement. These events were well  
21 attended by current and former California agents. UFAA believes that these agents support and  
22 will want to take advantage of the proposed settlement.

23 7. I declare under penalty of perjury of the laws of the State of Oklahoma that the  
24 foregoing is true and correct.

25 Executed on this 10th day of February, 2022, in Tulsa, Oklahoma.

26   
27 By: \_\_\_\_\_  
28 Paige Underwood, Vice President  
United Farmers Agents Association

# **EXHIBIT B**



## FIRM EXPERIENCE

Crueger Dickinson is a firm that focuses on class action and mass tort litigation. The firm is leading some of the largest litigation in the United States against large corporations who have contaminated drinking water, short-changed pension holders, misclassified their work forces, designed and sold defective consumer products and misrepresented the safety of addictive products such as prescription opioids, e-cigarettes and vaping products. In the last decade, the firm's partners have served in significant leadership roles in a wide variety of class action and mass tort litigation in state and federal courts around the United States. Some notable examples highlighting that experience are as follows:

1. *In Re: National Prescription Opiate Litigation 17-md-2804* (N.D. Ohio 2017) (MDL Plaintiffs' Executive Committee)

In 2017, the firm was named to steer the largest piece of litigation in United States history when it was appointed to sit on the sixteen-member Plaintiffs' Executive Committee for this consolidated multi-district litigation. As a member of that leadership committee, the firm leads lawsuits brought by thousands of county and city government entities against the pharmaceutical manufacturers and distributors of prescription opioids over the nationwide public health epidemic caused by those dangerous drugs. The firm individually represents over one-hundred county government entities in eighteen states around the United States in that litigation.

2. *Jammal, et al. v. American Family, et al., Case No. 13-CV-437* (N.D. Ohio 2013) (Co-Lead Class Counsel and Trial Counsel)

Between 2013 and today, the firm and its partners have served as co-lead class counsel, lead trial counsel and co-lead appellate counsel for a class of over 7000 pension holders asserting ERISA claims. The firm represented the class from filing, through certification and to trial, obtaining a unanimous verdict and a subsequent judicial ruling on behalf of a certified class of thousands of pension holders where potentially over a billion dollars is at stake.

3. *In Re: Aqueous Film-Forming Foams Products Liability Litigation, 18-mn-2873* (D. S. Car. 2018) (MDL Plaintiffs' Executive Committee)

In 2019, the firm was elected to serve on the Plaintiffs' Executive Committee tasked with leading the nationwide multi-district litigation against the manufacturers of AFFF fire-fighting foam which is alleged to have contaminated groundwater in many locations around the United States and causing injuries to residents.

4. *Roberts v. Electrolux Home Products, Inc.* (C.D. Cal. 2010) (Co-Lead Class Counsel)

Co-lead counsel in multi-state class action involving safety defects clothes dryers. The firm represented a class of consumers who purchased the millions of dryers sold in the United States, obtaining class certification and a nationwide settlement on behalf of the class.

5. *Williams v. Subaru of North America* (C.D. Cal. 2012) (Co-Lead Class Counsel)

Co-lead counsel in multistate class action involving vehicle safety defects. Case was favorably resolved in favor of the class.

6. *Varga v. General Electric Company, et al., Case No. 18-cv-1449* (N.D.N.Y. 2018)(Co-Lead Class Counsel)

Co-Lead counsel representing a putative class of participants in GE's 401K plan alleging breaches of fiduciary duty violating ERISA.

7. *Goff et al. v. Nationwide Mutual Insurance Company et al., 18-cv-340* (S.D. Ohio 2017) (Co-Lead Class Counsel)

Co-Lead counsel representing a putative class of thousands of insurance agents alleging employee misclassification and violations of California law as was as civil RICO claims.



8. *Parry et al. v. Farmers Insurance Exchange, et al.*, Case No. BC683856 (Sup. Ct. Ca. 2017) (Co-Lead Class Counsel)

Co-Lead counsel representing a putative class of thousands of insurance agents alleging employee misclassification and violations of California law.

9. *Koenig, et al. v. Vizio, Inc.*, Case No. BC702266 (Sup. Ct. Ca. 2018) (Co-Lead Class Counsel)

Co-Lead counsel representing a putative class of thousands of California consumers regarding false advertising and violations of California consumer protection laws.

10. *Rikkers v. Menard, Inc.*, Case No. 17-cv-1208 (E.D. Wis. 2017) (Co-Lead Class Counsel)

Co-Lead counsel representing a putative class of thousands of consumers regarding false advertising and violations of consumer protection laws.

11. *Smith v. Rockwell Automation, Inc. et al.*, 19-cv-505 (E.D. Wis. 2019)

Class counsel representing a putative class of thousands of plan participants in the Defendants'™ employee retirement plan for violations of ERISA and failure to pay benefits due under the terms of that plan.

12. *Reichardt v. Electrolux Home Products, Inc.*, Case. No. 17-cv-219 (E.D. Wis. 2017)

Class counsel representing a putative class of consumers who bought allegedly defective ovens manufactured by Electrolux that result in fires and contain serious safety defects.

13. *Lohr et al. v. Nissan North America, Inc. et al.*, 16-cv-1023 (W.D. Wash. 2016)

Co-lead counsel in class action involving vehicle safety defects.

14. *Silva, et al. v. Aviva PLC, et al.* (N.D. Cal.) (Co-Lead Class Counsel)

Co-lead counsel in class action representing putative class of annuity holders alleging RICO fraud claims.

15. *Cynthia Larson v. Wisconsin Physicians Service Insurance Co.* (W.D. Wis.) (Co-Lead Class Counsel)

Co-lead counsel in insurance copay class action.

16. *Ludwick v. Harbinger Group, Inc., et al.* (W.D. Missouri) (Co-Lead Class Counsel)


Co-lead counsel in class action representing putative class of annuity holders alleging RICO fraud claims against defendants.



## CHARLES CRUEGER



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 414 210 3900

Charles Crueger is an owner and founding partner of Crueger Dickinson LLC . has nearly twenty years of trial and appellate experience in both commercial and intellectual property litigation. His commercial litigation experience spans from ERISA litigation to complex insurance issues, commercial disputes, director and officer lawsuits, and federal tax refund litigation. Indeed, Mr. Crueger was lead trial counsel who obtained a favorable jury verdict on behalf of a class of pension holders in an ERISA action where liabilities exceed \$1 Billion. His intellectual property practice focuses on patent litigation, where he has represented plaintiffs and defendants in numerous matters both at trial and on appeal. He has tried cases to verdict in bench and jury trials and represented clients in both state and federal courts throughout the country.

### NOTABLE PROFESSIONAL EXPERIENCE

- Jammal, et. al., v. American Family Insurance Group, et. al., No. 1:13-CV-437 (N.D. of Ohio) (representing plaintiffs in ERISA class action alleging that defendants denied them retirement and other benefits by misclassifying them as independent contractors).
- Ludwick v. Harbinger Group, Inc., et. al., No. 15-00011 (W.D. of Mo.) (representing plaintiff in pending RICO class action alleging that defendants defrauded them in the sale of annuities).
- Roberts et. al. v. Electrolux Home Products, Inc., No. 8:12-cv-01644 (C.D. of Ca.) (represented plaintiff in class action over dryer fires; the case resulted in a beneficial settlement for the class).
- Feldmann Engineering & Manufacturing Co., Inc. v. Ardisam, Inc., No. 3:14-CV-00727 (W.D. Wis.) (represented plaintiff in patent infringement action that settled before trial).
- Ormco Corp. v. Align Tech., Inc., 498 F.3d 1307 (Fed. Cir.) (obtained reversal of adverse judgment and represented plaintiff on remand that resulted in a favorable jury verdict and settlement in excess of \$90M; also invalidated patent claims asserted by defendant).
- Briggs & Stratton Corp. v. Kohler Co., (W.D. Wis.) (represented plaintiff through a jury trial in successful patent infringement action involving small engine technology).
- Kestrel Coal Pty. v. Joy Global, 362 F.3d 401 (7th Cir.) (obtained rare reversal of a lower court's order allowing discovery in the United States for use in lawsuit pending in Australia).
- Beloit Liquidating Trust v. Grade, 2004 WI 39, 270 Wis. 2d 356 (part of litigation team that obtained favorable result in the leading director and officer liability case in Wisconsin).
- Globe Life and Accident Ins. Co. v. United States, 52 Fed. Cl. 132 (successfully defended \$8 million tax refund claim following a two-week trial).
- American Express v. United States, 47 Fed. Cl. 127 (successfully defended \$200 million tax refund claim involving accounting methods for credit card fees).



## CHARLES CRUEGER, CONTINUED

### SELECTED PUBLICATIONS

- "The Long Arm of Personal Jurisdiction in IP Litigation", IP Law360 (October 26, 2010)
- "A Commentary on the Economic Loss of Doctrine Under the Rule of Cease Electric and Cascade Stone", 89 Marq. L. Rev. 137 (2005)

### EDUCATION

- University of Wisconsin Law School (J.D., cum laude, 1997; Order of the Coif; Wisconsin Law Review)
- University of Wisconsin-Madison (B.A., with distinction, 1993)

### HONORS AND RECOGNITIONS

- Recognized in Super Lawyers Magazine as a "Super Lawyer" 2015 - 2017
- Recognized in "Best Lawyers in America"
- Recognized in Super Lawyers Magazine as a "Rising Star" 2006 - 2007

### STATE BAR ADMISSIONS

Wisconsin

### FEDERAL COURT ADMISSIONS

Eastern District of Wisconsin  
Western District of Wisconsin  
Northern District of Illinois  
Court of Federal Claims  
U.S. Court of Appeals for the Third, Sixth, Seventh, and Federal Circuits  
U.S. Tax Court  
U.S. Supreme Court





## ERIN DICKINSON



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☎ 414 210 3767

Erin Dickinson is an owner and founding partner of Crueger Dickinson LLC. She practices large, high stakes litigation in state and federal courts throughout the country. Ms. Dickinson has a broad range of litigation experience including nation-wide class actions, ERISA, insurance, contract, business torts, professional negligence, products liability, intellectual property and civil RICO cases. Indeed, Ms. Dickinson was lead trial counsel who obtained a favorable jury verdict on behalf of a class of pension holders in an ERISA action where liabilities exceed \$1 Billion. She has represented clients from individuals to fortune 500 companies and has tried multiple complex cases to jury verdict. Ms. Dickinson left a large law firm partnership to litigate large high stakes cases from a different platform.

### NOTABLE PROFESSIONAL EXPERIENCE

- Lead counsel in a variety of nationwide class action cases in a variety of areas including ERISA, products liability, financial fraud and civil RICO issues.
- Successfully represented majority shareholders in a federal court jury trial involving business torts and Lanham Act claims where Defendants' exposure exceeded \$20M. Case resulted in unanimous defense verdict in favor of Ms. Dickinson's client and a finding of zero liability.
- Litigation counsel for a patent holder in a patent infringement lawsuit involving orthodontic software. Case resulted in a favorable jury verdict and subsequent settlement of litigated claims in excess of \$90M.

- Lead counsel who achieved a nationwide class action settlements on a variety of cases where millions of allegedly defective products were at issue including cases involving automobiles, house hold appliance and other consumer products.
- Trial counsel for hospital systems in Texas, Missouri and Kansas in numerous professional negligence, tort and wrongful death cases

### EDUCATION

- University of Texas School of Law (J.D. 2000)
- University of Wisconsin-Madison (B.A., with honors, 1996)

### STATE BAR ADMISSIONS

Wisconsin  
Missouri  
Texas

### FEDERAL COURT ADMISSIONS

Eastern District of Wisconsin  
Western District of Wisconsin  
Northern District of Illinois  
Western District of Texas  
Central District of California  
Western District of Missouri  
Northern District of Ohio  
Seventh Circuit Court of Appeals  
Sixth Circuit Court of Appeals

### HONORS AND RECOGNITIONS

- Recognized by Super Lawyers Magazine as a "Super Lawyer" 2016-2017
- Recognized as one the 2016 "Best Lawyers in America"
- Recognized by Super Lawyers Magazine as a "Rising Star," 2012-2015
- Recipient of the 2014 Women in the Law award given by the Wisconsin Law Journal



## KRISTA BAISCH



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☎ 414 210 4367

Krista Baisch is a trial attorney and partner at Crueger Dickinson LLC. Ms. Baisch practices complex litigation in state and federal courts around the country. She has represented clients in contract disputes, shareholder disputes, patent litigation, commercial torts, civil rights, medical malpractice, product liability, construction litigation, personal injury, and general business litigation. She has represented more than a dozen of Wisconsin's Counties in a broad range of matters. Ms. Baisch also has extensive experience in the Seventh Circuit Court of Appeals, Wisconsin Court of Appeals, and the Wisconsin Supreme Court.

### NOTABLE PROFESSIONAL EXPERIENCE

- Successfully represented managing general agent in an arbitration trial involving complex issues of business valuation and breach of employment covenants. Trial resulted in a total defense verdict for Ms. Baisch's client.
- Successfully tried multi-million dollar arbitration trial to resolve a complex contract dispute between several large U.S. corporations. Case resulted in total defense verdict, recovery on counter claims and recovery of attorneys' fees for Ms. Baisch's client following three years of litigation and a twelve day trial.
- Obtained dismissal of breach of contract, unjust enrichment and promissory estoppel claims for client. *G2 Equities v. Reco Cement Products LLC* (N.D. Ill. 2015)

- Lead counsel for software developer in breach of licensing agreement dispute resulting in a favorable resolution for client.
- Obtained dismissal of patent infringement lawsuit. *Sonic Foundry, Inc. v. Astute Technology, LLC* (W.D. Wis. 2013)
- Obtained dismissal of fourth and fifth amendment claims and affirmance by Seventh Circuit Court of Appeals. *Pegues v. Springob* (E.D. Wis. 2012); (7th Cir. 2013)

### EDUCATION

- University of Wisconsin Law School (J.D., cum laude, 2005)
- University of North Carolina at Chapel Hill (B.A., 2002)

### STATE BAR ADMISSIONS

Wisconsin

### FEDERAL COURT ADMISSIONS

Eastern District of Wisconsin  
Western District of Wisconsin  
Northern District of Illinois  
Seventh Circuit Court of Appeals

### HONORS AND RECOGNITIONS

- Recognized as a "Rising Star" by Wisconsin Super Lawyers® (2012 – 2017)




## BENJAMIN KAPLAN



Benjamin Kaplan is a trial attorney and partner at Crueger Dickinson LLC. Mr. Kaplan focuses on consumer protection, business tort, and class action litigation, providing careful analysis of complex issues and practical advice for resolving disputes and concerns. Mr. Kaplan has jury trial experience in both state and federal courts as well as appellate experience in multiple federal appellate circuits.

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 414 810 3382

### NOTABLE PROFESSIONAL EXPERIENCE

- Successfully obtained summary judgment for a manufacturer in a trademark infringement dispute, and affirmed by the Federal Circuit on appeal.
- Successfully represented an appliance manufacturer against false advertising allegations in a \$40 million class action.
- Successfully represented a cooperative accused of misrepresentations, obtaining a dismissal of all claims at jury verdict.
- Successfully represented a small business owner in a dispute over the purchase of faulty equipment at trial.
- Represented an inmate prosecuting a Section 1983 claim, through federal jury trial.
- Brought in as appellate counsel at the Second Circuit, and successfully obtained a judgement reduction from over \$5 million to under \$2 million.
- Successfully represented a municipality in incorporation litigation, including a successful verdict at trial that was affirmed by the Wisconsin Court of Appeals.
- During law school, Mr. Kaplan worked in the chambers of the Honorable Diana Murphy of the Court of Appeals for the Eighth Circuit and for the Hennepin County Public Defender's Office.
- Ben has written numerous articles and client alerts regarding class action jurisprudence

### EDUCATION

- University of Minnesota Law School, Juris Doctor (J.D.), magna cum laude; Business Law concentration, Editor, Journal of Law and Inequality
- University of Notre Dame, Bachelor of Arts (B.A.), cum laude; Political Science
- University of Notre Dame Australia

### STATE BAR ADMISSIONS

- Wisconsin

### FEDERAL COURT ADMISSIONS

- United States Court of Appeals, Seventh Circuit
- United States District Court, Eastern District of Wisconsin
- United States District Court, Western District of Wisconsin

### HONORS AND RECOGNITIONS

- Up and Coming Lawyer, Wisconsin Law Journal, 2017
- "Rising Stars," Wisconsin Super Lawyers, 2015-2017
- Dean's Distinguished Scholar, Minnesota Law School

# FIRM RESUME

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# Table of Contents

The Firm.....2

Leadership Positions.....4

Successes.....7

Practice Areas and Representative Cases.....10

    Antitrust.....10

    Business and Commercial Litigation.....13

    Consumer Protection.....14

    Privacy and Information Security.....14

    Government Representation.....15

    Healthcare Litigation.....15

    Mass Torts.....16

    Securities and Corporate Governance.....17

    Whistleblower and False Claims.....17

Our Professionals.....19

# The Firm

## WHO WE ARE.

Wexler Wallace LLP is nationally recognized as a leading firm in complex class action and multidistrict litigation, from investigation to trial and appeals, within the following legal areas:

- // Antitrust
- // Business and Commercial Litigation
- // Consumer Protection
- // Government Representation
- // Healthcare Litigation
- // Mass Torts
- // Securities and Corporate Governance
- // Whistleblower and False Claims

## WE WORK FOR ALL.

At Wexler Wallace, we rely on the justice system to hold the powerful accountable for conduct that harms others. We are dedicated to protecting the rights and interests of all and, in this pursuit, represent shareholders, consumers, pension plans, institutional investors, businesses, governments, and organizations from all over the world. We act with the utmost integrity in our determination to achieve the most meaningful relief for our clients.

## WE GET RESULTS.

Wexler Wallace is frequently retained by clients to pursue high-stakes litigation – often against some of the largest corporations represented by the most renowned law firms in the country. We regularly are asked by co-counsel to work with them and their clients on cases of wide-ranging importance. Through this work, we have helped shape the law and continue to pave the way for future successes for those aggrieved by fraud, antitrust violations, unfair competition, and other types of unlawful conduct.

## OUR WORK IS RECOGNIZED.

Wexler Wallace attorneys have been recognized by their peers as well as by legal organizations for their outstanding level of service and commitment to the firm's cases and clients. Partners Ken Wexler and Ed Wallace each have an **AV Preeminent** rating from Martindale-Hubbell – the highest peer review rating. Ken has been named an **Illinois Super Lawyer** since 2008, Ed was named a Super Lawyer in 2014 and 2015, and other attorneys have been named Rising Stars.

Wexler Wallace was named a highly recommended Illinois litigation firm in the 2012 inaugural edition of **Benchmark Plaintiff**, with both partners named local litigation stars. The firm and its named partners have received the same honors every year since.

“Despite a small roster of attorneys, (Wexler Wallace LLP) regularly goes toe-to-toe with some of the largest companies and corporations in the world.”

*Benchmark Plaintiff, 2012*

“I admire very much the work that you have done in this case, and you have taught me something. I think I’m more knowledgeable and a better judge because I’ve had contact with you. And thank you very much.”

*Hon. G. Patrick Murphy, Clancy-Gernon Funeral Homes, Inc. v. Merrill Lynch, Pierce, Fenner & Smith, Inc., No. 09 Civ. 1008 (S.D. Ill.)*

“I wanted to express appreciation again to class counsel for taking this case. I believe these are the kind of cases Federal Courts should do and are appropriate for class resolution.”

*Hon. Patti B. Saris, In re Pharmaceutical Industry Average Wholesale Price Litig., MDL No. 1456, No. 01-cv-12257-PBS (D. Mass.) (final settlement hearing, with defendant GlaxoSmithKline, July 19, 2007)*

“[T]his multiplier is justified by the risk of non-recovery in this case and the need to reward counsel for their significant achievement on behalf of the End-Payor Class . . . End-Payor Plaintiffs’ counsel are highly experienced in complex antitrust class action litigation . . . they have obtained a significant settlement for the Class despite the complexity and difficulties of this case.”

*Hon. John R. Padova, Nichols v. SmithKline Beecham Corp., No. 00 Civ. 6222, 2005 U.S. Dist. LEXIS 7061, at \*71-72, 79 (E.D. Pa. Apr. 22, 2005)*

# Leadership Positions

Wexler Wallace is frequently appointed as lead counsel and to plaintiff steering committees in complex, high-stakes litigation. Some of those appointments include:

CASE	COURT	APPOINTMENT
Powell Prescription Center, et al. v. Surescripts, LLC, No. 1:19-cv-006627	N.D. Ill	Interim Co-Lead Counsel
Precious Plate, Inc., et al. v. Olin Corporation, et al., No. 1:19-cv-00990	W.D. NY	Interim Co-Lead Counsel
Coordinated Essure® Litigation	Super. Ct. Cal. - Alameda County	Plaintiffs' Executive Committee
Woloszyn v. General Mills Inc., No. 0:16-cv-02869	D. Minn.	Plaintiffs' Executive Committee
In re Broiler Chicken Antitrust Litigation No. 16-cv-8637	N.D. Ill.	Liaison Class Counsel
Gibson v. The Quaker Oats Co., No. 1:16-cv-04853	N.D.Ill.	Interim Liaison Class Counsel
Edward Shapiro and Pacific Holistic Dental, INC., v. 3M Company, No. 0:16-cv-02606	D. Minn.	Plaintiffs' Executive Committee
Pension Trust Fund for Operating Engineers v. DeVry Education Group, Inc., et al., No. 16-cv-05198	N.D.Ill.	Interim Liaison Class Counsel
United Food and Commercial Workers Unions and Employers Midwest Health Benefits Fund, et. al. v. Allergan, PLC No.: 15-cv-12731	D.C. Mass.	Co-Lead Counsel
Lynch v. Motorola Mobility LLC et al., No. 1:16-cv-04524	N.D. Ill.	Interim Co-Lead Class Counsel
In re Windsor Wood Clad Window Products Liability Litigation, MDL No. 2688	E.D. Wis.	Plaintiffs' Steering Committee
In re VTech Data Breach Litigation, No. 1:15-cv-10889	N.D. Ill	Interim Liaison Class Counsel
In re Nexium (Esomeprazole) Antitrust Litig., 12-md-02409	D. Mass.	Co-Lead Counsel



CASE	COURT	APPOINTMENT
In re: Fluidmaster, Inc., Water Connector Components Prods. Liab. Litig	N.D. Ill.	Interim Liaison Class Counsel
In re Actos End-Payor Antitrust Litigation, Case No. 13-cv-09244	S.D.N.Y.	Interim Co-Lead Counsel
Underwood v. I.F.F.A. Servs., No. 09-390-GPM; Clancy-Gernon Funeral Homes, Inc. v. Merrill Lynch, Pierce, Fenner & Smith, Inc., No. 09-1008-GPM; Pettett Funeral Home, Ltd. v. Merrill Lynch, Pierce, Fenner & Smith, Inc., No. 10-1000-GPM	S.D. Ill.	Lead Settlement Class Counsel
Celebrex Antitrust Litigation No: 14-cv-0395	E.D. Va	Interim Co-Lead Class Counsel
In re Suboxone Antitrust Litigation, MDL 2445	E.D. Pa.	Interim Co-Lead Class Counsel
In re Niaspan Antitrust Litigation, Case No. 13-md-02460	E.D. Pa.	Interim Co-Lead Counsel
In re Kugel Mesh Hernia Patch Products Liability Litigation, MDL No. 1842	D.R.I	Plaintiffs' Steering Committee
Levine v. American Psychological Association, Inc., Case No. 10-cv-01780	D.D.C.	Co-Lead Class Counsel
Roberts v. Electrolux Home Products Inc., Case No. 12-cv-1644	C.D. Cal	Co-Lead Class Counsel
In re Skelaxin (Metaxalone) Antitrust Litigation, MDL No. 2343	E.D. Tenn.	Plaintiffs' Executive Committee
In re Effexor XR Antitrust Litigation, Case No. 11-cv-05661	D.N.J.	Plaintiffs' Executive Committee
In re Flonase Antitrust Litigation, Case No. 08-cv-3301	E.D. Pa.	Plaintiffs' Executive Committee
In re Prograf Antitrust Litigation, Case No. 11-cv-11870	D. Mass.	Plaintiffs' Executive Committee
In re Lipitor Antitrust Litigation, MDL No. 2332	D.N.J	Interim Co-Lead Class Counsel
Gomez v. PNC Bank, National Association No. 1:12-cv-1274	N.D. Ill.	Lead Class Counsel
In re Wellbutrin XL Indirect Purchaser Antitrust Litigation, Case No. 2:08-CV-02433-MAM	E.D. Pa.	Co-Lead Class Counsel

CASE	COURT	APPOINTMENT
Carter v. Allstate Ins. Co., Case No. 02-CH-16092	Cir. Ct. Ill. - Cook County	Co-Lead Counsel
In re Webloyalty.com, Inc. Marketing and Sales Practices Litigation No.: MDL No. 1820	D. Mass.	Co-Lead Counsel
In re C.R. Bard, Inc. Pelvic Repair Systems Products Liability Litigation (MDL No. 2187); In re American Medical Systems, Inc. Pelvic Repair Systems Products Liability Litigation (MDL No. 2325); In re Boston Scientific Corp. Pelvic Repair Systems Products Liability Litigation (MDL No. 2326); In re Ethicon, Inc. Pelvic Repair Systems Products Liability Litigation (MDL No. 2327)	Multiple MDL Cases	Plaintiffs' Steering Committee
Levie v. Sears Roebuck & Co. et al, No. 1:04-cv-7643	N.D.Ill.	Liaison Class Counsel
In re Medtronic, Inc. Implantable Defibrillators Products Liability Litigation, MDL No. 1726	D. Minn.	Plaintiffs' Steering Committee
In re Pet Foods Products Liability Litigation, MDL No. 1850	D.N.J.	Co-Lead Counsel
New England Carpenters Health Benefits Fund v. First Databank, Case No. 1:05-CV-11148	D. Mass.	Co-Lead Class Counsel
In re BP Products North America, MDL No. 1801	N.D. Ill.	Co-Lead Class Counsel
In re Hypodermic Products Antitrust Litigation No.: MDL No. 1730	D.N.J.	Co-Lead Class Counsel
In re Pharmaceutical Industry Average Wholesale Price Litigation, MDL No. 1456	D. Mass.	Co-Lead Counsel
Nichols v. SmithKline Beecham Corp., Case No. 2:00-CV-06222-JP	E.D. Pa.	Co-Lead Class Counsel
Virginia M. Damon Trust v. Mackinac Financial Corp., f/k/a North Country Financial Corp., Case No. 2:03-CV-0135	W.D. Mich.	Co-Lead Counsel
Stephen A. Ellerbrake and John E. Casey v. Campbell-Hausfeld et al. No.: 01-L-540	Cir. Ct. Ill. - St. Clair County	Co-Lead Counsel

# Successes

Since its founding in 2000, Wexler Wallace has achieved millions of dollars in settlements and savings for its clients and consumers. In cases in which the firm has served as Co-Lead Counsel, it has recovered over a billion dollars for its clients. Listed below are some of the firm's representative settlements and verdicts.

## SIGNIFICANT RECOVERIES AND VERDICTS

CASE	COURT	RECOVERY
<i>Glenn Burton, JR. v. American Cyanamid CO., et al. - Case No. 07-cv-0303; Ravon Owens v. American Cyanamid CO., et al. - Case No. 07-cv-0441; Cesar Sifuentes v. American Cyanamid Co., et al. - Case No. 10-cv-0075</i>	E.D. Wis.	\$6M (jury verdict)
<i>Barbara Kaiser et al v. Ethicon, Inc. et al., Case Number 2:17-cv-00114</i>	N.D. Ind.	\$35M (jury verdict)  The jury awarded \$10M in injury compensation, as well as \$25M in punitive damages.
<i>Jammal, et al. v. American Family Insurance, Case No.: 13-cv-00437</i>	N.D. Oh	Unanimous advisory jury verdict; Formal ruling and damages proceeding pending
<i>Huskey v. Ethicon, Case No. 12-cv-0521</i>	S.D.W. Va.	\$3.27M (jury verdict)
<i>Roberts v. Electrolux Home Products, Inc., Case No. 12-cv-01644</i>	C.D. Cal.	Settlement valued at more than \$35.5M
<i>In re Hypodermic Products Antitrust Litigation, MDL No. 1730</i>	D.N.J.	\$22M
<i>New England Carpenters Health Benefits Fund v. First Databank, Case No. 05-cv-11148</i>	D. Mass	\$350M settlement with McKesson; \$2.7M with FDB and Medispan
<i>In re Pharmaceutical Industry Average Wholesale Price Litigation, MDL No. 1456</i>	D. Mass.	Multiple settlements totaling more than \$350M
<i>In re Guidant Defibrillators Products Liability Litigation, MDL No. 1708</i>	D. Minn.	\$195M

CASE	COURT	RECOVERY
<i>Underwood v. I.F.F.A. Servs.</i> , No. 09-390-GPM; <i>Clancy-Gernon Funeral Homes, Inc. v. Merrill Lynch, Pierce, Fenner &amp; Smith, Inc.</i> , No. 09-1008-GPM; <i>Pettett Funeral Home, Ltd. v. Merrill Lynch, Pierce, Fenner &amp; Smith, Inc.</i> , No. 10-1000-GPM	S.D. Ill.	\$41.15M
<i>In re Flonase Antitrust Litigation</i> , Case No. 08-cv-3301	E.D. Pa.	\$46M
<i>In re OSB Antitrust Litigation</i> , Case No. 06-cv-00826	E.D. Pa.	\$120M
<i>In re Air Cargo Shipping Services Antitrust Litigation</i> , MDL No. 1775	E.D.N.Y.	\$85M
<i>In re Pet Food Products Liability Litigation</i> , MDL No. 1850	D.N.J.	\$24M
<i>In re Webloyalty.com, Inc. Marketing and Sales Practices Litigation</i> , MDL No. 1820	D. Mass.	Allowed customers to recover up to 100% of unauthorized charges
<i>In re BP Prods. North America, Inc. Antitrust Litigation</i> , MDL No. 1801	N.D. Ill.	\$15.25M
<i>In re Medtronic Inc. Implantable Defibrillator Products Liability Litigation</i> , MDL No. 1726	D. Minn.	\$75M
<i>Wington v. CB Richard Ellis, Inc.</i> , Case No. 02-cv-6832	N.D. Ill.	A favorable settlement that made available monetary relief for eligible claimants, as well as a charitable contribution to the Commercial Real Estate Women Network
<i>In re Pressure Sensitive Labelstock Antitrust Litigation</i> , MDL No. 1556	E.D. Pa.	\$46.5M
<i>In re Synthroid Marketing Litigation</i> , MDL No. 1182	N.D. Ill.	\$87.4M
<i>Vista Healthplan, Inc. v. Bristol-Myers Squibb Co.</i> , Case No. 01-cv-01295	D.D.C.	\$135M settlement

CASE	COURT	RECOVERY
<i>Nichols v. Smithkline Beecham Corp.</i> ("Paxil"), Case No. 00-cv-6222	E.D. Pa.	\$65M

# Practice Areas

Wexler Wallace is a nationally-recognized leader in complex class action and multidistrict litigation, with a commitment to excellence and achieving meaningful relief for its clients. The firm's diverse litigation practice spans the areas of antitrust, business and commercial litigation, consumer fraud litigation, government representation, healthcare litigation, mass torts, securities and corporate governance, and whistleblower and false claims litigation.

## ANTITRUST

Unfortunately, individuals and businesses sometimes violate the rules of our market-based system, imposing artificially inflated prices on market participants. Conduct prohibited by state and federal antitrust laws can take the form of illegally-maintained monopolies, price fixing, the improper exchange of competitive information, patent abuses, and other forms of unfair competition.

Wexler Wallace is a leader in private antitrust enforcement, litigating a wide variety of class action cases involving many prominent industries, including the pharmaceutical, entertainment, service rental, lumber, energy, and electronic products industries.

Representative cases in the firm's antitrust practice area include:

***POWELL PRESCRIPTION CENTER, ET. AL. V. SURESCRIPTS, LLC, ET. AL., NO. 1:19-CV-06627 (N.D. Ill.)***

Wexler Wallace, along with co-counsel, filed this class action suit alleging that SureScripts uses its monopolistic market share to conduct anticompetitive practices in the e-prescription markets, such as entering into loyalty agreements with certain customers that allow the company to charge higher transaction fees than would be possible in a competitive market, as well as issuing threats against customers to ensure no other market competitors emerged. The lawsuit also names RelayHealth and Allscripts— competitors that Plaintiffs allege entered into non-compete and exclusive dealing agreements with SureScripts in exchange for a portion of SureScripts' monopoly profits.

***PRECIOUS PLATE, INC., ET. AL. V. OLIN CORPORATION, ET. AL., NO. 1:19-cv-00990 (W.D. NY.)***

Wexler Wallace and its co-counsel filed this class action suit alleging that the largest domestic suppliers of caustic soda engaged in a conspiracy to fix the price at which caustic soda was sold in the United States. After years of declining prices, plaintiffs allege that the defendants engaged in coordinated supply reductions and redirection of domestic caustic soda supply to export markets, which allowed them to raise the price of caustic soda by nearly 50% over three years. These price increases would not have been possible absent defendants' coordinated and anticompetitive conduct.

*IN RE BROILER CHICKEN ANTITRUST LITIGATION, 16-CV-8637 (N.D. ILL.)*

Wexler Wallace, along with co-counsel, filed this class action alleging that the nation's largest chicken producers (such as Tyson and Pilgrims) agreed with each other to limit the supply of broiler chickens, in order to raise the prices on chicken and chicken products. The Court appointed Wexler Wallace as Liaison Counsel on behalf of a class of restaurants (and institutions, such as prisons and nursing homes) that purchased the defendants' chicken from a wholesaler. The plaintiffs are seeking to recover damages suffered when they overpaid on purchases of the defendants' chicken. The defendants filed motions to dismiss the case, but in November of 2017 the Court denied those motions almost entirely, issuing a 92-page opinion. The parties are in the discovery phase of the case, which will last into 2019.

*UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND EMPLOYERS MIDWEST HEALTH BENEFITS FUND, ET. AL. V. ALLERGAN, PLC NO.: 15-CV-12731 (D.C. MASS.)*

Wexler Wallace filed this case against Allergan in June 2015 on behalf of a putative class of end-payors alleging that Plaintiffs and all Asacol end-payors were harmed by defendants' conduct in engaging in an unlawful "product hop." Patients had always paid for the brand name version of Asacol. In July 2013, a generic version was planned for release on the market, but because of the defendant's withdrawal of the drug from the market, a generic version does not exist and consumers are still paying higher prices for similar brand name versions. Wexler Wallace was appointed co-lead counsel. The Hon. Judge Denise J. Casper of the United States District Court District of Massachusetts granted plaintiffs' motion for class certification and denied the defendants' motion for summary judgement. The First Circuit stayed the trial set to begin on January 22, 2018 pending the resolution of Defendants' appeal of the District Court's class certification decision.

*IN RE NEXIUM ANTITRUST LITIG., MDL NO. 2409 (D. MASS.)*

Wexler Wallace, along with co-counsel, filed this antitrust class action, alleging that defendant AstraZeneca entered into non-competition agreements with a number of generic pharmaceutical manufacturers in order to delay marketing entry of generic versions of its blockbuster drug Nexium. Starting in October 2014, Wexler Wallace participated in a six-week jury trial in the action; it was the first trial of a "reverse payment" antitrust action since the Supreme Court's *Actavis* decision. While the jury made several key findings in favor of the Plaintiffs, it ultimately returned a verdict in favor of defendants AstraZeneca and Ranbaxy. Plaintiffs have since moved for a new trial, and end-payor plaintiffs (represented by Wexler Wallace and others) have moved for injunctive relief.

*IN RE LIPITOR ANTITRUST LITIG., MDL. NO. 2332 (D.N.J.)*

Wexler Wallace filed this class action against Pfizer Inc. and Ranbaxy Pharmaceuticals Inc., among others, seeking damages and equitable relief on behalf of end-payors of Lipitor and/or its generic bioequivalents for violations of antitrust and consumer protection laws. Plaintiffs allege that, among other things, defendants fraudulently procured a patent covering Lipitor and entered

into an anticompetitive settlement with Ranbaxy in order to keep generic versions of the blockbuster drug off of the market.

*NICHOLS V. SMITHKLINE BEECHAM CORP. ("PAXIL"), NO. 00-CV-6222 (E.D. PA.)*

Wexler Wallace served as co-lead counsel in this case involving alleged efforts by GlaxoSmithKline, including "sham" patent litigation, to keep generic versions of Paxil off the market. This case is believed to be one of the first, if not the first, to allege misuse of patents to delay generic competition in a pharmaceutical market brought under Section 2 of the Sherman Act (rather than Section 1). The case settled for \$65 million.

*IN RE EFFEXOR XR ANTITRUST LITIG., NO. 11-CV-5661 (D.N.J.)*

Wexler Wallace was appointed to the Indirect Purchaser Class Executive Committee in this antitrust litigation against pharmaceutical manufacturer Wyeth, Inc. regarding its antidepressant Effexor XR. The complaint alleges that Wyeth fraudulently obtained a number of method-of-use patents for Effexor XR and engaged in sham litigation against sixteen potential generic competitors in an effort to protect the Effexor XR monopoly. Plaintiffs further allege that Wyeth entered into an anticompetitive settlement with the first generic ANDA filer, Teva Pharmaceutical Industries, Ltd., and its US subsidiary Teva Pharmaceuticals USA, Inc., which delayed the entry of generic Effexor XR competitors for more than two years.

For more information about the firm's Antitrust Litigation practice, please visit the firm's website, at <http://www.wexlerwallace.com/practice-areas/antitrust-litigation/>.



## **BUSINESS AND COMMERCIAL LITIGATION**

Confronting well-heeled and well-represented adversaries, Wexler Wallace attorneys represent businesses throughout the country in complex disputes ranging from breach of contract claims to business torts, including fraud, unfair competition, and breaches of fiduciary duty. The firm has represented small businesses on a contingency basis when those businesses were faced with litigating against larger adversaries that engaged in unfair and unlawful conduct.

Although Wexler Wallace attorneys are always prepared to offer zealous advocacy for the firm's clients in state or federal courts, they also have employed creative approaches to successfully handle difficult cases through alternative dispute resolution such as mediation or arbitration. The firm's willingness to extend its services in cases that other firms are unwilling or unable to handle is just another testament to its commitment to positive change.

For more information about the firm's Business and Commercial Litigation practice, including summaries of representative cases, please visit the firm's website, at <http://www.wexlerwallace.com/practice-areas/business-commercial-litigation/>.

## CONSUMER PROTECTION

Wexler Wallace is a national leader in prosecuting consumer protection claims on behalf of both businesses and individuals in state and federal courts throughout the country. The firm has successfully prosecuted cases involving, but not limited to:

- // unlawful environmental dumping
- // improper Internet “lead generation” practices
- // unfair billing practices of telecommunications companies
- // mislabeling of dietary supplements
- // the sale of defective drugs and household appliances
- // unfair payment policies of health insurance companies
- // false advertising by Internet service providers
- // deceptive practices of social networking sites
- // unlawful debt reduction scams

For more information about the firm’s Consumer Protection practice, including summaries of representative cases, please visit the firm’s website, at <http://www.wexlerwallace.com/practice-areas/consumer-protection/>.

## PRIVACY AND INFORMATION SECURITY

In a digital age, there are few assets more valuable to companies than data on current or potential customers. Because of this, many companies place more importance on obtaining personal information than concern for consumer privacy. Wexler Wallace is actively protecting the privacy rights of individuals by taking action against companies who disregard privacy laws and mishandle consumer data. Our efforts include matters involving:

- // Electronic collection and disclosure of personal information to third parties without proper consent, in violation of federal and state privacy laws, including the California Consumer Privacy Act of 2018 (CCPA)
- // Violations of the Illinois Biometric Information Privacy Act (BIPA), which is intended to safeguard personal biometric identifiers such as fingerprints, voice prints, and face, hand, and retina features
- // Data breaches that result in personal information being exposed to nefarious parties
- // Unsolicited text messages, excessive robocalls, and junk faxes; and

// Disregard for numerous privacy laws, including the Electronic Communications Privacy Act (ECPA), Children's Online Privacy Protection Act (COPPA), the Gramm-Leach-Bliley Act that require financial institutions to provide consumer privacy notices explaining their information sharing practices, and similar federal and state privacy laws.

## GOVERNMENT REPRESENTATION

Our state, local, and federal governments are often victims of the same securities and healthcare frauds that are inflicted on businesses and individuals in the private sector. The government is an insurer through Medicare or Medicaid, and therefore overpays when brand name pharmaceutical manufacturers unlawfully suppress generic competition for their drugs. Similarly, government entities are investors with respect to their treasuries and pension plans. Thus, when false and misleading statements are issued by public companies, government entities are entitled to the same securities fraud damages that are available to private investors. Governments are also owed fiduciary duties in certain circumstances, and are often parties to multi-million-dollar contracts, the breach of which can result in significant damages.

Wexler Wallace helps government entities recover the funds taken from them through the unlawful conduct of others. Ultimately, those funds belong to taxpayers, who are the intended beneficiaries of government services. Wexler Wallace believes that government officials have not only the right, but also the obligation, to try to recover these assets for their constituents.

For more information about the firm's Government Representation practice, including summaries of representative cases, please visit the firm's website, at <http://www.wexlerwallace.com/practice-areas/government-representation/>.

## HEALTHCARE LITIGATION

In the wake of ever-rising healthcare costs, Wexler Wallace is at the forefront of legal action being taken nationwide to challenge wide-ranging fraudulent and unfair conduct in the healthcare industry. Wexler Wallace has prosecuted claims for:

- // reporting of fraudulent pharmaceutical prices
- // failures to recall defective health devices
- // an industry-wide conspiracy to increase the prices of over 400 brand name drugs

// the filing of baseless lawsuits and administrative actions to delay generic drug entry

// challenging pharmaceutical manufacturers' marketing of prescription opioids

// a pharmacy's illegal substitution of more expensive versions of generic drugs

Bringing claims under RICO, the antitrust laws, state consumer protection statutes, and more, Wexler Wallace has successfully prosecuted cases against some of the largest companies in the healthcare industry, including McKesson Corp., Becton Dickinson, AstraZeneca, GlaxoSmithKline, Abbott Laboratories, Bristol-Myers Squibb, Johnson & Johnson, and Bayer Corporation.

Wexler Wallace's case against McKesson Corp. for manipulating the reimbursement benchmark for drug purchases resulted in one of the largest, if not the largest, RICO settlements ever.

For more information about the firm's Healthcare Litigation practice, including summaries of representative cases, please visit the firm's website, at <http://www.wexlerwallace.com/practice-areas/healthcare-litigation/>.

## **MASS TORT LITIGATION**

Wexler Wallace is a nationally-recognized leader in complex mass tort litigation involving defective drugs and medical devices that have injured hundreds or even hundreds of thousands of individuals. The firm investigates and aggressively pursues mass tort claims to promote industry-wide changes intended to benefit the public, prevent future lawsuits, and provide the maximum remedies under the law for those who have been harmed. The firm's lawyers and staff are intimately familiar with the nuances of this complicated practice area and continually track the impact of new technological and scientific developments on mass tort litigation.

To deepen the legal team's medical knowledge and resources and to support those clients who have suffered injuries, Wexler Wallace employs a full-time registered nurse with certification as a Legal Nurse Consultant (LNC). Debbie A. Pritts, RN, LNCC has over twenty-five years of experience and works directly with the firm's clients throughout each stage of the legal process.

For more information about the firm's Mass Torts practice, including summaries of representative cases, please visit the firm's website, at <http://www.wexlerwallace.com/practice-areas/mass-tort-litigation/>.

## SECURITIES AND CORPORATE GOVERNANCE

Over the last few years, we have learned all too well that lack of regulation and oversight can lead to corrupt corporate leadership, lack of transparency regarding the risks of significant investments, and the repeated securitization of the same bad investments.

Wexler Wallace has committed its resources to helping pension plans, governments, and others recover assets lost as a result of the weakness of mortgage-backed securities, auction rate securities, credit swaps, derivative swaps, and overextended securities lending programs. Through its membership in the National Association of State Treasurers, and its increased involvement in institutional finance and investment conferences, Wexler Wallace has catapulted itself to the forefront of this area of litigation, seeking redress and the recovery of assets lost through gross negligence and breaches of fiduciary duties by those in whom institutional investors placed their trust and confidence.

Securities litigation can often result in changes to corporate governance and policies designed to prevent future misconduct. Wexler Wallace believes the importance of this work cannot be overstated. The firm seeks to ensure that corporate officers and directors fulfill their responsibilities and provide full disclosure and transparency to those buying and selling securities, helping to ensure that our capital markets truly reflect the accurate information that should underlie every commercial transaction.

For more information about the firm's Securities and Corporate Governance practice, including summaries of representative cases, please visit the firm's website, at <http://www.wexlerwallace.com/practice-areas/securities-corp-governance/>

## WHISTLEBLOWER AND FALSE CLAIMS LITIGATION

Under the Federal False Claims Act and state law counterparts, private citizens or "whistleblowers" may sue on behalf of the government for fraud committed against it. This type of fraud costs taxpayers billions of dollars each year. If a case is successful, the government may be able to recover treble damages and civil penalties for each violation and the private citizen or "relator" can receive his or her attorneys' fees and costs, as well as a portion of the funds awarded by the court.

Wexler Wallace is committed to seeing companies and individuals held responsible for fraud against the government and to representing private citizens willing to come forward and expose fraud.

For more information about the firm's Whistleblower and False Claims Litigation practice, including summaries of representative cases, please visit the firm's website, at <http://www.wexlerwallace.com/practice-areas/whistleblower-false-claims-litigation/>.

# Our Professionals

Our legal team consists of professionals with a broad range of experiences and diverse backgrounds. Many of our lawyers serve as leaders in charitable institutions, teach at universities, and are members of national, state, and local bar associations. All of our professionals have earned the respect and admiration of our clients, judges, and co-counsel by the strength of their experience, diverse backgrounds, and overall commitment to excellence.

## OUR PARTNERS

The partners of Wexler Wallace have been selected 15 times as “Super Lawyers” and “Rising Stars” in Illinois. Named partners, Kenneth A. Wexler and Edward A. Wallace, are each rated AV® Preeminent™ by Martindale-Hubbell, the highest rating in legal ability and ethics a lawyer can obtain. In addition, they have been named Illinois Local Litigation Stars by Benchmark Plaintiff every year since 2012.

## OUR ASSOCIATES

Our associates hail from some of the top schools in the nation and have been recognized for outstanding academic achievement. As law students, Wexler Wallace associates served on the editorial boards of law reviews and journals, received academic honors, acted as student leaders, and participated in a variety of clinical programs to receive real-world legal experience before entering practice. Combined, our associates garnered 17 top of the class CALI awards for the highest grades in their courses and graduated with GPAs that placed them near the top of their respective law school classes.

**KENNETH A.  
WEXLER**

**MANAGER AND  
FOUNDING  
PARTNER**

Kenneth A. Wexler, the founder of the firm, is a 1980 graduate of the Georgetown University Law Center. He received a Bachelor of Arts degree in 1977, *summa cum laude*, from Washington University in St. Louis, Missouri.

For over 30 years, Ken has devoted himself to helping those whose rights have been denied, or who have been victims of the unscrupulous or fraudulent actions of others, typically more powerful persons or entities. Founder of Wexler Wallace, Ken was also a founding partner of the firm formerly known as Miller Faucher Cafferty and Wexler LLP. He began his career and was a partner in the Chicago law firm now known as Much Shelist, PC.

Ken has been in leadership positions in cases with far-ranging subject matters, including brand name manufacturer suppression of competition from generic drugs, fraudulent and deceptive product overcharges, discrimination and harassment, corporate waste and mismanagement, cost recovery for defective medical devices, false advertising, and government fraud. Ken's practice is devoted to complex class action and commercial litigation, which includes a substantial amount of health care litigation, claims brought under federal and state false claims statutes, and cases alleging violations of the securities and antitrust laws. At present, Ken is particularly focused on protecting issuers of municipal bonds, recovering losses for pension funds and other investors that were victimized by unlawful and improvident securities lending practices, and cost-recovery for victims of health care fraud, including Taft-Hartley Funds, self-insured employers, and government entities.

Ken is a member of the Chicago Bar Association, Illinois State Bar Association, Federal Bar Association, American Bar Association, Chicago Council of Lawyers, American Association for Justice, and the Illinois Trial Lawyers Association. He is admitted to the bar in Illinois and is licensed to practice before the Illinois Supreme Court, United States District Court for the Northern and Southern Districts of Illinois, the United States Court of Appeals for the First, Second, Third, Sixth, and Seventh Circuits, and the United States Court of Appeals for the District of Columbia. With so many of the firm's cases pending in jurisdictions across the country, Ken has also been admitted to practice



*pro hac vice* in United States District Courts of California, Connecticut, the District of Columbia, Florida, Maine, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New Mexico, New York, Ohio, Pennsylvania, South Dakota, Tennessee, Virginia, and Wisconsin.

Along with bar activities, Ken is a fellow of The Roscoe Pound Institute and is a member of the American Constitution Society for Law and Policy, the Center for International Legal Studies, the National Association of State Treasurers, and the Executive Committee of the Civil Rights for the Anti-Defamation League. Ken also volunteers with the Chicago coalition for the Homeless and is a lifetime member of the 100 Club of Chicago.

**EDWARD A.  
WALLACE**  
**PARTNER**

Ed joined the firm in February 2000, a little over a month after its founding. Since then, he has helped lead the firm to national prominence. He became a partner of the firm in 2003 and joined Ken Wexler as an equity partner in 2006.

Ed focuses his practice on large scale multi-party complex litigation, and has been asked to serve in leadership positions in numerous high-profile cases, including recent appointments in securities litigation and mass torts. In August 2014, Ed led a trial team that achieved the first verdict involving a transvaginal sling mesh (a device used to treat stress urinary incontinence) in federal court. Wexler Wallace, along with co-counsel, tried this defective mesh product case, securing a \$3.27 million verdict for Plaintiff Jo Huskey, a 52-year-old woman who was implanted with the mesh in 2011. Ed has been critical in the development of the firm's mass tort practice, and, in the process, he has gained a national reputation for integrity, efficiency, strategic planning, understanding the relevant science, and achieving success.

Ed's hard work led to his recognition as an Illinois Super Lawyer in 2014 and 2015, an award given annually to no more than 5 percent of lawyers in the state. Ed has an AV® Preeminent™ rating by Martindale-Hubbell, the highest rating a lawyer can obtain, indicating a very high to preeminent legal ability and exceptional ethical standards. Every year since its inaugural edition in 2012, Ed also has been named an Illinois Local Litigation Star by Benchmark Plaintiff.

He is admitted to the bar in Illinois and is licensed to practice before the Illinois Supreme Court, the United States District Court for the Northern and Southern Districts of Illinois, the United States District Court for the Western District of Michigan, the United States District Court for the District of Colorado, and the United States Court of Appeals for the Third and Seventh Circuits. He also has been admitted *pro hac vice* in many courts around the country.

Ed is a member of the American Bar Association and is a former Consumer Protection Law Subcommittee Newsletter Co-Chair. He also is a member of the Chicago Bar Association, where he is a member of the Class Action Committee, the Illinois State Bar Association, the National

Association of Shareholder and Consumer Attorneys, Public Justice, and the American Association for Justice (“AAJ”). Within AAJ, he belongs to the Commercial Law Section, the Product Liability Section, and the Section on Toxic, Environmental and Pharmaceutical Torts. At the AAJ’s recent annual convention, Ed was re-elected co-chair for the Kugel Mesh Litigation Group.

Ed is a 1995 graduate of DePaul University College of Law. He received a Bachelor of Arts degree in 1991 from Eastern Illinois University.

**KARA A.  
ELGERSMA**  
  
**PARTNER**

Kara A. Elgersma is a 2000 graduate of Georgetown University Law Center, with Bachelor of Arts Degrees in English and History obtained from the University of Kansas in 1997.

Kara came to Wexler Wallace from K&L Gates LLP, where she was a partner. At K&L Gates, Kara was a member of the Antitrust and Trade Regulation Department, focusing on antitrust litigation, franchising and dealership disputes, class actions and other complex commercial litigation, as well as advising clients on a variety of regulatory matters, including antitrust, FCC, and energy regulatory policies.

Kara's experience includes all aspects of complex commercial litigation. In addition, she is well-versed in arbitration, including pre-hearing case development and management, as well as the conduct of full hearings.

For six months in 2004, Kara was "on loan" to Kraft Foods Global, Inc., Northfield, Illinois, where she directly assisted the Chief Litigation Counsel for the company and handled a wide variety of litigation matters, including small and large product liability claims, general commercial litigation, civil investigative demands, business subpoenas, labor and employment litigation, and bankruptcy matters.

She is admitted to the bars of the Supreme Court of Illinois and Wisconsin, the District of Columbia Court of Appeals, the United States District Courts for the Northern District of Illinois, the District of Columbia, the District of Colorado and the Western District of Wisconsin, the United States Courts of Appeals for the Third, Fourth, Sixth, Seventh, and Tenth Circuits, and the Supreme Court of the United States.

Kara is a member of the American Bar Association, the Illinois State Bar Association, and the District of Columbia Bar Association. She was a Board Member of the Competition Law360 Advisory Board for 2009 to 2010, and she was involved as a Board Member for Girls On The Run of Northern Virginia, as well as a volunteer with Chicago Volunteer Legal Services.

**MARK R.  
MILLER**

**PARTNER**

Mark R. Miller received his J.D. from Loyola University Chicago School of Law in 2004 after graduating from Central Michigan University with a Bachelor of Science in History in 2001.

Over the last decade, Mark has represented both plaintiffs and defendants in all phases of complex litigation—from the investigation and filing of the complaint through discovery, motion practice, class certification, summary judgment, and trial or settlement. Since joining Wexler Wallace in 2006, his practice has included handling a wide variety of consumer protection, antitrust, securities, banking regulation, business, and contractual class action cases. In addition to his background in commercial and consumer litigation, his practice has evolved to focus on products liability mass torts; and he has recently played pivotal roles in the jury trials of several mass tort MDL cases. His work in those cases included working with experts, taking fact and expert witness depositions, participating on bellwether trial teams, and drafting much of the briefing addressing complex discovery, pre-trial, and post-trial motions. In doing so, he has enhanced the firm's reputation and developed solid relationships with judges, co-counsel, and clients alike.

Mark is admitted to the bar of the State of Illinois, the United States Court of Appeals for the First Circuit, and the United States District Courts for the Northern District of Illinois, Southern District of Illinois, and Eastern District of Michigan.

**BETHANY R.  
TURKE**

**PARTNER**

Bethany R. Turke joined Wexler Wallace after practicing in the New York and Chicago offices of Latham & Watkins LLP. Bethany's practice at Latham involved a wide range of civil and criminal litigation matters, including securities litigation, contract disputes, government investigations, and employment matters. She was also very active in Latham's *pro bono* practice, working tirelessly on behalf of clients facing various immigration, employment, and housing discrimination issues. Before joining Latham & Watkins, Bethany served as a law clerk to the Honorable Cheryl L. Pollak of the United States District Court for the Eastern District of New York. She received her J.D. from Harvard Law School in 2006.

Bethany is actively involved on cases in a number of Wexler Wallace's practice specialties, including the firm's antitrust, healthcare, and consumer protection practice areas.

**JUSTIN N.  
BOLEY**

**PARTNER**

Justin N. Boley's principal area of practice is complex class action litigation in antitrust matters. Since joining the firm, he has been heavily involved with virtually all of the firm's pharmaceutical antitrust cases, including, among others: In re Nexium (Esomeprazole) Antitrust Litigation, In re Wellbutrin XL Antitrust Litigation; In re Prograf Antitrust Litigation, In re Lipitor Antitrust Litigation, In re Effexor Antitrust Litigation, In re Androgel Antitrust Litigation, and In re Skelaxin (Metaxalone) Antitrust Litigation. He has also worked on antitrust cases involving price-fixing in international commodities markets and manipulation of benchmark interest rates, and he has taken the lead on investigations into the cartelization of the credit derivatives market and price-fixing among online travel sites and hotels.

Justin came to the firm after attending school abroad and obtaining a Master's Degree in International Relations. During law school, Justin's focus on corporate law, finance, and complex litigation earned him numerous top-of-the-class academic honors; he was awarded CALI Awards in Antitrust, Contracts, Legal Analysis, Research, and Writing III, Commercial Arbitration, Natural Resource Law, and Legal Profession (Ethics). Justin was a member of the Public Interest Law Committee at DePaul College of Law for three years. He also worked as a member of the New Media Team in President Obama's Presidential campaign headquarters in Chicago, where he helped facilitate the online organizing efforts of grassroots groups nationwide.

Justin is admitted to the bar of the State of Illinois, Western District of Wisconsin, United State Court of Appeals, Seventh Circuit, and the United States District Court for the Northern District of Illinois.

**MARK J.  
TAMBLYN**  
**OF COUNSEL**

For over two decades, Mark J. Tamblyn has dedicated his career to handling complex litigation, on both the plaintiff and defense sides, securing meaningful relief by resolving real problems by settlement or verdict.

Mark began his legal career prosecuting consumer and antitrust class action cases. He expanded his breadth through defense of large companies concerning alleged wage and hour violations and alleged discriminatory practices in one of the largest labor and employment law firms in the country.

Mark developed early a national reputation for an aggressive yet sensible consensus-building approach toward the handling of complex litigation on behalf of his clients. He has organized and supervised to successful conclusion scores of class actions. He has been asked to lecture on the class action practice and the evolving legal developments affecting that practice. For public service, Mark has also served as a Deputy Attorney General in the California Department of Justice, Office of the Attorney General, representing large California state agencies and government officials primarily in complex, multi-party actions. There, he was honored to be the only California Deputy Attorney General (of approximately 1,000 attorneys) to be chosen to participate in a national AG electronic discovery workshop comprising one representative for each state.

Mark was named a partner in Wexler Wallace in 2006 and practiced in that capacity while operating the firm's California office until entering public service in 2012. Most recently, Mark's career came full circle by rejoining Wexler Wallace in January 2019, where he continues to thrive.

**MELINDA J.  
MORALES**  
**OF COUNSEL**

Throughout her career, Melinda ("Mindy") Morales has represented clients across a broad range of complex litigation on both sides of the courtroom. Mindy has over twenty years of experience in state and federal court advocating for both plaintiffs and defendants at the trial and appellate levels. This gives Mindy a unique perspective that allows her to anticipate her opposing counsel's methods and provides insight into their approach.

Mindy's early career was devoted to working exclusively on class action litigation in the areas of consumer fraud, antitrust, and securities. Over the years she has gained

extensive experience handling disputes involving consumer protection laws, employment laws, insurance coverage issues, and commercial contract and partnership issues. In the class action arena, her accomplishments include acting as a core member of the trial and appellate team that obtained a \$1 billion verdict on behalf of plaintiffs in a landmark consumer fraud case, co-authoring multiple winning appellate briefs, and arguing on behalf of plaintiffs to address the extraterritorial reach of the Illinois Consumer Fraud Act.

Mindy's desire to get back to helping regular people and businesses whose rights have been trampled, led her to Wexler Wallace, where she serves as Of Counsel for the firm. When she's not advocating for her clients, Mindy enjoys spending time with her family, skiing, hiking, travelling, and volunteering at local charities.

**TIMOTHY E.  
JACKSON**

**ASSOCIATE**

Timothy E. Jackson began work at Wexler Wallace as a summer associate while in law school. Tim received his J.D. from The Ohio State University Michael E. Moritz College of Law in 2010, where he was a Managing Editor on The Ohio State Journal on Dispute Resolution. He received his M.S. in Psychology from Tulane University in 2007 and his B.S. in Psychology from Tulane in 2006. Tim's primary practice areas at Wexler Wallace are medical device litigation, product liability law and mass tort litigation.

**TYLER J. STORY**

**ASSOCIATE**

Beginning in law school, Tyler J. Story has focused his attention towards antitrust litigation. While a student at Pennsylvania State University, he held two antitrust research assistant positions: one in which he explored issues of indirect purchaser standing in state antitrust suits, the other in which he focused specifically on the application of antitrust law and economics in the pharmaceutical industry

Since joining Wexler Wallace, Tyler has been actively involved in various aspects of litigation concerning brand name manufacturer suppression of competition from generic drugs.



**MICHELLE  
PERKOVIC**

**ASSOCIATE**

Michelle Perkovic's tenure at Wexler Wallace began in the Summer of 2017, where she served as a law clerk while completing her legal degree. Michelle's impressive work and passion for helping clients left a lasting impression, making her a natural fit for the firm. Michelle returned to Wexler Wallace after graduating in the fall of 2018, where she lends her talents and passion to the firm's antitrust and mass tort litigation.

**UMAR SATTAR**

**ASSOCIATE**

Umar Sattar is actively involved in the firm's class action, product liability, False Claims Act, and antitrust practice areas.

Umar served as a member of the trial team that achieved a \$6 million jury verdict in *Burton v. American Cyanamid, et al* in the Eastern District of Wisconsin. There, Umar was involved in legal briefing prior to and during the trial. Umar's contributions to the case involved drafting briefing on numerous dispositive motions, drafting directed verdict arguments, and working with expert witnesses. Umar continues to be involved in the case's post-trial briefing.

Prior to joining Wexler Wallace in 2019, Umar served as a prosecutor in the Manhattan District Attorney's Office in New York City, where he tried numerous cases to verdict before judges and juries. Umar also led grand jury investigations in the areas of cybercrime, identity theft, and sex crimes.

**MOLLY L.  
CONDON**

**ASSOCIATE**

Molly joined Wexler Wallace in 2019, and she focuses her practice on mass tort and class action litigation. Molly has substantial experience handling matters involving medical malpractice, professional negligence, nursing home abuse and commercial litigation in both state and federal courts.

During law school, Molly externed for the Honorable Lorna Propes in the Circuit Court of Cook County - Law Division. Within 4 months of becoming a licensed attorney, Molly obtained a \$2.5 million default judgment award against a negligent doctor. Throughout the course of her career, she

has continued to work on complex matters involving punitive damages against national corporations and religious organizations. Her prior experiences representing plaintiffs and defendants in high exposure matters affords Molly invaluable insight in advocating for victims of wrongdoing. In 2018-2020, Molly was selected to the Illinois Rising Stars List by Super Lawyers, an honor given to no more than 2.5 percent of the lawyers in the state.

## DEBBIE A. PRITTS

### LEGAL NURSE CONSULTANT

Debbie A. Pritts, R.N., LNCC is a Registered Nurse with more than 20 years of clinical experience in Oncology, Med-Surg, Endoscopy, Ambulatory/Outpatient Care, Orthopedics, Ophthalmic Laser, Home Health and Utilization Review. She has been certified in BLS (Basic Life Support), ACLS (Advanced Cardiac Life Support) and Chemotherapy Administration. Debbie achieved the status as Legal Nurse Consultant Certified (LNCC) through the American Association of Legal Nurse Consultants (AALNC) in November 2005. LNCC certification is designated after successfully meeting the requirements through examination and experience that validate qualifications, knowledge, and practice in the field of legal nurse consulting. LNCC is the only legal nurse consulting credential recognized by American Association of Legal Nurse Consultants and accredited by the American Board of Nursing Specialties (ABNS).

Debbie has experience in Product Liability, Medical Malpractice, Personal Injury, and Workers Compensation. Debbie is a member of the American Association of Legal Nurse Consultants and the West Virginia Upper Ohio Valley Chapter of the AALNC, presently serving as the chapter's president. She has been a Member of the Board of Directors since 2005, serving as a past Treasurer and is Chair of the Website Committee. Additionally she is a founding member of the WV Bar Association, Legal Nurse Consultant Section.

She works directly with clients of Wexler Wallace, from the first time they contact the firm, through trial. Her expertise and passion for the job has provided the firm's clients with the service they deserve.





Nelson & Fraenkel LLP is a Los Angeles based law firm that specializes in handling complex securities, class action, antitrust, insurance bad faith, breach of contract, employment and business tort litigation as well as product liability, personal injury and wrongful death claims brought on behalf of plaintiffs. Through a team of lawyers, the firm has extensive knowledge and expertise and has handled highly complex cases in federal and state courts. The firm has successfully prosecuted numerous cases to settlement and through trial. The experience of the attorneys who are responsible for handling the firm's complex class action practice are described below.

Gretchen Nelson is a 1983 graduate of Georgetown University Law School. She received her B.A. degree from Smith College in 1976. She is a past President of the Los Angeles County Bar Association and a past Chair of the Litigation Section of that association. She is currently serving a term on the Judicial Council of California. She is an emeritus member of the Board of Governors of the Consumer Attorneys of Los Angeles and served three years as a Trustee on the State Bar of California. She is currently a member of the Board of the Consumer Attorneys of California. And, she previously served a three-year term on the Board of the Association of Business Trial Lawyers.

Ms. Nelson has lectured on class and class-related litigation issues as well as trial advocacy, admiralty and evidence issues for the Consumer Attorneys Association of Los Angeles, the Association of Trial Lawyers, Consumer Attorneys of California, California's CEB Program, the Practising Law Institute and the ABA's Tort Trial and Insurance Practice Section. She has also presented class action programs for the National Business Institute and Mealey's and has published articles in the Advocate, the Forum, the Brief and other publications on class, evidence and maritime issues.

As a partner in the firm, Gabriel Barenfeld focuses his practice on consumer class actions, securities litigation, FINRA Arbitrations and business litigation. He also has experience handling products liability cases ranging from automotive products to medical devices. Mr. Barenfeld has successfully argued appeals before the California Court of Appeal and has participated in trials in federal and state courts. Additionally, Mr. Barenfeld has represented clients in various arbitral forums, including claimants in an unauthorized trading case against a brokerage firm and two of its brokers before the Financial Industry Regulatory Authority (FINRA). He has further represented claimants in a claim before the International Centre for Dispute Resolution (American Arbitration Association), represented a Panamanian title insurance agency against a large domestic title insurance company in a breach of contract dispute that was successfully resolved.

A list of representative cases, among others, in which Ms. Nelson and Mr. Barenfeld have had a substantial role during their careers is set forth below.

*In re Broadcom Corp. Securities Litig.*, Master File No. SACV 01-275 GLT (MLGx) (C.D. Cal.). Ms. Nelson was local counsel for the Lead Plaintiff in these consolidated securities class actions in the United States District Court for the Central District of California, Santa Ana Division. A class settlement for \$150 million was achieved after lengthy pre-trial proceedings.

*Godinez, v. Schwarzenegger, et al.*, Los Angeles Superior Court Case No. BC 227352. Ms. Nelson was one of four counsel for the plaintiffs in this public interest lawsuit filed on behalf of students and community organizations challenging the manner in which the State of California and its various agencies apportioned more than \$2 billion in new school construction funds. Following extensive briefing and hearing on plaintiffs' motion for preliminary injunction, the claims were successfully settled. Issues relating to plaintiffs' counsels' fee application were appealed to the Court of Appeal and resulted in a published opinion affirming the fee award but remanding for further findings. See *Godinez v. Schwarzenegger* (2005) 132 Cal.App.4th 73.

*In re Countrywide Financial Corp. Securities Litig.*, U.S. District Court Case No. CV-07-5295-MRP. Ms. Nelson was Liaison Counsel representing the Lead Plaintiff in consolidated securities class actions filed against Countrywide Financial Corp. and various officers and directors, underwriters and accountants arising out of the sub-prime lending practices.

*In re ATM Fee Antitrust Litigation*, U.S. District Ct. Case No. CV 04-2676 CRB (N.D. Cal.) Ms. Nelson was one of the counsel for plaintiffs in consolidated antitrust class actions challenging foreign ATM fees charged by a number of banks and other entities.

*In re Endosurgical Products Direct Purchaser Antitrust Litigation*, U.S. District Court Case No. 05-CV-8809 JVS (Mlx). Ms. Nelson was Liaison Counsel for Co-Lead Counsel in these consolidated antitrust class action cases. A class settlement valued at in excess of \$20 million was achieved and is currently on appeal.

*In re Cosmetics*, California Superior Court Coordinated Proceedings No. JCCP Case No. 4056. Ms. Nelson was one of plaintiffs' counsel in coordinated class action proceedings that were litigated in the Marin County Superior Court arising out of antitrust claims asserted by a class of direct purchasers against manufacturers of high-end cosmetics and retailers. A class settlement was achieved valued at in excess of \$100 million.

*Grossett v. Wenaas*, California Supreme Court Case No. S139285. This is a derivative lawsuit filed in the San Diego Superior Court by a shareholder of JNI Corporation against the company's officers and directors charging them with violations of their fiduciary duties and insider trading with respect to a secondary offering. Ms. Nelson was counsel for the plaintiff along with two other firms. After lengthy and protracted proceedings, the trial court dismissed the case based on a report by a Special Litigation Committee. The company was then purchased and the stockholders were cashed out. The appellate court dismissed the appeal on the grounds that the stockholder lost standing as a result of the merger. The California Supreme Court granted plaintiff's petition for review and affirmed the finding that the sale of the company resulted in a

loss of standing to a derivative plaintiff. The decision is *Grosset v. Wenaas* (2008) 42 Cal.4th 1100.

*In re Emulex Shareholder Cases*, JCCP No. 4194. In these coordinated shareholder derivative cases, Ms. Nelson represented plaintiffs asserting claims against the officers and directors of Emulex Corporation. The cases were resolved in an \$8 million settlement.

*In re Intermix Media, Inc. Shareholder Litigation*, Los Angeles Superior Court Case No. BC 339083. Ms. Nelson and Mr. Barenfeld were counsel for certain plaintiffs in three consolidated class action proceedings asserting claims against the officers and directors of Intermix Media Inc. arising out of the sale of the company and its primary asset, MySpace.com, to News Corp. Plaintiffs alleged, among other things, that the defendants failed to maximize the value of Intermix in the sale. Following the dismissal of the claims on demurrer, the Court of Appeal affirmed the trial court's order.

*Sanchez v. Survival Insurance Co.*, Los Angeles Superior Court Case No. BC 225524. Ms. Nelson was one of the attorneys representing plaintiffs in a wage and hour case brought against an insurance broker. Following the issuance of an extensive order certifying the class, the claims were settled for in excess of \$600,000.

*Canning v. Music Express*, Los Angeles Superior Court Case No. BC 227542. Ms. Nelson was one of the attorneys representing plaintiffs in a wage and hour case brought against a limousine company on behalf of its drivers. The court certified the class and thereafter a \$2.2 million settlement was achieved and approved by the Court.

*Westways World Travel, Inc. v. AMR Corp.*, U.S. District Court Case No. 99-7689 RJT (C.D. Cal.). Ms. Nelson was one of the counsel for plaintiffs in this class action filed on behalf of a class of travel agents against American Airlines and other defendants. Reported decisions may be found at *Westways World Travel, Inc. v. AMR Corp.*, 182 F.Supp.2d 952 (C.D. Cal. 2001) and 218 F.R.D. 223 (C.D. Cal. 2003). Following an appeal from the dismissal of the claims on summary judgment, the Ninth Circuit reversed in part and affirmed in part the grant of summary judgment. In addition, Ms. Nelson was one of the counsel for plaintiffs in a related class action entitled *All World Professional Travel Services, Inc. v. American Airlines, Inc.* U.S. District Court Case No. ED CV 02-849RT (SGL). Reported decisions in *All World* may be found at 282 F.Supp.2d 1161 (C.D. Cal. 2003).

*In re Crown Princess Listing Cases*, Master Case No. BC356095 (Los Angeles Superior Court). Ms. Nelson was appointed to act as one of the Lead Counsel in more than 250 personal injury lawsuits filed arising out of an accident during which a 3,500 passenger cruise ship keeled over hard after leaving port in Florida in 2006.

*In re ZZZZ Best Securities Litigation*, Master File No. CV 87-3574 RSWL(Bx) (C.D. Cal.). Corinblit & Selzer was appointed by the Los Angeles federal court as sole lead counsel to represent the plaintiff class of defrauded securities purchasers. The ZZZZ Best fraud was described by the United States Attorney for the Central District of California as "the most massive and elaborate securities fraud perpetrated on the West Coast in over a decade." In the

consolidated class action cases, the court issued several important published rulings sustaining plaintiffs' claims. *See, e.g., In re ZZZZ Best Securities Litigation*, 864 F.Supp. 960 (C.D. Cal. 1994); and [1990 Transfer Binder] Fed.Sec.L.Rep. (CCH) ¶95,416 (C.D. Cal. 1990). The case was settled for approximately \$40 million in cash.

*In re Taxable Municipal Bond Securities Litigation*, MDL No. 863 (D. La.). Corinblit & Seltzer was among four firms selected for a leadership role in this consolidated multi-district litigation brought on behalf of defrauded securities purchasers of municipal bonds. After five years of litigation, the case was settled for approximately \$110 million in cash.

*Raymark Industries, Inc. v. Stemple*, No. 88-1014-K (D. Kan.). While with Corinblit & Seltzer, Ms. Nelson defended an attorney in an action brought under the RICO statute and state law for alleged fraud in connection with the settlement of a class action case. The firm was successful in obtaining an injunction restraining the prosecution of twelve related actions filed by the plaintiff in federal courts located throughout the United States. After several years of litigation, the case was settled and dismissed.

*Biben v. Card*, No. 84-0844-CV-W-6 (W.D. Mo.) While with Corinblit & Seltzer, Ms. Nelson served as co-lead counsel for plaintiffs with Cohen Milstein Sellers & Toll in consolidated securities fraud class action cases. The plaintiffs achieved substantial pretrial victories, including establishing the sufficiency of their claims under the federal securities laws against the director, accountant and attorney defendants in that case and in defeating motions for summary judgment by the insurance carriers for certain individual defendants. The case was settled for approximately \$12 million in cash.

*Sanwa Bank California v. Facciani*, No. CA001132 (L.A. Sup. Ct.) While with Corinblit & Seltzer, Ms. Nelson was counsel (together with two other plaintiffs' firms) for a class of investors in this state court securities case and a companion federal case in which settlements totaling approximately \$26 million were obtained on behalf of the investors.

*Schneider v. Traweck*, No. CV 88-0905 RG(Kx) (C.D. Cal.). While at Corinblit & Seltzer, Ms. Nelson played a primary role in prosecuting the claims of a class consisting of thousands of investors in eight limited real estate partnerships. In granting plaintiffs' motion for class certification, the court determined that "[t]he qualifications of Plaintiffs' counsel are not at issue, since the Defendants conceded at oral argument that no one questions the ability of the law firm of Corinblit & Seltzer to prosecute this action on behalf of the proposed class." *Schneider v. Traweck*, [1990 Transfer Binder] Fed.Sec.L.Rep. (CCH) ¶95,419 at 97,113 (C.D. Cal. 1990). The case was settled for in excess of \$14 million. Other reported decisions in the case can be found at *Schneider v. Traweck*, [1990 Transfer Binder] Fed.Sec.L.Rep. (CCH) ¶ 95,507 (C.D. Cal. 1990).

*In re Domestic Air Transportation Antitrust Litigation*, Master File No. 1:90-cv-2485 MHS. While at Corinblit & Seltzer, Ms. Nelson was one of counsel for plaintiffs where the firm was appointed by the Atlanta federal court to serve on the Plaintiffs' Steering Committee. The litigation consisted of more than fifty consolidated antitrust class actions. The case was settled

for \$50 million in cash and discount travel certificates with a face value of \$408 million, which the Atlanta federal court valued as being worth approximately \$305 million.

*Pinto v. Birr Wilson & Co., Inc.*, No. CA001058 (L.A. Co. Sup. Ct.). Corinblit & Seltzer were sole counsel for a class of municipal bondholders who had been allegedly defrauded. Ms. Nelson was one of the primary attorneys responsible for prosecuting the case. The case was settled for approximately \$1.4 million in cash.

*Slaven, et al. v. BP America, Inc., et al.*, No. CV-90-0705 RJK(JRx) (C.D. Cal.). Ms. Nelson and four other firms prosecuted claims on behalf of a class of businesses who suffered economic losses as a result of a massive oil spill off the coast of Huntington Beach that occurred in 1990. Reported decisions in the case appear at *Slaven v. American Trading & Transp. Co.*, 146 F.3d 1066 (9th Cir. 1998); *Holifield v. BP America, Inc.*, 973 F.2d 1468 (9th Cir. 1992); *Slaven v. BP America, Inc.*, 190 F.R.D. 649 (C.D. Cal. 2000); *Slaven v. BP America, Inc.*, 958 F.Supp. 1472 (C.D. Cal. 1997); *Holifield v. BP America, Inc.*, 786 F.Supp. 853 (C.D. Cal. 1992); *Holifield v. BP America, Inc.*, 786 F.Supp. 840 (C.D. Cal. 1991). The case was settled for in excess of \$6 million.

*In re Brand Name Prescription Drugs Antitrust Litig.*, MDL 997 (E.D. Ill.). This was an antitrust class action against the manufacturers and wholesalers of brand name prescription drugs. Ms. Nelson was one of plaintiffs' counsel in obtaining certification of a class of pharmacies, settling the claims of the class members against certain of the defendants and pursuing remaining claims to trial. Reported decisions are found at *In re Brand Name Prescription Drugs Antitrust Litig.*, 186 F.3d 781 (7th Cir. 1999); 123 F.3d 599 (7th Cir. 1998); 115 F.3d 456 (7th Cir. 1997). The case resulted in settlements of over \$700 million for a class of independent pharmacies.

*Porter v. City of Los Angeles*, Los Angeles Superior Court Case No. BC119914. While with Corinblit & Seltzer and thereafter, Ms. Nelson was one of three attorneys who prosecuted a class action on behalf of tenants of a building demolished by the City of Los Angeles asserting claims for inverse condemnation and negligence. The claims were settled following class certification and shortly prior to trial for approximately \$4 million.

*In re Compact Disc Antitrust Litigation*, MDL 1216 (C.D. Cal.). Ms. Nelson was one of plaintiffs' counsel involved in the prosecution of antitrust claims against recorded music distribution companies charging the defendants with price fixing compact discs. Settlements for in excess of \$50 million were obtained in the case.

*In re Amgen Inc. Securities Litigation*, U.S. District Court Case No. CV 07-2536 PSG (PLAx). Ms. Nelson was Liaison Counsel representing Lead Plaintiff in securities class actions filed against Amgen Inc. arising out of allegations that defendant engaged in off-label marketing and falsely represented the long-term growth prospects of certain pharmaceutical drugs. The district court certified the class and the decision was affirmed by the Ninth Circuit Court of Appeals. *Connecticut Retirement Plans and Trust Funds v. Amgen Inc.*, 660 F.3d 1170 (9th Cir. 2011). The U.S. Supreme Court granted *certiorari* and affirmed the Ninth Circuit in *Amgen Inc. v.*



*Connecticut Retirement Plans & Trust Funds* \_\_ U.S. \_\_, 133 S.Ct. 1184 (2013). A settlement was achieved and granted final approval by the court in 2016.

*Steele v. Rambus, Inc. et al.*, Santa Clara Superior Court Case No. 1-08-CV-113682. Ms. Nelson and Mr. Barenfeld represented a group of investors who opted out of a prior securities class action alleging that the defendants engaged in a long-term fraudulent scheme of backdating stock option grants to certain officers, directors and employees by failing to properly account for the option grants. A confidential settlement was achieved.

*In re TD Ameritrade Account Holder Litigation*, Master File No. C-07-2852 VRW (U.S.D.C., N.D. Cal.). Following the denial of final approval of a class action settlement in this case arising out of a security data breach, Ms. Nelson was asked to step into the case to represent the class. A class settlement was achieved providing for up to \$5 million in cash benefits for the payment of class claims. The settlement was granted final approval in August 2011.

*In re Toyota Unintended Acceleration Marketing, Sales Practices & Products Liability Litigation*, MDL Case No.10ML 02151 JVS (FMOx). Ms. Nelson was one of Plaintiffs' counsel on the initial class action filed against Toyota regarding unintended acceleration. Following the consolidation of the cases by the Judicial Panel on Multi-District Litigation, she was appointed Co-Liaison counsel to State and Federal Cases. Ultimately the economic loss class action cases were settled for \$1 billion.

*Archer v. United Rentals, Inc.* Los Angeles Superior Court Case No. BC296139. Ms. Nelson was one of two counsel representing plaintiffs in a complex class action involving privacy violations. The case was filed in 2003 and was heavily litigated in the trial and appellate courts until a settlement was achieved and approved in 2015. Numerous appeals and writs were filed and ultimately resulted in a published opinion at *Archer v. United Rentals, Inc.* (2011) 195 Cal.App.4th 807.

*Kaewsawang v. Sara Lee Fresh, Inc.*, Los Angeles Superior Court Case No. BC360109. Ms. Nelson was brought in to prosecute antitrust claims in this class action involving distributors of baked goods. After the granting of a demurrer on Cartwright Act claims, Ms. Nelson successfully obtained review on a writ of the issues and obtained an unpublished opinion from the California Court of Appeal, Second Appellate District, at *Kaewsawang v. Sara Lee Fresh, Inc.* (2012) 2012 WL 1548290. A class settlement in the amount of \$14.5 million was achieved and granted final approval.

*Orthopedic Systems, Inc. v. Schlein*, Alameda Superior Court Case No. RG-05-210781. Ms. Nelson represented a physician in a contract dispute arising out of the licensing of a medical device. When the licensing company stopped paying royalties and sued for declaratory relief, Ms. Nelson counter-sued on behalf of the physician. In 2008, she tried the issues in a three-week jury trial. Ms. Nelson achieved a significant victory on behalf of her client and thereafter was counsel with Mr. Barenfeld on the appeal and cross-appeal. The appellate court issued its published opinion in 2012 which resulted in a \$4 million outcome for her client. *Orthopedic Systems, Inc. v. Schlein* (2012) 202 Cal.App.4th 529.

*Allen v. Hyland's Inc.*, Case No., 2:12-cv-01150 DMG (MANx). This is a consumer class action involving homeopathic products which was prosecuted in the U.S. District Court for the Central District of California. Ms. Nelson was one of counsel for plaintiffs and they achieved certification of a class and she and co-counsel ultimately tried the case in 2015. The trial resulted in a verdict for the defendants and the matter was appealed and affirmed and reversed in part.

*Sanchez v. California Public Employee's Retirement System, et al.* Los Angeles Superior Court Case No. BC517444. This is a class action involving claims by purchasers of long term care insurance from CalPERS. Ms. Nelson along with co-counsel have successfully overcome demurrers, motions for summary judgment and have achieved certification of a class. In addition, a settlement with other defendants named in the case was achieved in 2017 for \$10 million and the settlement was granted final approval. The case against CalPERS started the first two phases of the trial in June 2019. The third phase of the trial will commence in March 2021.

*Dyer v. Childress*, Los Angeles Superior Court, Case No. BC 334445. Mr. Barenfeld successfully defeated an appeal by a major movie studio and other defendants of the trial court's denial of an anti-SLAPP motion. The opinion is published at *Dyer v. Childress* (2007) 147 Cal.App.4th 1272.



## Firm Resume



**MILBERG COLEMAN BRYSON PHILLIPS GROSSMAN, PLLC (“MILBERG”)** IS A LEADING GLOBAL PLAINTIFFS’ FIRM, successfully pioneering and litigating complex litigations in the following practice areas: class actions, antitrust and competition law, securities fraud, consumer protection, cyber security and data breach litigation, financial and insurance litigation, environmental law, securities litigation, and product liability. Our attorneys possess a renowned depth of legal expertise, employ the highest ethical and legal standards, and pride themselves on providing stellar service and achieving extraordinary results for their clients.

Milberg was founded in 1965, taking the lead in landmark cases that have set groundbreaking legal precedents and prompted changes in corporate governance benefiting shareholders and consumers. For more than 50 years, the firm has protected victims’ rights, recovering over \$50 billion in verdicts and settlements. Milberg was one of the first law firms to prosecute class actions in federal courts on behalf of investors and consumers. The firm pioneered this type of litigation and became widely recognized as a leader in defending the rights of victims of corporate and other large-scale wrongdoing.

Milberg has offices in New York, California, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Kentucky, Tennessee and Puerto Rico, and London. It currently has over 60 lawyers in the United States.

The firm’s reputation has been built by successfully taking on challenging cases across a spectrum of practice areas for the past half-century. From resolving business disputes to proving antitrust conspiracies, Milberg is equipped to handle complex, high-stakes cases at any stage of the litigation process.

The firm’s lawyers have been regularly recognized as leaders in the plaintiffs’ bar by the National Law Journal, Legal 500, Chambers USA, and Super Lawyers, among others.

## **Notable Class Actions of the Milberg Firm**

### **Antitrust**

*In re: TFT-LCD (Flat Panel) Antitrust Litigation*, No. 3:07-cv-01827, MDL No. 1827 (N.D. Cal.) (combined settlement totaling nearly \$1.1 billion in suit alleging the illegal formation of an international cartel to restrict competition in the LCD panel market) (2012).

### **Appliances**

*Ersler, et. al v. Toshiba America et. al*, No. 07- 2304 (D.N.J.) (settlement of claims arising from allegedly defective television lamps) (2009).

*Maytag Neptune Washing Machines* (class action settlement for owners of Maytag Neptune washing machines).

*Stalcup, et al. v. Thomson, Inc.* (Ill. Cir. Ct.) (\$100 million class settlement of claims that certain GE, PROSCAN and RCA televisions may have been susceptible to temporary loss of audio when receiving broadcast data packages that were longer than reasonably anticipated or specified) (2004).

*Hurkes Harris Design Associates, Inc., et al. v. Fujitsu Computer Prods. of Am., Inc.* (settlement provides \$42.5 million to pay claims of all consumers and other end users who bought certain Fujitsu Desktop 3.5” IDE hard disk drives) (2003).

*Turner v. General Electric Company*, No. 2:05-cv-00186 (M.D. Fla.) (national settlement of claims arising from allegedly defective refrigerators) (2006).

### **Automobiles**

*In re General Motors Corp. Speedometer Prods. Liability Litig.*, MDL 1896 (W.D. Wash.) (national settlement for repairs and reimbursement of repair costs incurred in connection with defective speedometers) (2007).

*Baugh v. The Goodyear Tire & Rubber Company* (class settlement of claims that Goodyear sold defective tires that are prone to tread separation when operated at highway speeds; Goodyear agreed to provide a combination of both monetary and non-monetary consideration to the Settlement Class in the form of an Enhanced Warranty Program and Rebate Program) (2002).

*Lubitz v. Daimler Chrysler Corp.*, No. L-4883-04 (Bergen Cty. Super. Ct, NJ 2006) (national settlement for repairs and reimbursement of repair costs incurred in connection with defective brake system; creation of \$12 million fund; 7th largest judgment or settlement in New Jersey) (2007).

*Berman et al. v. General Motors LLC*, Case No. 2:18-cv-14371 (S.D. Fla.) (Co-Lead Counsel; national settlement for repairs and reimbursement of repair costs incurred in connection with Chevrolet Equinox excessive oil consumption).

### **Civil Rights**

*In re Black Farmers Discrimination Litigation*, Case No. 1:08-mc-00511 (D.D.C.) (\$1.25 billion settlement fund for black farmers who alleged U.S. Department of Agriculture discriminated against them by denying farm loans) (2013).

*Bruce, et. al. v. County of Rensselaer et. al.*, Case No. 02-cv-0847 (N.D.N.Y.) (class settlement of claims that corrections officers and others employed at the Rensselaer County Jail (NY) engaged in the practice of illegally strip searching all individuals charged with only misdemeanors or minor offenses) (2004).

### **Commercial**

*In re: Outer Banks Power Outage Litigation*, 4:17-cv-141 (E.D.N.C) (Co-Lead Counsel; \$10.35 million settlement for residents, businesses, and vacationers on Hatteras and Ocracoke Islands who were impacted by a 9-day power outage) (2018)

### **Construction Materials**

*Cordes et al v. IPEX, Inc.*, No. 08-cv-02220-CMA-BNB (D. Colo.) (class action arising out of defective brass fittings; court-appointed member of Plaintiffs' Steering Committee) (2011).

*Elliott et al v. KB Home North Carolina Inc. et al* 08-cv-21190 (N.C. Super. Ct. Wake County) (Lead Counsel; class action settlement for those whose homes were constructed without a weather-resistant barrier)(2017)

*In re: Pella Corporation Architect and Designer Series Windows Marketing, Sales Practices and Products Liability Litigation*, MDL No. 2514 (D.S.C.)(class action arising from allegedly defective windows; Court-appointed Co-Lead Counsel).

*In re MI Windows and Doors, Inc., Products Liability Litigation*, MDL No. 2333 (D.S.C) (National class action settlement for homeowners who purchased defective windows; Court-appointed Co-Lead Counsel).

*In re: Atlas Roofing Corporation Chalet Shingle Products Liability Litig.*, MDL No. 2495 (N.D. Ga.) (class action arising from allegedly defective shingles; Court-appointed Co-Lead Counsel).

*Helmer et al. v. Goodyear Tire & Rubber Co.*, No. 12-cv-00685-RBJ (D. Colo. 2012) (class action arising from allegedly defective radiant heating systems; Colorado class certified, 2014 WL 3353264, July 9, 2014).

*In re: Zurn Pex Plumbing Products Liability Litigation*, No. o:08-md-01958, MDL No. 1958 (D. Minn.) (class action arising from allegedly plumbing systems; member of Executive Committee; settlement) (2012).

*Hobbie, et al. v. RCR Holdings II, LLC, et al.*, No. 10-1113 , MDL No. 2047 (E.D. La.) (\$30 million settlement for remediation of 364 unit residential high-rise constructed with Chinese drywall) (2012).

*In re: Chinese Manufactured Drywall Products Liability Litigation*, No. 2:09-md-02047, MDL No. 2047 (E.D. La.) (litigation arising out of defective drywall) (appointed Co-Chair, Insurance Committee) (2012).

*Galanti v. Goodyear Tire & Rubber Co.*, No. 03-209 (D.N.J. 2003) (national settlement and creation of \$330 million fund for payment to owners of homes with defective radiant heating systems) (2003).

*In re Synthetic Stucco Litig.*, Civ. Action No. 5:96-CV-287-BR(2) (E.D.N.C.) (member of Plaintiffs' Steering Committee; settlements with four EIFS Manufacturers for North Carolina homeowners valued at more than \$50 million).

*In re Synthetic Stucco (EIFS) Prods. Liability Litig.*, MDL No. 1132 (E.D.N.C.) (represented over 100 individuals homeowners in lawsuits against homebuilders and EIFS manufacturers).

*Posey, et al. v. Dryvit Systems, Inc.*, Case No. 17,715-IV (Tenn. Cir. Ct) (Co-Lead Counsel; national class action settlement provided cash and repairs to more than 7,000 claimants) (2002).

*Sutton, et al. v. The Federal Materials Company, Inc., et al*, No. 07-CI-00007 (Ky. Cir. Ct) (Co-Lead Counsel; \$10.1 million class settlement for owners of residential and commercial properties constructed with defective concrete).

*Staton v. IMI South, et al.* (Ky. Cir. Ct.) ((Co-Lead Counsel; class settlement for approximately \$30 million for repair and purchase of houses built with defective concrete).

*In re Elk Cross Timbers Decking Marketing, Sales Practices and Products Liability Litigation*, No. 15-cv-0018, MooDL No. 2577 (D.N.J.) (Lead Counsel; national settlement to homeowners who purchased defective GAF decking and railings).

*Bridget Smith v. Floor and Decor Outlets of America, Inc.*, No. 1:15-cv-4316 (N.D. Ga.) (Co-Lead Counsel; National class action settlement for homeowners who purchased unsafe laminate wood flooring).

*In re Lumber Liquidators Chinese-Manufactured Flooring Products Marketing, Sales Practices and Products Liability Litigation* MDL No. 1:15-md-2627 (E.D.Va.) (Formaldehyde case; \$36 million national class action settlement for member who purchased a certain type of laminate flooring).

*In re Lumber Liquidators Chinese-Manufactured Laminate Flooring Durability Marketing, Sales Practices Litigation* MDL No. 1:16-md-2743 (E.D.Va.) (Co-Lead Counsel; Durability case; \$36 million national class action settlement for member who purchased a certain type of laminate flooring).

*In re Windsor Wood Clad Window Products Liability Litigation* MDL No. 2:16-md-02688 (E.D. Wis.) (National class action settlement for homeowners who purchased defective windows; Court-appointed Lead Counsel).

*In re Allura Fiber Cement Siding Products Liability Litigation* MDL No. 2:19-md-02886 (D.S.C.) (class action arising from allegedly defective cement board siding; Court-appointed Lead Counsel).

### **Environmental**

*Nnadili, et al. v. Chevron U.S.A., Inc.*, No. 02-cv-1620 (D.D.C.) (\$6.2 million settlement for owners and residents of 200 properties located above underground plume of petroleum from former Chevron gas station) (2008).

*In re Swanson Creek Oil Spill Litigation*, No. 00-1429 (D. Md.) (Lead Counsel; \$2.25 million settlement of litigation arising from largest oil spill in history of State of Maryland) (2001).

### **ERISA**

*Lowther v. AK Steel*, Civil No. 1:11-cv-877 (S.D. Ohio) (Co-lead counsel in ERISA class action).

*Jammal v. American Family Insurance Co.*, Civ. No. 1:13-cv-00437 (N.D. Ohio) (Co-lead counsel in ERISA class action).

*Lewis v. Allegheny Ludlum Corp.*, Civil No. 11:1619 (W.D. Penn.) (Co-lead counsel in ERISA class action).

### **Fair Labor Standards Act/Wage and Hour**

*Craig v. Rite Aid Corporation*, Civil No. 08-2317 (M.D. Pa.) (FLSA collective action and class action settled for \$20.9 million) (2013).

*Stillman v. Staples, Inc.*, Civil No. 07-849 (D.N.J. 2009) (FLSA collective action, plaintiffs' trial verdict for \$2.5 million; national settlement approved for \$42 million) (2010).

*Lew v. Pizza Hut of Maryland, Inc.*, Civil No. CBB-09-CV-3162 (D. Md.) (FLSA collective action, statewide settlement for managers-in-training and assistant managers, providing recompense of 100% of lost wages) (2011).



## **Financial**

*Roberts v. Fleet Bank (R.I.), N.A.*, Civil Action No. 00-6142 (E. D. Pa.) (\$4 million dollar settlement on claims that Fleet changed the interest rate on consumers' credit cards which had been advertised as "fixed.") (2003).

*Penobscot Indian Nation et al v United States Department of Housing and Urban Development*, N. 07-1282 (PLF) (D.D.C. 2008) (represented charitable organization which successfully challenged regulation barring certain kinds of down-payment assistance; Court held that HUD's promulgation of rule violated the Administrative Procedure Act) (2008).

## **Impact Fees**

*Town of Holly Springs*, No. 17-cvs-6244, 17-cvs-6245, 18-cvs-1373 (Wake Co., NC) (Court appointed Class Counsel; Class action settlement with a \$7.9 million fund for builders and developers to recover improper capacity replacement and transportation fees paid to the town) (2019).

*Larry Shaheen v. City of Belmont*, No. 17-cvs-394 (Gaston Co., NC) (Court appointed Class Counsel; Class action settlement with a \$1.65 million fund for builders and developers to recover improper capacity replacement and transportation fees paid to the city) (2019).

*Upright Builders Inc. et al. v. Town of Apex*, No. 18-cvs-3720 & 18-cvs-4384, (Wake Co., NC) (Court appointed Class Counsel; Class action settlement with a \$15.3 million fund for builders and developers to recover improper capacity replacement and transportation paid fees to the town) (2019).

*Mayfair Partners, LLC et al. v. City of Asheville*, No. 18-cvs-04870 (Buncombe County) (Court appointed Class Counsel; Class action settlement with a \$1,850,000 million fund for builders and developers to recover improper impact fees paid to the city) (2020).

*Shenandoah Homes, LLC v. Town of Clayton*, No. 19-cvs-640 (Johnston County) (Court appointed Class Counsel; Class action settlement with a \$2.7 million fund for builders and developers to recover improper impact fees paid to the town) (2020).

*Brookline Homes LLC v. City of Mount Holly*, Gaston County file no. 19-cvs-1163 (Gaston County) (Court appointed Class Counsel; Class action settlement with a \$483,468 fund for builders and developers to recover improper impact fees paid to the city) (2020).

*Eastwood Construction, LLC et. al v. City of Monroe*, Union County file nos. 18-CVS-2692 (Union County) (Court appointed Class Counsel; Class action settlement with a \$1,750,000 million fund for builders and developers to recover improper impact fees paid to the city) (2020).

## **Insurance**

*Young, et al. v. Nationwide Mut. Ins. Co, et al.*, No. 11-5015 (E.D. Ky.) (series of class actions against multiple insurance companies arising from unlawful collection of local taxes on premium payments; class certified and affirmed on appeal, 693 F.3d 532 (6th Cir., 2012); settlements with all defendants for 100% refund of taxes collected) (2014).

*Nichols v. Progressive Direct Insurance Co., et al.*, No. 2:06cv146 (E.D. Ky.) (Class Counsel; class action arising from unlawful taxation of insurance premiums; statewide settlement with Safe Auto Insurance Company and creation of \$2 million Settlement Fund; statewide settlement with Hartford Insurance Company and tax refunds of \$1.75 million ) (2012).

## **Privacy/Data Breach**

*In Re: U.S. Office of Personnel Management Data Security Breach Litigation*, No. 15-1393 (ABJ), MDL No. 2664 (D.D.C.) (court appointed interim Liaison Counsel).

*In re Google Buzz Privacy Litigation*, No. 5:10-cv-00672 (N.D. Cal.) (court-appointed Lead Class Counsel; \$8.5 million cy pres settlement) (2010).

*In re: Dept. of Veterans Affairs (VA) Data Theft Litig.*, No. 1:2006-cv-00506, MDL 1796 (D.D.C.) (Co-Lead counsel representing veterans whose privacy rights had been compromised by the theft of an external hard drive containing personal information of approximately 26.6 million veterans and their spouses; creation of a \$20 million fund for affected veterans and a cy pres award for two non-profit organizations) (2009).

*In re: Adobe Systems Inc. Privacy Litigation*, No. 5:13-cv-05226 (N.D. Cal. 2015) (settlement requiring enhanced cyber security measures and audits) (2015).

### **Principal Milberg Attorneys involved in this case**

**GREG COLEMAN** is a managing partner at Milberg and has 30 years of trial and appellate experience. Greg received his B.A. with highest honors and distinction from Jacksonville State University in 1986. He attended The University of Tennessee College of Law, graduating in 1989. In addition to distinguishing himself academically, Greg was a member of the National Trial Moot Court Team, was the recipient of the American Jurisprudence Award for National Trial Team and was listed in *Who's Who Among Rising Young Americans*. In addition, the College of Law bestowed upon Greg the honor of inclusion into the National Order of Barristers for outstanding oral advocacy and trial skills. Greg's practice focuses on class actions, products liability, medical malpractice, personal injury, complex multi-district litigation, toxic torts, premises liability, ERISA, ERISA class actions, drug and medical device litigation, and workers' compensation. He was co-lead counsel in a defective products case against Electrolux in which he and co-counsel successfully obtained a settlement on behalf of a class of more than one million members regarding defectively manufactured dryers. The settlement resulted in an expected utilization settlement value of over \$35 million. Greg was co-lead counsel in a series of automobile defect class actions against General Motors in Florida, Illinois, and California, in which he and co-counsel successfully obtained a \$42 million settlement on behalf of a class of 1.6 million consumers regarding excessive oil consumption. He was lead trial counsel in an ERISA class action against AK Steel Corporation in which he successfully obtained a \$178.6 million settlement on behalf of a class of over 3,000 retirees of AK Steel's Butler Works Plant in Pennsylvania in 2011.

**ARTHUR STOCK** is a partner at Milberg and has 30 years of litigation experience. He is a graduate of Yale University, where he earned a B.A. with distinction in economics), and the Duke University school of Law, where he received a J.D. with high honors and served as Articles Editor of the *Duke Law Journal*. He is admitted to practice law in New Jersey, North Carolina, and Pennsylvania, the Seventh and Ninth Circuit Courts of Appeal, and the United States Tax Court. His recent settlements include *Glascok v. Serco, Inc.*, E.D. Va. (2021), where he secured a \$1.2 million settlement for pension fund participants, and *White v. Members 1st Federal Credit Union*, M.D. Pa. (2020), where he obtained a \$1.08 million settlement on behalf of individuals charged bank overdraft fees in 2020. Before joining Milberg, Mr. Stock had been a shareholder at Berger Montague in Philadelphia, Pennsylvania for over 20 years. Throughout his career, he has represented plaintiffs in commercial, financial, securities, and consumer class actions. Mr. Stock was a principal litigator in numerous class actions, including: *Merrill Lynch Inc. Securities Litigation*, which resulted in a \$475 million settlement on behalf of investors in Merrill Lynch securities; *Lee v. Enterprise Leasing Co.*, in which class members recovered 80% of alleged damages from allegedly illegal charges regarding Nevada airport car rentals; and *Vasco v. PHRG*, an action brought under the Telephone Consumer Protection Act, in which class members recovered \$5.2 million from a business that allegedly placed telemarketing calls to consumers without prior express consent. Before entering private practice, Mr. Stock served as a Law Clerk to the Honorable Jackson L. Kiser, United States District Court of the Western District of Virginia.

**RYAN P. McMILLAN** is a native of East Tennessee and grew up in Oak Ridge. There he was active in the Boy Scouts and competitive rowing. He attended the University of Mary Washington in Fredericksburg, Virginia, where he received his Bachelor's Degree, cum laude, in History. Ryan returned to Tennessee in 2006 and later went to law school at the University of Tennessee, where he focused primarily on employment law. While in law school he clerked for the United States Department of Energy and London and Amburn, P.C. He also was a staff editor for the Tennessee Journal of Law and Policy and received the Patrick L. Hardin Award for Excellence in employment and Labor Law. After law school, Ryan worked at Dale Buchanan and Associates for many years where he represented thousands of disabled clients. In 2019, Ryan joined the Milberg Firm to continue his work in representing plaintiffs, primarily in class action and complex litigation matters.

# **EXHIBIT C**

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**FILED**  
Superior Court of California  
County of Los Angeles  
**JAN 13 2017**  
Sherri R. Carter, Executive Officer/Clerk  
By *[Signature]*  
Cher Mason Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES

UNITED FARMERS AGENTS  
ASSOCIATION, INC., a California corporation  
on behalf of all of its California members who  
have contracts with the Farmers Group of  
Insurance Companies,  
  
Plaintiff,  
  
vs.  
  
FARMERS GROUP, INC.; FARMERS  
INSURANCE EXCHANGE; TRUCK  
INSURANCE EXCHANGE; FIRE INSURANCE  
EXCHANGE; MID-CENTURY INSURANCE  
COMPANY; FARMERS NEW WORLD LIFE  
INSURANCE COMPANY; and DOES 1  
through 10, inclusive,  
  
Defendants.

Case No. BC 497447

**COURT'S ~~(PROPOSED)~~  
STATEMENT OF DECISION**

Complaint Filed: December 17, 2012  
Trial Date: September 15, 2016

This matter came on for trial on Thursday, September 15, 2016, in Department 36. Plaintiff United Farmers Agents Association ("UFAA") was represented by Paul Mahoney and Richard Soll, The Law Offices of Mahoney & Soll, LLP, Claremont, California. Defendants Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange, Mid-Century Insurance Company and Farmers New World Life Insurance Company ("Signatory Defendants or Farmers") were represented by Royal Oakes, Hinshaw & Culbertson, LLP, Los Angeles, California. Defendant

01/13/2017

1 Farmers Group, Inc. ("FGI") was represented by Christopher Maile, Tharpe & Howell, LLP,  
2 Sherman Oaks, California. After considering the evidence and witnesses in the trial, the arguments  
3 of counsel, and all papers received, the court issues this statement of decision.

4 **I. UFAA Lacks Associational Standing**

5 UFAA lacks standing to sue. Its lawsuit violates the rule that associational standing is absent  
6 where the plaintiff's case requires the participation of individual members in the lawsuit. UFAA's  
7 members are not similarly situated when it comes to the claims UFAA sought to advance. In  
8 *Amalgamated Transit Union v. Superior Court*, 46 Cal.4th 993, 1003-04 (2009) the California  
9 Supreme Court limited associational standing to "when: '(a) [the association's] members would  
10 otherwise have standing to sue in their own right; (b) the interests [the association] seeks to protect  
11 are germane to the organization's purpose; and (c) neither the claim asserted nor the relief requested  
12 requires the participation of individual members in the lawsuit.'" *Id.* In doing so, it adopted the  
13 federal standard announced by the U.S. Supreme Court in *Hunt v. Washington State Apple*  
14 *Advertising Commission*, 432 U.S. 333, 343 (1977).

15 Associational standing exists only where "there is complete identity between the interests of  
16 the consortium and those of its member[s] . . . and the necessary proof could be presented 'in a group  
17 context.'" (*N.Y. State Club Ass'n, Inc. v. City of New York*, 487 U.S. 1, 10 n.4 (1988) (quoting *Hunt*,  
18 432 U.S. at 344.) An association does not "satisf[y] the third prong of the *Hunt* test simply by  
19 requesting equitable relief rather than damages. The organization lacks standing to assert claims of  
20 injunctive relief on behalf of its members where 'the fact and extent' of the injury that gives rise to  
21 the claims for injunctive relief 'would require individualized proof,' *Warth v. Seldin*, 422 U.S. at 515-  
22 16, or where 'the relief requested [would] require[] the participation of individual members in the  
23 lawsuit,' *Hunt*, 432 U.S. at 343." (*Bano v. Union Carbide* (2d Cir. 2004) 361 F.3d 696, 714.)

24 UFAA's member agent witnesses demonstrated the third prong of the *Hunt* test could not be  
25 met because participation of the individual UFAA member agents was required to adjudicate each of  
26 the counts in the complaint. (*Association of Christian Schools Intern. v. Stearns* (9<sup>th</sup> Cir. 2010) 362  
27 Fed.Appx. 640, 645; *Rent Stabilization Ass'n of City of N.Y. v. Dinkins* (2d Cir. 1993) 5 F.3d 591,  
28 596.)

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3 A. First Count (Sharing of Policyholder Information)

4 UFAA asserted its member agents were victims of FGI or Farmers allegedly sharing  
5 information with 21<sup>st</sup> Century about Farmers customers gathered by those agents. 21<sup>st</sup> Century, in  
6 turn, purportedly solicited those customers to move their insurance business from Farmers to 21<sup>st</sup>  
7 Century. Only two witnesses, Jose Soberanes and Thana Robinson, addressed this issue for UFAA  
8 (without providing evidence establishing that the alleged sharing occurred). The nature of their  
9 purported harm was distinct. Ms. Robinson complained about reduced commission on a policy  
10 written by Fire Insurance Exchange, not by 21<sup>st</sup> Century. Mr. Soberanes contended he was injured by  
11 missing out entirely on commissions on unidentified policies allegedly written by 21<sup>st</sup> Century.  
12 Nothing in either agent's testimony demonstrated anything other than potentially isolated incidents.  
13 This testimony shows that UFAA was relying on the participation of individual member agents to  
14 support Count I and also demonstrates the individualized nature of the dispute. This evidence  
15 establishes the absence of standing.

16 B. Second Count (Performance Standards)

17 UFAA seeks a declaration prohibiting Farmers from using certain programs for its agents.  
18 Specifically, the Agency Growth Model ("AGM"), Take 5, and EDGE. UFAA claims these  
19 programs impose impermissible production goals on UFAA members in violation of various Agent  
20 Appointment Agreements. No evidence was offered by UFAA regarding EDGE. Therefore, Plaintiff  
21 has failed to meet its burden of proof to that program.

22 No UFAA member offered testimony establishing either AGM or Take 5 violated the AAAs  
23 or created performance standards. The testimony by UFAA members regarding AGM and Take 5  
24 varied. With respect to AGM, some members felt pressure to improve their grade but none suggested  
25 termination of their AAA was related in any way to AGM.

26 As for Take 5, the varied testimony would require the court to engage in an *ad hoc* inquiry to  
27 each UFAA member whether: 1) any performance standards were imposed; and 2) whether a  
28 particular member suffered injury. This *ad hoc* factual inquiry illustrates UFAA's lack of



1 associational standing. (*Rent Stabilization Ass'n of City of N.Y.*, *supra*, 5 F.3d at 596; *Association of*  
2 *Christian Schools Intern.*, *supra*, 362 Fed.Appx. at 645.)

3 UFAA argued that, apart from agent testimony, it established its case through the testimony of  
4 Farmers representatives who acknowledged agents' pre-2009 AAAs were in jeopardy if they failed to  
5 achieve acceptable business results. But acceptable business results were not defined by AGM.  
6 Further, a principal is entitled to require acceptable business results from an agent. (*Magpali v.*  
7 *Farmers Group, Inc.* (1996) 48 Cal.App.4th 471, 482-83.) An agent-by-agent inquiry would be  
8 required to determine whether or how Farmers used AGM to assess any particular agent's individual  
9 business results. Accordingly, there is no standing on this count.

10 C. Third Count (Office Standards)

11 The AAAs' requirement the agent follow normal good business practices reflects Farmers'  
12 legitimate interest in the location, nature and business hours of their offices. *Magpali, supra* at 483.  
13 UFAA called individual UFAA members to testify and participate in the case as to their unique or  
14 idiosyncratic circumstances. One agent, Karen Campagna sought to defend her decision to work out  
15 of her home. Another, Dirk Fulton, sought to defend his decision to share space with a plastic  
16 injection molding fabricator.

17 The experience of each agent was unique. This court would have to make an *ad hoc* factual  
18 inquiry as to each agent, making the issuance of declaratory relief impossible. These circumstances  
19 necessarily defeat associational standing. (*Rent Stabilization Ass'n of City of N.Y.*, *supra*, 5 F.3d at  
20 596; *Association of Christian Schools Intern.*, *supra*, 362 Fed.Appx. at 645.)

21 ///

22 D. Fourth Count (Mutual No-Cause Termination)

23 UFAA's claim the three-month no cause termination clause is unconscionable requires  
24 individualized proof. Subdivision (a) of Civil Code section 1670.5 requires a contract's  
25 unconscionability be determined "at the time it was made." The thousands of contracts at issue here  
26 were made over several decades. An unconscionability determination requires the parties be afforded  
27 the "opportunity to present evidence as to [the contract's] commercial setting, purpose, and effect."  
28 (*Civ. Code* § 1670.5, subd. (b).) Such factors vary from agent to agent, contract negotiation to

1 contract negotiation. For example, the commercial setting is different if the contracting agent signing  
2 the AAA is an established agent from another insurer who already has a customer base and  
3 infrastructure compared to if a contracting agent embarking for the first time on building his or her  
4 own business.

5 UFAA was required to show both the procedural and substantive unconscionability of the  
6 three-month no cause termination provision. UFAA did not meet this burden.

7 At trial, UFAA relied on the "participation of individual association members" to testify  
8 individuals affiliated with the Signatory Defendants over a decades-long span allegedly stated  
9 Farmers only terminates agents on specified grounds, and not on three months' written notice. That  
10 claim goes to just procedural unconscionability in those individual cases. Further, the testimony of  
11 these member agents varied widely.

12 Of the UFAA twenty-two (22) members who testified regarding the grounds for termination,  
13 a majority testified they either understood the three-month written termination clause governed their  
14 relationship with the Signatory Defendants, or they heard nothing to suggest that it did not.

15 Other UFAA members who testified concerning oral assurances about what might lead to a  
16 termination offered a variety of recollections. Some said they heard there were five grounds that  
17 could lead to termination of their AAA by Farmers, which corresponds with what the AAA says in  
18 writing are the grounds for immediate termination by Farmers. One said he heard two offenses  
19 would justify termination. Another claimed he was told one ground could lead to a termination. The  
20 testimony of this handful of current and former agents offered by UFAA at trial does not establish  
21 what the thousands of other agents heard or understood.

22 Likewise, substantive unconscionability depends on whether the provision is within  
23 commercial reasonableness at the time of contracting. The evidence was the various member agents  
24 had differing circumstances and prospects when they became agents.

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1 Therefore, the court finds UFAA did not have associational standing with respect to the  
2 Counts in the complaint.<sup>1</sup>

3 **II. Even Assuming UFAA Had Associational Standing, It Is Not Entitled on the**  
4 **Merits to the Requested Relief**

5 A. The Three-Month Written Notice Termination Provision is Not Unconscionable

6 UFAA's fourth count seeking a declaration the AAAs' bilateral three-month termination  
7 provision is unconscionable as applied to Farmers' right to terminate (but not to the agents' right to  
8 do so) affects other counts as well. The disputed clause permits either the Agent or the Signatory  
9 Defendants to terminate the AAA, without cause, on three months' written notice. UFAA argues that  
10 its members should retain the right to terminate the agreement without cause, but that such right  
11 should be transformed from mutual, to unilateral, depriving the Signatory Defendants of the same,  
12 contracted-for right. To grant such relief would extend to UFAA members, who are independent  
13 contractors, greater job security than is extended to employees. Employees in this State are presumed  
14 to be at-will. (*Labor Code* §2922.)

15 The party asserting unconscionability bears the burden of proof. (*Sanchez, supra*, 61 Cal.4th  
16 at 911.) *Civil Code* section 1670.5, subdivision (a), mandates a clause can be only be deemed  
17 unconscionable "[i]f the court [so finds] as a matter of law . . ." Further, *Civil Code* Section 1670.5  
18 requires this Court to determine the unconscionability of the contract "at the time it was made."  
19 (*Sanchez, supra*, 61 Cal.4th at 920 (citing to *Civ. Code* § 1670.5); *Sonic-Calabasas A, Inc. v. Moreno*  
20 (2013) 57 Cal.4th 1109, 1134 ["In determining unconscionability, our inquiry is into whether a  
21 contract provision was 'unconscionable at the time it was made.'" (citation omitted)].) It also  
22 requires this court to consider "commercial setting, purpose, and effect" of the clause at that time.  
23 (*Civ. Code*, §1570.5, subd. (b).)

24 To establish unconscionability, UFAA must prove both substantive and procedural  
25 unconscionability. (*Sanchez, supra*, 61 Cal.4th at 910.) UFAA did not establish at trial the bilateral  
26

27 \_\_\_\_\_  
28 <sup>1</sup> A plaintiff seeking a declaration of rights under an agreement has the burden of establishing facts justifying the court exercising its discretionary powers to grant declaratory relief. (*Boosman v. United Building Co.* (1952) 109 Cal.App.2d 486, 488). The court finds UFAA has not met this burden as to any of its four declaratory relief counts.

1 termination provision is substantively unconscionable. “Substantive unconscionability focuses on the  
2 actual terms of the agreement,” not “the manner in which the contract was negotiated and the  
3 circumstances of the parties.” (*Am. Software, Inc. v. Ali* (1996) 46 Cal.App.4th 1386, 1390 [emphasis  
4 added]; *Lanigan v. City of Los Angeles* (2011) 199 Cal.App.4th 1020, 1036 [explaining “substantive  
5 unconscionability focuses on the actual terms of the agreement . . .”].)

6 A party to a contract “cannot avoid a contractual obligation merely by complaining that the  
7 deal, in retrospect, was unfair or a bad bargain. Not all one-sided contract provisions are  
8 unconscionable; hence the various intensifiers in our formulations: ‘overly harsh,’ ‘unduly  
9 oppressive,’ ‘unreasonably favorable,’” all of which “mean the same thing.” (*Sanchez, supra* 61  
10 Cal.4<sup>th</sup> at 911 [emphasis in original, also equating to “shocks the conscience” standard].) Substantive  
11 unconscionability is a deal which “no man in his senses and not under a delusion would make on the  
12 one hand, and no honest and fair man would accept on the other.” (*Brobeck, Phleger & Harrison v.*  
13 *Telex Corp.* (9th Cir. 1979) 602 F.2d 866, 875, quoting *Swanson v. Hempstead* (1944) 64 Cal.App.2d  
14 681, 688; see *Hume v. United States* (1889) 132 U.S. 406, 406, quoting this standard from *Earl of*  
15 *Chesterfield v. Janssen*, 2 Ves. Sr. 125, 155.) From the standpoint of substantive unconscionability,  
16 the question is whether the actual terms of the agreement are unduly one-sided. The question is  
17 whether the bargain reached is so far beyond the range of commercially reasonable outcomes that a  
18 court, in good conscience, cannot enforce it.

19 The three-month termination provision in the AAAs is bilateral, giving both the Signatory  
20 Defendants and agents equal rights to terminate the AAA on three months’ written notice. A mutual  
21 provision is not one-sided and a powerful indication the clause is not unconscionable. (*See Sanchez,*  
22 *supra*, 61 Cal.4th at 924 [arbitration clause not unconscionable where it bilaterally allowed both sides  
23 to re-arbitrate particularly adverse rulings].) The evidence presented is *both* agents and the Signatory  
24 Defendants at various times exercised their rights under this clause.

25 “[U]nconscionability turns not only on a ‘one-sided’ result, but also on an absence of  
26 ‘justification’ for it.” (*Armendariz, supra*, 24 Cal. 4th at 117-18, quoting *A & M Produce Co. v.*  
27 *FMC Corp.* (1982) 135 Cal.App.3d 473, 487.) “[A] contract can provide a ‘margin of safety’ that  
28 provides the party with superior bargaining strength a type of extra protection for which it has a

1 legitimate commercial need without being unconscionable.” (*Id.* at 117, quoting, *Stirlen v.*  
2 *Supercuts, Inc.* (1997) 51 Cal.App.4th 1519, 1536.)

3 The Signatory Defendants, like any principal, have a legitimate interest in their agents’  
4 performance. (*Magpali, supra*, 47 Cal. App. 4th 1024.) David Lewin, Ph.D., professor at the  
5 Anderson School of Management at UCLA testified a no cause relationship is the norm for  
6 employees and various independent contractors (e.g., clients typically may terminate their  
7 relationship with lawyers and other professionals without demonstrating cause). He explained such  
8 clauses have ample justification in allowing parties to get out of long-term arrangements when  
9 circumstances change or something unforeseen or unexpected happens.

10 UFAA offered testimony from its members that they have to invest time, effort and money  
11 into their agencies. But that is no different from many other perfectly enforceable relationships  
12 without showing cause for the termination. Employees invest time and effort into building a career.  
13 Many invest in training (MCLE for example), advanced degrees, tools and wardrobes. That does not  
14 negate the viability of their no-cause termination provisions or rights.

15 Agents’ investments of time and money do not undermine the justification for the three-month  
16 written notice termination provision, especially a mutual, three-month written termination provision.  
17 It does not make that provision “‘overly harsh,’ ‘unduly oppressive,’ ‘unreasonably favorable,’” or  
18 shocking to the conscience. (*Sanchez, supra*, 61 Cal.4th at 911.)

19 Courts have consistently rejected claims mutual no cause termination provisions are  
20 unconscionable. (*See Premier Wine & Spirits v. E. & J. Gallo Winery* (E.D. Cal. 1986) 644 F.Supp.  
21 1431, 1440-41 [holding that a clause allowing for no cause termination on thirty days’ notice is “not  
22 substantively unconscionable because it does not reallocate ‘the risks of the bargain in an objectively  
23 unreasonable or unexpected manner’”]; *Gilchrist Machinery Co. v. Komatsu America Corp.* (S.D.  
24 Miss 1984) 601 F.Supp. 1192, 1201 [applying California law, finding mutual 90-day termination  
25 provision not unconscionable].)

26 Nor can agents claim they have lost their policyholders because policyholders are not the  
27 property of the agents. Agents agree in the AAA the customer lists are the property of the company.  
28

1 [See Section I of 1984 AAA.] Agents gain customers by utilizing the Signatory Defendants' good  
2 will, advertising, brand name and trademarks.

3 Dr. Lewin testified the no-cause termination clause in the AAAs was common, conspicuous,  
4 and had a solid basis in commercial reality. Likewise, the expert testimony of Van Hedges  
5 demonstrated that, based on a December 2015 survey he conducted of some 24 insurance companies  
6 in the United States, every single company included a no-cause termination provision in their agency  
7 contracts. All contracts but one were bilateral (a single contract gave only the insurance company the  
8 power to terminate without proving cause; all of the other agreements were bilateral).

9 The three-month written notice termination provision in the pre-1984 and 1984 AAAs is also  
10 commercially reasonable in it also reflects a fundamental principle of agency law. An agency  
11 terminates whenever an agent decides to renounce it, or whenever the principal decides to revoke it.  
12 (*Civ. Code* §§ 2355, 2356.) "The principal's power of revocation is absolute." (*Woolley v. Embassy*  
13 *Suites, Inc.* (1991) 227 Cal.App.3d 1520, 1530. The principal-agent relationship always "depends  
14 upon the mutual assent" of both the principal and the agent. (*Id.* at 1529-30.) The principal and  
15 agent are free to limit—by contract—their otherwise absolute right to end their business relationship.  
16 (*Id.* at 1530.) But the default, baseline premise is a mutual, no-cause termination right as embodied  
17 in the challenged clause.

18 Significantly here, on termination of the business relationship, by either party, the Signatory  
19 Defendants pay the agents "contract value," calculated per a formula in the AAA, which can be  
20 substantial. The testimony of numerous witnesses established the contract value sum is a contractual  
21 benefit paid regardless of whether UFAA or the Signatory Defendants initiate the three-month  
22 termination on written notice, and the amount is in the range of a year's commissions.

23 UFAA's requested relief would result in a contract that is commercially unreasonable.  
24 UFAA's officers and members testified to a variety of actions proposed by defense counsel in cross-  
25 examination as hypotheticals, for which, from their view, Farmers could not terminate the  
26 relationship upon three months written notice, e.g, displaying the Nazi flag in the agent's office,  
27 refusing to sell insurance to African-Americans and shouting obscenities at customers. Clearly, no  
28

1 business should be forced to remain in a principal-agent relationship in such circumstances. UFAA's  
2 proffered construction would result in a contract that flies in the face of commercial realities.

3 Because UFAA has not demonstrated that the bilateral no cause termination clause in the  
4 AAAs is substantively unconscionable, it is not necessary to consider procedural unconscionability.  
5 Both types of unconscionability must be proven in order for the clause to be unconscionable.  
6 (*Sanchez, supra*, 61 Cal.4th at 910.)

7 If procedural unconscionability is considered, then the evidence shows that UFAA has also  
8 not met its burden under that prong either. "[P]rocedural unconscionability focuses on the manner in  
9 which the contract was negotiated and the circumstances of the parties." (*American Software, Inc. v.*  
10 *Ali* (1996) 46 Cal.App.4th 1386, 1390-91 (emphasis added); *Sanchez, supra*, 61 Cal.4th at 910-12.)  
11 The standard is a sliding scale—the greater the procedural unconscionability, the less substantive  
12 unconscionability must be shown—and vice versa. (*Sanchez, supra*, 61 Cal.4th at 910.) UFAA  
13 seeks a declaratory ruling, as to all California UFAA Member Agents, that the bilateral termination  
14 provision is unconscionable. To obtain declaratory relief on behalf of California UFAA members  
15 that a term of a contract is unconscionable, the declaration of procedural unconscionability must be  
16 true as to all of those individuals.

17 Although the AAA was a form contract, there was no uniform evidence of procedural  
18 unconscionability – necessary to obtain a declaration the AAA was unconscionable to all California  
19 UFAA members. UFAA's members reported having varying experiences as to what, if anything, was  
20 said about the three-month written termination provision, and what was said to them about the  
21 contract in general. UFAA's procedural unconscionability theory rests on the premise all of its  
22 California member agents were orally told the same thing at the time of signing the AAAs. (*See*  
23 *Complaint*, ¶ 118.) The evidence did not support this.

24 Most of UFAA's witnesses acknowledged they understood at the time of signing the AAA  
25 that the no-cause termination provision was in force, or heard nothing to suggest it was not. As to  
26 those agents, there would be no or *de minimus* procedural one-sidedness. The AAA is not an overly  
27 long or dense contract. Its provisions are readily seen and understandable by anyone, especially one  
28 embarking on a new business venture, who reads it. A few agents claimed they were told that only

1 five "immediate termination" grounds could justify a termination under any circumstances; one  
2 claimed to have understood just two such grounds could be used by the Signatory Defendants; still  
3 another thought only "theft" could justify termination. Farmers proved it follows a consistent  
4 practice of informing all agents the written terms of the AAA are controlling. Farmers' witnesses  
5 established they trained Division Marketing Managers ("DMMs"), District Managers ("DMs") and  
6 other representatives of Farmers regarding how to explain to agents the terms of the AAAs. DMMs  
7 and DMs were instructed to read the contract to prospective agents word-for-word.

8 Farmers produced testimony by DMMs, DMs and agents in their experience, encompassing  
9 over a thousand Career Conversion meetings, no agents were told the grounds for termination of the  
10 AAA were other than as specified in the contract. The weight of the evidence is no agent could have  
11 reasonably understood the AAA was anything other than terminable for no cause, on three-month  
12 written notice.

13 The court finds the three-month written notice termination provision is not overly harsh,  
14 unduly oppressive, or unreasonably favorable to the Signatory Defendants, nor does it shock the  
15 conscience. It is a common contract provision, mutual and bilateral on its face that is appropriate and  
16 necessary in a potentially long-term principal/independent contractor agent relationship such as the  
17 one here. It recognizes the commercial reality that if the parties do not want to do business with each  
18 other anymore, they cannot and should not be forced to continue the relationship. It is not hidden or  
19 not understood. It did not result from any substantial procedural deception.

20 For these reasons, UFAA's fourth count fails as a matter of law. Further, because the no-  
21 cause termination provision is enforceable and not unconscionable, UFAA's claims as to  
22 performance and office location standards necessarily fail as well. If, as the AAA permits, the  
23 Signatory Defendants can terminate the AAA, on three-months' notice, for no reason at all, the fact  
24 that they have or even let others know, some criteria (e.g., performance results, business practices)  
25 that they consider in the exercise of their unbridled discretion does not make those factors improper.  
26 To the contrary, it protects the Signatory Defendants' use of such factors as wholly within their  
27 unconstrained discretion.

01/19/2017

28



1           B. Evidence and Reasonable Interpretation of the AAAs Do Not Support UFAA's Claim  
2           Defendants May Not Establish Performance Standards

3           In the Second Count, UFAA seeks a declaration, as to the UFAA members operating under  
4 pre-2009 AAAs, prohibiting the Signatory Defendants from using certain programs UFAA claims  
5 required its members to meet sales production requirements. The *only* programs for which UFAA  
6 sought declaratory relief were those listed in paragraph 107 of the Complaint -- the Agency Growth  
7 Model ("AGM"), Exclusive Distribution Growth Excellence ("EDGE") and Take 5.<sup>2</sup> The evidence at  
8 trial established these programs set no mandatory performance "goals" or "standards." Instead, they  
9 were "best business practices" (or, in the case of EDGE, an initiative) developed to assist Farmers  
10 agents in improving their agencies. UFAA presented no evidence as to EDGE. Accordingly, its  
11 claim in that regard is apparently abandoned.

12           1. Farmers has the right to set performance goals.

13           Nothing in pre-2009 AAAs prohibits the Signatory Defendants from setting performance  
14 goals. The Signatory Defendants appoint agents to sell insurance. As the principal in that  
15 relationship, the Signatory Defendants have the right to set expectations about how much insurance is  
16 to be sold for the relationship to continue, even if the contract allows the agent to determine the time,  
17 place and manner in meeting those expectations. Signatory Defendants have the right to expect  
18 positive business results and to determine what constitutes adequate results. (*Magpali, supra*, 48  
19 Cal.App.4th at 482-83; *Varisco v. Gateway Science* (2008) 166 Cal.App.4th 1099, 1103; *Beaumont-*  
20 *Jacques v. Farmers Group, Inc.* (2013) 217 Cal.App.4th 1138, 1146.) Nothing in any of the AAAs  
21 bars Farmers from setting performance goals.

22           UFAA argued the 2009 AAA version's express reference to performance standards negates  
23 Farmers' right under the pre-2009 AAA, as a principal in an independent contractor relationship, to  
24 establish required results, while leaving the means of achieving them to its agents. *Magpali*, disposes  
25 of this argument. *Magpali* involved the very independent contractor relationship at issue in this case,  
26

27           <sup>2</sup> In closing argument counsel for UFAA claimed UFAA now seeks a different remedy—a blanket  
28 declaration Defendants cannot impose any performance standards under the pre-2009 AAAs. This  
claim is deficient for the same reason the claim in UFAA's original complaint is deficient.

01/19/2017

1 namely, the pre-2009 AAA. *Magpali* held that based on the “normal good business practice”  
2 provision in the contract, an agent has no basis to complain about the establishment by Farmers of  
3 positive business results as a requirement for the continuation of the agreement. (*Magpali, supra*, 48  
4 Cal.App.4th at 482-83.)

5 That a later contract (between different parties, i.e., with different agents) is more precise does  
6 not change the meaning of a prior contract. (*Addison v. Burnett* (1996) 41 Cal.App.4th 1288, 1295  
7 [changes meant to “illuminate, but do not alter,” the substance of provision in prior contract]; *see*  
8 *Clinton Physical Therapy Services, P.C. v. John Deere Health* (Iowa 2006) 714 N.W.2d 603, 615-16  
9 [“A specific clause placed in the 2001 contract by the parties concerning new offices does not show  
10 the intent of the parties in 1996 regarding the application of paragraph 3(s) to new offices. Thus, the  
11 2001 contract was not relevant to the interpretation of the 1996 contract. It did not make either of the  
12 competing meanings asserted by the parties more likely or less likely than it would be without the  
13 evidence”]; *Martin Lane Co. v. U.S.* (Ct. Cl. 1970) 432 F.2d 1013, 1021 [“[C]larification in a  
14 subsequent procurement of language which has theretofore given rise to disagreement is only wise.  
15 The clarification cannot serve to forgive an unreasonable interpretation of the earlier language, nor  
16 properly be regarded as an admission that it was in fact ambiguous.”].)

17 UFAA argued performance standards violated the pre-2009 AAA’s promise the agent shall  
18 “exercise the sole right to determine the time, place and manner in which the objectives of this  
19 Agreement are carried out, provided only that the Agent conform to normal good business practice . .  
20 . .” This provision permits a principal to require pursuit of the agreement’s objectives, to require  
21 “normal good business practice,” and to determine whether the level of performance by an agent is  
22 satisfactory. Several UFAA members acknowledged they understood one of the objectives of the  
23 AAA to be the achievement of a profit on business sold by agents.

24 Asking that agents achieve certain results and meet certain sales goals is not inconsistent with  
25 a general provision giving agents the power to determine the time, place, and manner of performing  
26 the AAA’s objectives, including the sale of insurance. Under California law, a principal has the right  
27 to direct an independent contractor as to “the results of the work.” (*Varisco, supra*, 166 Cal.App.4th  
28 at 1103.)

01/19/2017

1 An agency under the AAA is not a lifetime job subject to termination for cause. It is a  
2 principal-agent relationship, and the Signatory Defendants, as principals, have a legitimate interest in  
3 setting standards for agents' performance. (*Magpali, supra*, 48 Cal.App.4th at 482-83; *Beaumont-*  
4 *Jacques, supra*, 217 Cal.App.4th at 1146; *Varisco, supra*, 166 Cal.App.4th at 1103.)<sup>3</sup>

5 2. The evidence presented by UFAA failed to show either AGM or Take 5 even  
6 constituted binding performance standards.

7 Even if the pre-2009 AAAs did not allow performance standards (they did), the two  
8 challenged programs did *not* amount to binding performance standards. Of the twenty-two UFAA  
9 members who testified, eighteen offered no testimony on AGM or Take 5.<sup>4</sup> The three agents who  
10 testified regarding performance standards generally provided no support to UFAA's allegations with  
11 respect to Take 5 and AGM.<sup>5</sup> None credibly testified either program set any absolute performance  
12 requirement.

13 The testimony of three of Farmers' DMs—Jeffrey Sharp, Vincent Vartanian and Scott  
14 Rittichier—established none of the programs at issue constituted performance standards. Their  
15 testimony demonstrated AGM was simply a resource made available to agents. It was not  
16 mandatory, nor a performance standard or a quota.

17 The testimony of these DMs was confirmed by various DMMs and Area Sales Managers who  
18 testified they had never sought authority to terminate, nor terminated an AAA for an agent's failure to  
19 use AGM or Take 5. This testimony was credible therefore the court finds Take 5 and AGM did not  
20 set performance standards. (Evidence Code Section 780).

21  
22 <sup>3</sup> UFAA asserted in final argument that the holding of *Magpali* is dictum because the breach of  
23 contract claim in that matter was dismissed before trial, leaving a fraud count to be resolved. The  
24 fact that count was dismissed has no bearing on the question of whether the holding – that a principal  
25 has a legitimate interest in setting standards for an agent's performance – was necessary to the  
26 decision. It was the basis of the Court of Appeal's ruling on the fraud count.

27 <sup>4</sup> Ronald Busch, Karen Campagna, Charles DeGennaro, Axel De Place, Dirk Fulton, Victor Habib,  
28 Clifford King, Chiman Kotecha, Deborah Mesquit, David Miller, William Neumann, Charles  
Phillips, Lawrence Richardson, Thana Robinson, Jose Soberanes, Richard Studer, Deborah Van  
Essen, and Allen Yerxa

<sup>5</sup> Johnson, Schrader & Yale.

1 C. Evidence and Reasonable Interpretation of the AAAs Do Not Support UFAA's Claim that  
2 Agents Can Disregard Normal Good Business Practices When Selecting Office Location  
3 and Maintaining Office Hours

4 As to this count, UFAA has failed to demonstrate there is a dispute between the parties that  
5 can be resolved by declaratory relief. The requested declaration would not resolve future disputes;  
6 the parties would be right back in court arguing over whether a particular agent's office conforms to  
7 State and Federal laws or whether such an office or hours comply with the AAA's requirement that  
8 the agent conform to "normal good business practice." In evaluating such "normal good business  
9 practices," an office's hours, location, staffing and customer service practices have to be judged  
10 against standard practices and commercial reality. It would not be possible for a declaration by the  
11 court to resolve countless varied disputes pertaining to office procedures and business practices.

12 1. The AAAS expressly require agents to comport with "normal good  
13 business practice," and to provide appropriate facilities for insurance  
14 business, which includes an appropriate business location and normal  
15 business hours.

16 In asserting its member agents are entitled to an anything-goes business-practices standard,  
17 UFAA has focused on a single phrase in the AAAs and ignored other significant provisions of the  
18 contracts. UFAA relies solely on an that portion of the AAAs which provides that: "The Agent shall,  
19 as an independent contractor, exercise sole right to determine the time, place and manner in which the  
20 objectives of this Agreement are carried out, . . . ." [Exhibits 120, 195, 246.] It ignores the next  
21 clause: "provided only that the Agent conform to normal good business practice, and to all State and  
22 Federal laws governing the conduct of the Companies and their Agents." [See, e.g., Exhs. 120, 195,  
23 246].

24 "The whole of a contract is to be taken together, so as to give effect to every part, if  
25 reasonably practicable, each clause helping to interpret the other." (*Civ. Code* § 1641; *see also Code*  
26 *Civ. Proc.* § 1858 ["Where there are several provisions or particulars, such a construction is, if  
27 possible, to be adopted as will give effect to all"].) "The rule's effect, among other things, is to  
28 disfavor constructions of contractual provisions that would render other provisions surplusage. (*Berg*

1 v. *MTC Electronics Technologies Co.* (1998) 61 Cal.App.4th 349, 361–362; *Boghos v. Certain*  
2 *Underwriters at Lloyd's of London* (2005) 36 Cal.4th 495, 503; accord, *Nat'l City Police Officers'*  
3 *Assn v. City of Nat'l City* (2001) 87 Cal.App.4th 1274, 1279.) UFAA cannot rely on the first half of a  
4 sentence, ignoring the second half of the same sentence.

5 UFAA's interpretation of the AAAs overlooks the provision of the agreement relating to the  
6 agent's duty to provide adequate facilities to service the Signatory Defendants' policyholders and the  
7 rights of the parties to terminate the agreement. In Paragraph B.2 of the AAAs, agents promise to  
8 "provide the facilities necessary to furnish insurance services to all policyholders of the Companies .  
9 . in such a manner as to advance the interests of the policyholders, the Agent, and the Companies."  
10 [Exhibits. 120, 195, 246.] This necessarily implies that agents must provide reasonable facilities and  
11 that their location and hours must reasonably advance the policyholders' and the Signatory  
12 Defendants' interests, not merely those of the agent. (*See Civ. Code* § 1655 [contract terms are  
13 deemed to require reasonable compliance].)

14 Paragraph C of the AAAs allows that "[i]f the provisions of this Agreement are breached by  
15 either the Agent or the Companies, the Agreement may be terminated by the other party on thirty (30)  
16 days written notice." [Exhibits 120, 195, 246.] Thus, under the express terms of the AAAs, the  
17 Signatory Defendants have the right to terminate the agreement on thirty days' written notice if an  
18 agent has breached his or her duty to conform to normal good business practice, State or Federal law,  
19 or fails to provide reasonable facilities in a manner that reasonably advances the Signatory  
20 Defendants' and policyholders' interests. Affording agents unfettered discretion as to location,  
21 facilities and hours as UFAA argues is unsupported by a reading of the AAAs as a whole.

22 To the extent that the AAA allows the agent to determine the time, place and manner in which  
23 the agreement can be carried out, that is a qualified right, constrained by the "good business  
24 practices" and "adequate facilities" requirements. Asking the agent to maintain an office outside the  
25 home and to maintain normal business hours is not at variance with the agreement.

- 26 2. The evidence presented on "normal good business practice"  
27 demonstrates it encompasses an appropriate business location and  
28 normal business hours.

1 UFAA did not offer any testimony, lay or expert, and there is no evidence it is normal good  
2 business practice in the insurance agent profession to operate an insurance agency in a personal  
3 residence. To the contrary, UFAA member Dirk Fulton conceded it would be inappropriate to  
4 operate an insurance agency in a personal residence, acknowledging he would not want his wife or  
5 children going into someone's personal residence to transact insurance business.

6 By contrast, Farmers' communications to its agents as to what it considers normal good  
7 business practice and the overwhelming evidence of what is normal good business practice for  
8 insurance agents in the profession make clear it would be unjustified for the court to attempt to craft a  
9 blanket declaration barring the Signatory Defendants from requiring offices to comply with  
10 commercial reality and normal good business practices. (*See, e.g., Lockett v. Allstate Ins. Co.* (M.D.  
11 Ga. 2005) 364 F.Supp.2d 1368, 1378 [Defendant insurer's exercise of control over agent by requiring  
12 approval of various business practices is not inconsistent with the agent's independent contractor  
13 status, where such control is exercised for the legitimate purpose of insuring the agent's business  
14 practices do not reflect poorly on the company. The insurer has a substantial and legitimate interest  
15 in insuring agent's business practices reflect the insurer's standards and protect its image and  
16 reputation]; see also *Alberly-Velez v. Corporacion De Puerto Rico Para La Difusion Publica* (1<sup>st</sup> Cir.  
17 2004) 361 F.3d 1, 8 [Company has legitimate interest in the actions or associations of an independent  
18 contractor that could reflect poorly on the company].)

19 Defendants' Director of Home Office Agencies Robert Anderson explained why use of a  
20 personal residence as one's Farmers agent office may not be a normal good business practice.  
21 Among the reasons is an office in one's personal residence may violate local zoning laws, may  
22 violate the rights of disabled customers to equal access to the agent's business location, and create  
23 safety issues.

24 Mr. Anderson testified that while agents are in the Reserve Agent program learning what is  
25 required to be an agent, and in the months before becoming a Career Farmers agent, agents have  
26 access to the Farmers Agent Guide or Agency Operations Guide. [Exhibits 809, 810, 840.] This  
27 Guide sets forth for the agent what Farmers considers in determining whether an office conforms to  
28

1 normal good business practice, such as maintaining a professional, modern office and adequate  
2 staffing.

3 Mr. Anderson testified Farmers agents are required to accept premium payments from any  
4 Farmers customer who wishes to pay his or her premium at the office of a Farmers agent, whether  
5 that customer is the agent's customer or the customer of some other Farmers agent. Former agents  
6 Campagna, Busch and Nelson who were operating their Farmers agencies in their personal  
7 residences. [Exhibits 634, 635, 805, 806.] Campagna testified that before moving her office from a  
8 commercial building to her residence, she did not determine whether operating her business in her  
9 home was in violation of or in compliance with zoning or accessibility laws.

10 Areas Sales Manager Alicia Minnick testified she would be uncomfortable going into the  
11 personal residence of a male agent to address business issues with the agent.

12 Expert witness Van Hedges testified in his experience as an insurance agent, his personal  
13 experience assisting buyers and sellers of insurance agencies, and his inspection of over 100  
14 insurance agent offices, he has never seen an agent running his business inside a personal residence.  
15 Mr. Hedges testified to do so would be below the standard in the profession and would not be a  
16 normal good business practice.

17 Mr. Hedges explained the insurance company has a strong interest in protecting the value of  
18 its brand and in providing its customers with a safe and professional environment to do business.  
19 Further, since the agent is often the face of the insurance company with whom the policyholder  
20 interacts, the insurance company does not want the impression the customer gets to be a negative one,  
21 such as would be the case if the agent was running his insurance agency in his home.

22 Expert witnesses David Lewin, Ph.D. and Van Hedges, and employees of Farmers Group,  
23 Inc., all testified that while the Signatory Defendants do not maintain hard and fast rules regarding  
24 office hours, or location, in evaluating agents' operations on a case-by-case basis, Farmers does take  
25 into account commercial reality.

26 To grant the relief requested by UFAA would be to interpret the AAAs as a whole as allowing  
27 an agent absolute discretion to determine where he or she will set up an office, whether it be in the  
28 upstairs bedroom of a personal residence [Exhibit 806], a living room, or in the case of UFAA

1 member Dirk Fulton, the administrative offices adjacent to the production facilities of a plastics  
2 molding injection business would be inconsistent with the good business practices requirement in the  
3 AAA.

4 The Court therefore finds in favor of Defendants and against Plaintiff as to Count III of  
5 Plaintiff's Complaint.<sup>6</sup>

6 D. Evidence Does Not Support UFAA's Claim FGI or other Defendants Share  
7 Information with 21<sup>st</sup> Century

8 At trial, UFAA presented no admissible or credible evidence of any instance where customer  
9 information was disseminated to 21st Century by FGI or the Signatory Defendants. UFAA members  
10 who testified at trial or whose deposition testimony was introduced had no knowledge of FGI or a  
11 Signatory Defendant sharing customer information with 21<sup>st</sup> Century, or of a Farmers customer in  
12 their agency being solicited by 21<sup>st</sup> Century to switch their business from Farmers to 21<sup>st</sup> Century.

13 William Loucks, Chief Operating Officer of 21<sup>st</sup> Century from mid-2009 (when 21<sup>st</sup> Century  
14 was acquired by the Exchanges) through January, 2014, testified that as Chief Operating Officer it  
15 was his job to know the customer lead sources used by 21<sup>st</sup> Century to identify potential customers.  
16 He testified at no time had FGI or the Signatory Defendants shared customer information or data on  
17 the Signatory Defendants' policyholders with 21<sup>st</sup> Century. He further testified at no time did 21<sup>st</sup>  
18 Century have access to the Defendants' customer databases.

19 In addition, Kirk Tweedy, current Head of Agencies, who served as Head of Direct Sales in  
20 2014 to September 2016, credibly testified that the Defendants have never shared information on the  
21 Signatory Defendants' policyholders with 21<sup>st</sup> Century. Mr. Tweedy further testified that had such  
22

23 <sup>6</sup> The relief requested by UFAA in its Complaint differs from the relief requested by UFAA's  
24 counsel in closing argument. There, UFAA's counsel suggested the relief UFAA is now seeking is a  
25 declaration that UFAA members can operate their Farmers insurance agency businesses out of their  
26 homes as long as it does not violate State and Federal law, and can determine what office hours they  
27 will maintain. This claim is deficient for the same reason the claim in UFAA's original complaint is  
28 deficient. Neither the declaration of rights sought by UFAA as to this Count in its Complaint nor in  
its counsel's closing argument would achieve the objectives of declaratory relief since such a  
declaration would not preclude Defendants from terminating the agreement of an agent operating a  
Farmers agency in his home or who was maintaining unreasonable office hours for breach of  
Paragraph B.2 or for failing to conform to normal good business practice.



1 sharing been taking place, and had 21<sup>st</sup> Century been soliciting away the Signatory Defendants'  
2 business as alleged by UFAA, he would have heard from the agents and district managers in his  
3 territory since they would have been losing renewal commissions/overwrites on the lost business.  
4 This testimony was corroborated by former State Executive Director Charles Dabelgott, and current  
5 and former Area Sales Managers Kandace Thrift, Carroll Pritulla, Zoltan Nagy, and Robert  
6 Anderson. (Evidence Code Section 780).

7 One UFAA member, agent Thana Robinson, testified she had written a renters policy for  
8 Octavio and Miram Valenzuela issued by Fire Insurance Exchange which came up for renewal in  
9 May 2016. According to Ms. Robinson, the policy expired when the Valenzuelas failed to pay the  
10 premium required to renew the policy. Ms. Robinson testified sometime thereafter the Valenzuelas  
11 obtained a new renters policy issued by Fire Insurance Exchange, but that she had not written this  
12 new policy for the Valenzuelas. Ms. Robinson did not have personal knowledge of how the new  
13 policy was written, or who wrote the policy. Jose Soberanes contended he was injured by missing  
14 out entirely on commissions on policies allegedly written by 21<sup>st</sup> Century but could not identify any  
15 such policies. Such testimony fails to establish any sharing of policyholder information between  
16 Defendants and any other person, including 21<sup>st</sup> Century.

17 The Court therefore finds in favor of Defendants and against Plaintiff as to Count I of  
18 Plaintiff's Complaint.

19 E. There is No Factual, Legal or Equitable Basis for Imposing "Alter Ego" Liability on FGI  
20 for the Obligations of The Signatory Defendants

21 Plaintiff moves this court to extend the requested declaration of rights to FGI on the theory  
22 that FGI is the alter ego of, or part of a single enterprise with the Signatory Defendants. The issue is  
23 moot in that Defendants have prevailed on each of UFAA's four Counts. In any event, there is no  
24 evidence to support the exercise of this equitable remedy.

- 25 1. Alter Ego/Single Enterprise require a showing of unity of interest and an otherwise  
26 inequitable outcome in the specific case.

27 Each corporate entity is presumed to have a separate existence, as "the law permits the  
28 incorporation of businesses for the very purpose of isolating liabilities among separate entities."

1 (*Mid-Century Ins. Co. v. Gardner* (1992) 9 Cal.App.4th 1205, 1212.) Courts are bound by public  
2 policy to approach any request to disregard a corporation's separate existence with caution. (*Id.*)  
3 The "alter ego [doctrine] is an extreme remedy, sparingly used." (*Sonora Diamond Corp. v. Superior*  
4 *Court* (2000) 83 Cal.App.4th 523, 539.) "The essence of the alter ego doctrine is that justice be  
5 done." (*Mesler v. Bragg Mgmt Co.* (1985) 39 Cal.App.3d 290, 301.) "What the formula comes  
6 down to, once shorn of verbiage about control, instrumentality, agency, and corporate entity, is that  
7 liability is imposed to reach an equitable result.' Thus the corporate form will be disregarded only in  
8 narrowly defined circumstances and only when the ends of justice so require." (*Id.*)

9 Before the "alter ego" doctrine is invoked, there must be both (1) such unity of interest and  
10 ownership that the separate corporate personalities are merged, so one corporation is a mere adjunct  
11 of another or the companies form a single enterprise; and (2) an inequitable result will occur if the  
12 acts in question are treated as those of one corporation alone. (*Tran v. Farmers Group, Inc.* (2002)  
13 104 Cal.App.4th 1202, 1219.)

14 Relevant factors include: (1) commingling funds of separate entities and unauthorized  
15 diversion of funds to other than corporate uses; (2) failure to maintain minutes or adequate corporate  
16 records and confusion of records of separate entities; (3) identical equitable ownership or equitable  
17 owners with domination and control of two entities, identification of directors and officers of two  
18 entities responsible for supervision and management, and sole ownership of all stock by one  
19 individual or members of the family; (4) use of the same office or business location and the  
20 employment of the same employees; (5) failure to adequately capitalize or total absence of corporate  
21 assets and under-capitalization; (6) use of a corporation as a mere shell, instrumentality, or conduit  
22 for a single venture or the business of an individual or another corporation; (7) concealment and  
23 misrepresentation of the identity of the responsible ownership, management, and financial interest, or  
24 concealment of personal business activities; (8) disregard of legal formalities and failure to maintain  
25 arm's length relationships among related entities; (9) use of the corporate entity to procure labor,  
26 services or merchandise for another person or entity; (10) diversion of assets from a corporation by or  
27 to a stockholder or other person or entity, to the detriment of the creditors, or manipulation of assets  
28 and liabilities between entities so as to concentrate the assets in one and the liability in the other; (11)

1 contracting with another with intent to avoid performance by use of a corporate entity as a shield  
2 against personal liability, or use of a corporation as a subterfuge of illegal transactions; (12)  
3 formation and use of a corporation to transfer to it the existing liability of another person or entity;  
4 and (13) identical officers and directors. (*Associated Vendors, Inc., supra*, 210 Cal.App.2d at 838-  
5 840; *Tomaselli v. Transamerica Ins. Co.* (1994) 25 Cal.App.4th 1269, 1285; *Sonora Diamond Corp.,*  
6 *supra*, 83 Cal.App.4th at 538-539.) The determination is premised on all the circumstances. (*Talbot*  
7 *v. Fresno-Pacific Corp.* (1960) 181 Cal.App.2d 425, 432.)

8 “The critical question is ‘whether in the particular case presented and for the purposes of such  
9 case justice and equity can best be accomplished and fraud and unfairness defeated by a disregard of  
10 the distinct entity of the corporate form.’” (*Doney v. TRW, Inc.* (1995) 33 Cal.App.4th 245, 249.)  
11 The inquiry is specific *to the case* and not just to the entity. Thus, UFAA’s reliance on *Delos v.*  
12 *Farmers Group, Inc.* (1979) 93 Cal.App.3d 693 and *Tran v. Farmers Group, Inc.* (2002) 104  
13 Cal.App.4th 1202 is misplaced, as the analyses there are specific to those cases based upon the facts  
14 and circumstances present there but not here.

15 To prove its “alter ego/single enterprise” theory, UFAA must show that the Signatory  
16 Defendants are not operated in a legitimate fashion to serve their valid goals and purposes, but  
17 function under the domination and control and for the purposes of FGI, creating such unity of interest  
18 and ownership that their individuality or separateness ceased. UFAA must also show a fraud would  
19 result in this case if their legal separateness was not recognized. Here there is no evidence  
20 establishing any of the factors considered by courts in determining the existence of such a unity of  
21 interest, and there is no equitable need to disregard their legal separateness in order to ensure Plaintiff  
22 had sufficient financial resources to redress his claims.

23 2. Signatory Defendants and FGI have maintained their separate identities and are  
24 separately owned.

25 Defendants’ corporate officers persuasively demonstrated Farmers Insurance Exchange,  
26 Truck Insurance Exchange and Fire Insurance Exchange are inter-insurance exchanges owned by  
27 their respective policyholders, many of whom are not the same. Mid-Century Insurance Company,  
28 Farmers New World Life Insurance Company and FGI are stock corporations. Each have their own

1 governing body, annual statements; maintain minutes separately from those of the other or FGI; were  
2 formed independently of the other (and of FGI); and have been in existence, separate and apart from  
3 each other, for decades. The Signatory Defendants contract with approximately 330 District  
4 Managers and approximately 12,900 insurance agents. Farmers Insurance Exchange has  
5 approximately 3 million of its own policies in force. Truck Insurance Exchange 300,000, Fire  
6 Insurance Exchange 1.8 million, and Mid-Century Insurance Company approximately 2.4 million  
7 policies in force. They each pay claims only on the policies they issue. They are each responsible for  
8 paying new business and renewal commissions on their policies. Farmers Insurance Exchange has  
9 approximately 13,500 employees. Between 2012 and 2014 employees of Farmers Insurance  
10 Exchange adjusted approximately 7.5 million new claims on its own behalf or on behalf of the other  
11 Exchanges and Mid-Century.

12 FGI is a stock corporation. It is not an insurance company and is not in the business of  
13 insuring risk. FGI has its own officers and Board of Directors, which maintains its minutes  
14 separately from those of the Boards of Governors of the Exchanges and Board of Directors of Mid-  
15 Century. FGI has no ownership interest in the Exchanges or Mid-Century. FGI has approximately  
16 6,900 employees. FGI is ultimately owned by Zurich Insurance Group, a publicly traded entity.

17 As an inter-insurance exchange, the Exchanges are required by law to operate via an attorney-  
18 in-fact, which performs or procures certain non-claims related services for which the attorney-in-fact  
19 is paid a fee as delineated in the Subscription Agreements. These Subscription Agreements are  
20 reviewed and approved by the California Department of Insurance. *See Ins. Code § 1305; Lee v.*  
21 *Interinsurance Exchange* (1996) 50 Cal.App.4th 694, 704.) “[A] present-day inter-insurance  
22 exchange is managed by an attorney-in-fact,” who “executes the exchange’s insurance contracts” and  
23 performs other managerial and administrative functions on its behalf. (*Ins. Code § 1308; Lee, supra,*  
24 *50 Cal.App.4th at 704; R & B Auto Center, Inc. v. Farmers Group, Inc.* (2006) 140 Cal.App.4th 327,  
25 362.)

26 Each of the Exchanges has its own attorney-in-fact. FGI, dba Farmers Underwriters  
27 Association is the attorney-in-fact for Farmers Insurance Exchange. Truck Underwriters Association  
28 and Fire Underwriters Association are owned by FGI. The Signatory Defendants are separate entities

1 and are separate and apart from FGI. FIE is not “controlled” by its attorney-in-fact. The utilization  
2 of the reciprocal structure and appointment of an attorney-in-fact to carry out certain non-claims  
3 related functions on behalf of FIE (such as underwriting, actuarial, and accounting), is authorized,  
4 recognized and sanctioned by California law.

5 The Signatory Defendants were created and designed to undertake and carry out the business  
6 of insurance pursuant to and in compliance with statutory requirements. Farmers Insurance  
7 Exchange was founded in 1928. Truck Insurance Exchange was founded in 1935. Fire Insurance  
8 Exchange in 1942 and Mid-Century in 1949. They were formed and operate for legitimate and  
9 legally sanctioned reasons, in an entirely legal and compliant manner.

10 3. The Signatory Defendants are adequately capitalized and do not commingle their  
11 funds.

12 The Signatory Defendants are adequately capitalized, as required by statute. Robert Loo,  
13 former Chief Financial Analyst and Division Chief of the Financial Analysis Division (“FAD”) of the  
14 California Department of Insurance (“CDI”) testified that, to ensure adequate capitalization and to  
15 ensure Defendants do not improperly commingle funds, FAD reviews the Signatory Defendants’  
16 quarterly and annual financial statements on a regular basis. In addition, the Financial Examination  
17 Division of the CDI conducts on-site field examinations of the Signatory Defendants’ financial  
18 records and conditions once every 3-5 years, or as often as appropriate, to independently verify the  
19 information contained in their respective financial statements, including confirming the figures  
20 provided in the quarterly and annual statements with their respective financial institutions, and to  
21 confirm the accuracy of the figures provided in their quarterly and/or annual statements. The  
22 Signatory Defendants are also audited annually by independent accountants. The CDI has never  
23 received any information averse to the solvency of the Signatory Defendants.

24 The CDI regularly examines the financial condition of the Signatory Defendants at the same  
25 time, which allows the CDI to compare and contrast their respective annual statements, to trace and  
26 reconcile the transactions, if any, between them, and to ensure they are adequately and separately  
27 capitalized and are solvent. These examinations also allow the CDI to determine whether they  
28 engage in improper commingling of funds or other assets with other entities; fail to segregate their

1 individual funds from each other's or any other entity; engage in the unauthorized diversion of funds  
2 or assets for uses other than their own; maintain minutes and other adequate records and exercise  
3 legal formalities; conceal or misrepresent the identity of their respective responsible ownership,  
4 management, and financial interests; fail to maintain an arm's length relationship with each other or  
5 any other entity; divert their respective assets to another entity to the detriment of its respective  
6 creditors or policyholders; or manipulate their respective assets and liabilities with each other or  
7 another entity so as to concentrate assets in one entity and liabilities in another.

8 The finances and corporate conduct of the Signatory Defendants is transparent, subject to  
9 constant, searching regulatory review.

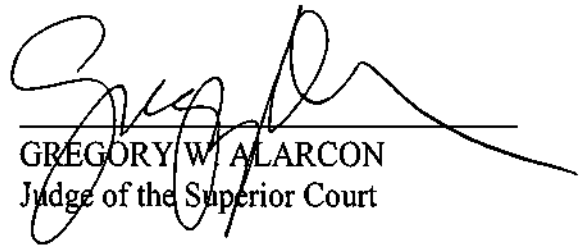
10 In light of the regulatory structure and the undisputed expert testimony, there is no basis for  
11 any conclusion that any of the Signatory Defendants is undercapitalized or commingles funds.

12 4. No inequity would result if the separate legal existence of the signatory defendants  
13 and FGI are recognized.

14 The essence of the equitable alter ego doctrine is an inequitable result will occur if separate  
15 corporate existence is recognized so as to sanction fraud or promote injustice, leaving a plaintiff  
16 without a solvent defendant. (*Automotriz del Golfo de Cal. S. A. de C. V. v. Resnick* (1957) 47 Cal.2d  
17 792, 796.) There could be no inequitable result here. The contacts at issue, the AAAs, are between  
18 UFAA's members and only the Signatory Defendants, not AAA. To the extent FGI acts as the  
19 Signatory Defendants' agent to oversee agency operations and inform decisions on behalf of the  
20 Signatory Defendants regarding terminating AAA arrangements with various agents, there is no  
21 evidence, no showing that FGI does not follow the letter and the spirit of the contractual  
22 arrangements. There is no reason to believe FGI would not administer the AAA on the Signatory  
23 Defendants' behalf in the fashion that any court might interpret the AAA. There is no reason to  
24 believe that declaratory relief would not be fully and effectively operative if granted only as regards  
25 the Signatory Defendants or that an inequitable result would follow if declaratory relief were not  
26 extended to FGI, a non-contracting party. It would be unprecedented to extend declaratory relief as  
27 to the meaning and enforceability of a contract to a non-contracting party, at least one which is not a  
28 third-party beneficiary.

1 The court finds in favor of Defendants and against Plaintiffs. Defendants shall file a judgment  
2 with this court consistent with this statement of decision within 10 days of the date of this order.

3  
4  
5 DATED: JAN 13 2017

  
GREGORY W. ALARCON  
Judge of the Superior Court

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01/19/2017

# **EXHIBIT D**



**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

Central District, Spring Street Courthouse, Department 7

**BC683856**

**IRENE PARRY ET AL VS FARMERS INSURANCE  
EXCHANGE ET AL**

March 4, 2021

2:59 PM

Judge: Honorable Amy D. Hogue

Judicial Assistant: A. Morales

Courtroom Assistant: T. Bivins

CSR: None

ERM: None

Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): No Appearances

For Defendant(s): No Appearances

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**NATURE OF PROCEEDINGS:** Court Order

The Court issues and amended order with respect to the Motion for Class Certification filed on 10/16/2020, in the separate Amended Order Granting Plaintiffs' Motion for Class Certification in Part; Order Continuing Motion to Seal to 04/14/21 signed and filed this date.

The clerk is to give notice. Clerk's Certificate of Service By Electronic Service is attached.

<b>SUPERIOR COURT OF CALIFORNIA COUNTY OF LOS ANGELES</b>		<small>Reserved for Clerk's File Stamp</small>
COURTHOUSE ADDRESS: Spring Street Courthouse 312 North Spring Street, Los Angeles, CA 90012		<b>FILED</b> Superior Court of California County of Los Angeles <b>03/04/2021</b> Sherri R. Carter, Executive Officer / Clerk of Court By: <u>A. Morales</u> Deputy
PLAINTIFF: Jeanette O'Sullivan et al		
DEFENDANT: Farmers Insurance Exchange et al		
<b>CERTIFICATE OF ELECTRONIC SERVICE CODE OF CIVIL PROCEDURE 1010.6</b>		CASE NUMBER: <b>BC683856</b>

I, the below named Executive Officer/Clerk of Court of the above-entitled court, do hereby certify that I am not a party to the cause herein, and that on this date I served one copy of the Minute Order entered herein, on 03/04/2021, upon each party or counsel of record in the above entitled action, by electronically serving the document(s) on Case Anywhere at secure.caseanywhere.com on 03/04/2021 from my place of business, Spring Street Courthouse 312 North Spring Street, Los Angeles, CA 90012 in accordance with standard court practices.

Sherri R. Carter, Executive Officer / Clerk of Court

Dated: 03/04/2021

By: A. Morales

Deputy Clerk

**FILED**  
Superior Court of California  
County of Los Angeles

**MAR 04 2021**

Sherri R. Carter, Executive Officer/Clerk  
*Alfredo Morales* deputy  
ALFREDO MORALES

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES

IRENE PARRY, individually and on behalf  
of all others similarly situated; JEANETTE  
O'SULLIVAN, individually and on behalf  
of all others similarly situated,

Plaintiffs,

v.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE;  
FIRE INSURANCE EXCHANGE.;  
FARMERS GROUP, INC.; and DOES 1-  
100,

Defendants.

Case No.: BC683856

AMENDED ORDER GRANTING  
PLAINTIFFS' MOTION FOR CLASS  
CERTIFICATION IN PART; ORDER  
CONTINUING MOTION TO SEAL TO  
4/14/21

Hearing Date: February 25, 2021  
Time: 10:00 a.m.  
Dept.: 7

Plaintiffs Irene Parry and Jeanette O'Sullivan (collectively "Plaintiffs") move the Court under California Rules of Court, rule 3.764(a) to certify a class of:

All individuals who signed a Farmers Agent Appointment Agreement and worked as a Farmers agent in the State of California.

1 (Notice of Motion, 2:6-7: First Amended Complaint (“FAC”), ¶ 83.) For claims against defendants  
2 Farmers Insurance Exchange, Truck Insurance Exchange, and Fire Insurance Exchange  
3 (collectively “Farmers Exchange”) the class period is “the four years immediately preceding the  
4 filing of the Original Complaint (November 16, 2017) until notice is mailed to the Class.” (Notice  
5 of Motion, 2:8-10.) For claims against defendant Farmers Group, Inc. (“Farmers Group”), the  
6 class period is “the four years immediately preceding the filing of the Amended Complaint  
7 (October 29, 2019) until notice is mailed to the Class.” (Notice of Motion, 2:10-12.)

8 Plaintiffs also move the Court to name them as class representatives and the firms  
9 representing them as class counsel.

10 For the following reasons, the Court GRANTS IN PART Plaintiffs’ motion for class  
11 certification.

12  
13 I. Legal Standard: Class Certification

14 If “the question is one of a common or general interest, of many persons, or when the  
15 parties are numerous, and it is impracticable to bring them all before the court, one or more may  
16 sue or defend for the benefit of all.” (Code Civ. Proc., § 382.) Class certification is “essentially a  
17 procedural [question] that does not ask whether an action is legally or factually meritorious.”  
18 (*Linder v. Thrifty Oil Co.* (2000) 23 Cal. 4th 429, 439-40.) The party moving for certification must  
19 show (1) “a sufficiently numerous, ascertainable class,” (2) “a well-defined community of  
20 interest,” and (3) that “certification will provide substantial benefits to litigants and the courts, i.e.,  
21 that proceeding as a class is superior to other methods.” (*Fireside Bank v. Superior Court* (2007)  
22 40 Cal.4th 1069, 1089 (*Fireside Bank*); *Morgan v. Wet Seal, Inc.* (2012) 210 Cal.App.4th 1341,  
23 1354-55.) Requirement (2), “community of interest,” has three sub-factors: (A) “predominant  
24 common questions of law or fact,” (B) “class representatives with claims or defenses typical of the  
25 class,” and (C) “class representatives who can adequately represent the class.” (*Fireside Bank*, at  
26 p. 1089.)

27  
28 II. Plaintiffs Demonstrate the Proposed Class is Sufficiently Numerous and Ascertainable.

1 “[N]o set number” determines whether a class is “sufficiently numerous”; the test is  
2 whether a class is so numerous that “it is impracticable to bring them all before the court.”  
3 (*Hendershot v. Ready to Roll Transportation, Inc.* (2014) 228 Cal.App.4th 1213, 1223  
4 (*Hendershot*) [citing Code Civ. Proc., § 382].) A class is “ascertainable” if it is defined by  
5 “objective characteristics and common transactional facts” that make “the ultimate identification  
6 of class members possible when that identification becomes necessary.” (*Noel v. Thrifty Payless,*  
7 *Inc.* (2019) 7 Cal.5th 955, 980 (*Noel*.)

8 Plaintiffs’ proposed class has approximately 6,075 members — an impracticable number  
9 of plaintiffs to bring individually before the Court. (Baisch Decl., Exh. Z [List attached].) The  
10 class definition has two objective characteristics: all individuals who (a) “signed a Farmers Agent  
11 Appointment Agreement” and (b) “worked as a Farmers agent in the State of California.” Both  
12 characteristics enable class members to be identified objectively identified without examining their  
13 subjective characteristics.

14 The Court finds the proposed class is sufficiently numerous and ascertainable.

15  
16 III. Plaintiffs Demonstrate a “Well-Defined Community of Interest.”

17 The “community of interest” requirement “embodies three factors”: (A) “predominant  
18 common questions of law or fact”; (B) “class representatives with claims or defenses typical of  
19 the class”; and (3) “class representatives who can adequately represent the class.” (*Fireside Bank,*  
20 *supra*, 40 Cal.4th at p. 1089.)

21  
22 A. Plaintiffs’ Theory Raises Predominant Common Questions of Law and Fact.

23 To assess whether common questions predominate, a court “must examine the issues  
24 framed by the pleadings and the law applicable to the causes of action alleged. [Citations.] It must  
25 determine whether the elements necessary to establish liability are susceptible of common proof,  
26 or, if not, whether there are way to manage effectively proof of any elements that may require  
27 individualized evidence.” (*Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal.4th 1004,  
28 1024 (*Brinker*)). The question is whether “the operative legal principles, as applied to the facts or

1 the case, render the claims susceptible to resolution on a common basis.” (*Ayala v. Antelope Valley*  
2 *Newspapers, Inc.* (2014) 59 Cal.4th 522, 530 (*Ayala*).)

3  
4 1. Common Questions Predominate Plaintiffs’ Misclassification Theory.

5 Plaintiffs and putative class members form a “common network of thousands of captive  
6 insurance agents” who sold Farmers insurance. (FAC, ¶¶ 30, 83.) Defendants allegedly treat the  
7 captive agents as independent contractors, though the agents are allegedly employees as a matter  
8 of law. (FAC, ¶ 30.) Consequently, captive agents must “pay all the expenses of running the  
9 Farmers’ agencies, such as rent, office staff, and office equipment and supplies.” (FAC, ¶ 2.)  
10 Plaintiffs allege three causes of action under (1) Labor Code section 2802, (2) the unfair  
11 competition law, and (3) Labor Code section 2753.)

12 Under Labor Code section 2802, subdivision (a), “[a]n employer shall indemnify his or her  
13 employee for all necessary expenditures or losses incurred by the employee in direct consequence  
14 of the discharge of his or her duties....” “Necessary expenditures or losses” includes “all  
15 reasonable costs, including, but not limited to, attorney’s fees incurred by the employee enforcing  
16 the rights granted by this section.” (Lab. Code, § 2802, subd. (c).)

17 For “[a] person ... who is licensed by the Department of Insurance” under Chapters 5, 6,  
18 or 8 of Insurance Code Part 2, Division 1, “the determination of employee or independent  
19 contractor status ... shall be governed” by the test established by *S.G. Borello & Sons, Inc. v.*  
20 *Department of Industrial Relations* (1989) 48 Cal.3d 341 (*Borello*). (Lab. Code, § 2783, subd.  
21 (a).) The parties agree the *Borello* test applies. (Motion, 2:5-7; Exchange Opposition, 1:21-22.)

22 Under *Borello*, “[t]he principal test of an employment relationship is whether the person to  
23 whom service is rendered has the right to control the manner and means of accomplishing the  
24 result desired.” (*Borello, supra*, 48 Cal.3d at p. 350.) “Perhaps the strongest evidence” of the right  
25 to control is whether the hirer can discharge the worker “at will, without cause” because “the power  
26 of the principal to terminate the services of the agent gives him the means of controlling the agent’s  
27 activities.” (*Ayala, supra*, 59 Cal.4th at p. 531; *Borello*, at p. 350.) Additionally, “‘secondary’  
28 indicia of the nature of a service relationship” include:

- 1 (a) whether the one performing services is engaged in a distinct occupation or  
2 business;
- 3 (b) the kind of occupation, with reference to whether, in the locality, the work is usually  
4 done under the direction of the principal or by a specialist without supervision;
- 5 (c) the skill required in the particular occupation;
- 6 (d) whether the principal or the worker supplies the instrumentalities, tools, and the  
7 place of work for the person doing the work;
- 8 (e) the length of time for which the services are to be performed; (f) the method of  
9 payment, whether by the time or by the job;
- 10 (g) whether or not the work is a part of the regular business of the principal; and
- 11 (h) whether or not the parties believe they are creating the relationship of employer-  
12 employee.

13 (*Id.* at pp. 350-351.) The “secondary indicia” “cannot be applied mechanically as separate tests;  
14 they are intertwined and their weight depends often on particular combinations.” (*Id.* at p. 351.)

15 Plaintiffs allege Exchange without exception classifies its agents as independent  
16 contractors, though Plaintiffs and class members are instead, as a matter of law, employees.  
17 Plaintiffs present evidence Farmers categorically classifies its agents as independent contractors,  
18 without exception or individualized analysis. (Baisch Decl., Exh. A, 140:19-142:14.) All class  
19 members thus share a common question: whether Farmers “retain[ed] the *right* to exercise” control  
20 over their work. (*Ayala, supra*, 59 Cal.4th at p. 533.) A claim alleging that a “uniform policy  
21 consistently applied to a group of employees” — here, Plaintiffs’ claim defendant uniformly and  
22 unlawfully classified captive agents as independent contractors — is “routinely, and properly,  
23 found suitable for class treatment.” (*Brinker, supra*, 53 Cal.4th at p. 1033.)

24 Plaintiffs present evidence the common question of defendants’ right to control is  
25 susceptible to common proof. In determining whether the hirer’s right to control is “commonly  
26 provable,” the parties’ written contract is “a necessary starting point.” (*Ayala, supra*, 59 Cal.4th  
27 at p. 535.) Key pieces of common proof are the non-negotiable, form Agent Appointment  
28 Agreements that Farmers Exchange requires all new agents sign. (Baisch Decl., Exh. F, 19:3-6;

1 20:8-17; 21:11-14; 22:1-6; 24:3-7; 24:22-25; 25:9-15; 26:16-18; Exhs. 127-130.) The Agreements  
2 set forth the parties' contractual rights, obligations, and duties; for example, they state Farmers  
3 owns the agents' book of business, include a "nonsolicitation provision," and establish a severance  
4 plan. (Baisch Decl., Exh. A, 160:12-161:14; 171:20-172:1; Exh. F, 73:1-74:5; Exhs. 127-130.)  
5 The Agreements also establish Farmers's "option" to terminate an Agreement, an option that  
6 applies to "any agent," which provides "[p]erhaps the strongest evidence" of the right to control.  
7 (Baisch Decl., Exh. F, 334:12-335:17; Exhs. 127-130, 154; *Ayala, supra*, 59 Cal.4th at p. 531.)  
8 Both Plaintiffs' case and Defendants' defense will almost certainly rely on terms of the  
9 Agreements, and the Agreements are thus a key source of common proof.

10 While the parties' written contract is a "necessary starting point," the parties "course of  
11 conduct" is relevant if "other evidence demonstrates a practical allocation of rights at odds with  
12 the written terms." (*Ayala, supra*, 59 Cal.4th at p. 535.) The key inquiry is whether the "course  
13 of conduct is susceptible to common proof — i.e., whether evidence of the parties' conduct  
14 indicates similar retained rights vis-à-vis each hiree, or suggests variable rights, such that  
15 individual proof would need to be managed." (*Ibid.*) Also, crucially, "the existence of variations  
16 in the extent to which a hirer exercises control does not necessarily show variation in the extent to  
17 which the hirer possesses a right of control, or that the trial court would find any such variation  
18 unmanageable." (*Ibid.*)

19 In addition to the Agreements signed by all class members, Plaintiffs cite several examples  
20 of Farmers' centralized course of conduct. All agents must attend uniform, mandatory Farmers  
21 training. (FAC, ¶ 45, Baisch Decl., Exh. A, 315:8-21; 336:3-15; 341:19-342:6; Exh. P, 355:10-  
22 14.) Farmers approves agent advertising and can lower agents' compensation. (Baisch Decl.,  
23 Exh. 135, § V; Exh. F, 160:12-162:4; Exh. Q, 341:23-342:1; Exh. R, 456:9-458:23.) Farmers  
24 provides uniform benefits to its agents. (Baisch Decl., Exh. A, 93:3-98:22; Exh. 131-132; Exh.  
25 135, § 6.) These course of conduct examples, which tend to show Farmers exercising its right to  
26 control, are established by common evidence such as testimony of Farmers's Persons Most  
27 Knowledgeable and Agency Operations Manuals.  
28



1 Plaintiffs also present evidence Defendants' right to control can be proven by citing a 2013  
2 company-wide "new consumer strategy." (Baisch Decl., Exh. V, 2-3.) The 2013 strategy  
3 "required changing agent behavior"; defendants' CEO explained it had "retooled" its  
4 "performance management" tools to encourage agents to align their behavior with the new  
5 strategy. (Baisch Decl., Exh. 450, 110; Exh. 452, 21.) According to Plaintiffs' evidence,  
6 "performance management" tools are "used to control and correct worker behavior." (Baisch  
7 Decl., Exh. Y, ¶ 22.) The performance management tools were designed to, among other things,  
8 evaluate and grade agents' performances, coach agents toward accomplishing Farmers' goals, and  
9 improve agent performance. The tools also changed the agents' compensation structure to change  
10 their behavior. (Baisch Decl., Exhs. 450, 110-119; 452, 10-29.) Plaintiffs' evidence of a 2013  
11 companywide policy is also a key piece of proof common to the class to show Farmers's right to  
12 control.

13 The Court concludes Plaintiffs' misclassification theory is susceptible to common proof.

14  
15 2. Farmers's Arguments Largely Address the Scope of Its Right to Control — A  
16 Merits Issue.

17 In opposition, Farmers Exchange raises several related contentions that individual issues  
18 predominate under the *Borello* test. First, it contends Plaintiffs' proposed trial plan would violate  
19 its due process rights because the plan does not include evidence about whether individual agents  
20 "in fact retained control over the time, place, means and manner of selling insurance."  
21 (Opposition, 9:18-21.) Second, and relatedly, it argues its evidence demonstrates variation across  
22 the class in how much control "each individual agent retained" over the "manner and means of  
23 accomplishing the result desired." (Opposition, 12:19-20.) Lastly, it challenges Plaintiffs'  
24 planned use of evidence that Farmers had policies and applied "pressure" to agents at odds with  
25 the Agreements. Farmers argues individualized evidence of whether agents felt pressured will be  
26 necessary.

27 The *Borello* test, however, focuses on the *hirer's* legal right to "control the activities of the  
28 alleged agent." (*Ayala, supra*, 59 Cal.4th at p. 535.) Thus, "[t]he existence of variations in the

1 extent to which a hirer exercises control does not necessarily show variation in the extent to which  
2 the hirer possesses a right of control....” (*Ibid.*) Here, Exchanges’s evidence showing variations  
3 in agents’ exercise of control does not address whether Defendants’ ultimately retained the legal  
4 right to control, or more specifically, whether Defendants’ legal right to control is susceptible to  
5 common proof. Similarly, proof of Plaintiffs’ allegation Farmers “pressured” agents rests on  
6 evidence of Framer’s corporate practices and policies rather than agents’ subjective feelings or  
7 impressions.

8 Lastly, Defendants proffer and cite evidence they claim contradicts or undermines  
9 Plaintiffs’ evidence. For example, Defendants claim the evidence shows, contrary to Plaintiffs’  
10 assertions, that the Agreements “cannot be terminated at-will,” “Farmers does not have a right to  
11 control agents’ online presence,” and Farmers “does not require agents to attend meetings.”  
12 (Opposition, 16:18; 17:13, 26.) Defendants’ arguments address the scope of its right to the control,  
13 whereas the issue here is whether the scope is susceptible to common proof. “Certification of class  
14 claims based on the misclassification of common law employees as independent contractors  
15 generally does not depend upon deciding the actual scope of a hirer’s right of control over its  
16 hirees. The relevant question is whether the scope of the right of control, whatever it might be, is  
17 susceptible to classwide proof.” (*Ayala, supra*, 59 Cal.4th at p. 537.)

18 Moreover, as the Supreme Court has noted, evidence showing Defendants categorically  
19 could or could not control certain aspects of their relationships with agents *supports* resolving the  
20 issues on a class-wide basis. (See *Ayala*, at pp. 536-537.) Ultimately, Defendants’ evidence  
21 purporting to contradict or undermine Plaintiffs’ evidence is best resolved by the trier of fact at  
22 trial on a class-wide basis. “[F]or purposes of class certification, the focus must be on the policy  
23 plaintiffs are challenging and whether the legality of that policy can be resolved on a classwide  
24 basis.” (*Lubin v. The Wackenhut Corp.* (2016) 5 Cal.App.5th 926, 940-941 (*Lubin*).)

25 Farmers urges the Court to follow the district court’s reasoning in *Harris v. Vector*  
26 *Marketing Corp.* (N.D. Cal. 2010) 753 F.Supp.2d 996 (*Harris*), where the court denied  
27 certification in a misclassification case based, among other things, on evidence of how the alleged  
28 employer actually exercised its control over the putative class. The Court finds the recent decision

1 in *Karl v. Zimmer Biomet Holdings, Inc.* (2020) 2020 WL 4340172 (*Karl*) more persuasive, partly  
2 because *Harris* lacked the Supreme Court’s *Ayala* guidance whereas *Karl* extensively employed  
3 it. *Ayala* “cautions courts to avoid focusing on the inevitable variations inherent in tracing the  
4 actions of individuals and to instead focus on the policies — formal or informal — in force in the  
5 workplace.” (*Martinez v. Joe’s Crab Shack Holdings* (2014) 231 Cal.App.4th 362, 380.)

6 As *Karl* noted, *Harris* is “easily distinguishable” because the defendant could only fire its  
7 independent contractors for cause. Like Farmers, the defendant in *Karl* argued against certification  
8 based on “course of conduct” evidence: evidence its standards “bestow[ed] broad discretion on  
9 sales associates who each interpret the standards differently” and evidence of “variations in sales  
10 associate conduct.” (*Id.* at \*6.) The district court rejected these arguments noting, “*Ayala* reminds  
11 us that everything here occurs in the shadow of Zimmer’s right to terminate plaintiffs *without*  
12 *cause*. So at the end of the day, perhaps the most common standard remains: Zimmer’s satisfaction  
13 with a sales associate.” (*Ibid.*) Moreover, “[p]redominance does not require plaintiffs to show  
14 that an employer’s policy affected all members of the class.” (*Lubin, supra*, 5 Cal.App.5th at p.  
15 955.) Some class members might prove to have been completely unaffected by Defendants’ right  
16 to control while others’ “course of conduct” might prove Defendants exerted control consistent  
17 with an “employee” relationship; the point is Plaintiffs’ theory that all agents were subject to  
18 Defendants’ *right* to control, whether exercised vigorously over some agents or not at all over  
19 others, is suitable, as a procedural matter, for common resolution.

20  
21 3. Individual Issues Raised by the Secondary *Borello* Factors Do Not Predominate.

22 Defendants cite several “secondary” *Borello* factors they contend require individualized  
23 inquiries: the intent of the parties when signing the Agreements, special skills, operating without  
24 supervision, distinct occupation, distinct business, supplying resources, and influence on profit and  
25 loss. “No matter how the fact-finder decides the secondary factors for Plaintiffs, the fact-finder  
26 could come to very different conclusions about the secondary factors for some or all other  
27 individual agents after weighing the individual evidence and assessing credibility.” (Opposition,  
28 19:17-20.)

1 A court considering whether common issues predominate the secondary *Borello* factors  
2 must “take care to correctly identify the relevant considerations.” (*Ayala, supra*, 59 Cal.4th at p.  
3 538.) “In evaluating how a given secondary factor may affect class certification, a court must  
4 identify whether the factor will require individual inquiries or can be assessed on a classwide  
5 basis.” (*Ibid.*) Once “common and individual factors have been identified, the predominance  
6 inquiry calls for weighing costs and benefits.” (*Id.* at p. 539.) “Individual issues do not render  
7 class certification inappropriate so long as such issues may effectively be managed.” (*Ibid.*)

8 Nor are the secondary *Borello* factors necessarily equally material. “Some, such as the  
9 hirer’s right to fire at will and the basic level of skills called for by the job, are of inordinate  
10 importance. [Citation.] Others, such as the ‘ownership of the instrumentalities and tools’ of the  
11 job, may be of ‘only ... evidential value,’ relevant to support an inference that the hiree is, or is  
12 not, subject to the hirer’s direction and control.” (*Ayala, supra*, 59 Cal.4th at p. 539.) Thus, the  
13 impact of individual variations on certification will depend on the significance of the factor they  
14 affect.” (*Id.* at pp. 539-540.)

15 Defendants contend the parties’ intent is a *Borello* factor raising individual issues. Yet the  
16 Supreme Court cautioned that while this factor may on its face “seem to turn solely on the  
17 peculiarities of the parties’ particular arrangement,” the Restatement of Agency, from which the  
18 secondary *Borello* factors are derived, tailored this factor “to depend ... on general custom with  
19 respect to the nature of the work.” (*Ayala, supra*, 59 Cal.4th at p. 538-539 [citing Rest.2d Agency,  
20 § 220].)

21 Similarly, whether working as a Farmers agent requires “special skills” or is a “distinct  
22 occupation” or “business” are questions common to the agent class generally, not specific agents.  
23 And whether Farmers “supplied resources,” as a factor addressing a companywide policy, does  
24 not necessarily require an agent-by-agent inquiry.

25 While the secondary *Borello* factors might raise some individualized issues, the issues do  
26 not predominate.

1           4.     Whether Plaintiffs' Expenditures or Losses Were "Necessary" Are Manageable  
2                 Issues.

3           Labor Code section 2802, subdivision (a) requires an employer indemnify its employee for  
4 "necessary" expenditures or losses incurred. Defendants argue that addressing the question  
5 whether class members' expenses are "necessary" raises individualized issues of proof.

6           Courts assessing predominance must "determine whether the elements necessary to  
7 establish liability are susceptible of common proof or, if not, whether there are ways to manage  
8 effectively proof of any elements that may require individualized evidence." (*Brinker, supra,*  
9 *supra*, 53 Cal.4th at p. 525.) Generally, if defendant's liability can be determined by facts  
10 "common to all members of the class, a class will be certified even if members must individually  
11 prove their damages." (*Lubin, supra*, 5 Cal.App.5th at p. 935.)

12           Here Plaintiffs' trial plan contemplates establishing class-wide categories of allegedly  
13 "necessary" expenditures incurred by class members. (Trial Plan, 9.) Plaintiffs specifically plan  
14 to prove Farmers expected agents to incur certain expenses such as costs of operating Farmers  
15 agencies or "storefronts," maintaining websites, and marketing. (Trial Plan, 9.) Once the finder  
16 of fact determines which expenditure categories were "necessary," Plaintiffs propose a claims  
17 process to establish proof of damages. (Trial Plan, 10-11.)

18           Defendants contend the trial will be unmanageable because the agents also sell insurance  
19 offered by two non-defendants, Mid-Century and Farmers New Life. According to Defendants,  
20 there is no way for the trier of fact to untangle on a class-wide basis the "necessary and reasonable"  
21 expenses attributable to marketing and selling Farmers Exchange insurance versus the Mid-  
22 Century and Farmers New Life insurance. Defendants argue they have due process rights requiring  
23 individualized proof of sales and expenses of each agent attributable to each line of insurance.

24           However Plaintiffs' theory, which they support with evidence, is not that Mid-Century and  
25 Farmers New Life are different insurance companies completely unrelated to Defendants; instead,  
26 Plaintiffs theorize that Mid-Century and Farmers New Life are essentially Farmers insurance  
27 subsidiaries. (FAC, ¶¶ 12, 28 [Farmers Group "controls the sales goals and objectives of [Farmers  
28 Exchange], Mid-Century Insurance Company, and Farmers New World Life Insurance

1 Company...”]; Reply Exhs. R, ¶ 22; S, 21:19-23:6, 25:16-26:19, 30:13-17, 34:23-35:23, 37:12-  
2 14, 130:7-15 [discussing relationships between Farmers, Mid-Century, and Farmers New Life].)  
3 More importantly here, the issue whether Mid-Century and Farmers New Life are Farmers entities  
4 — whether true or not — does not require individualized, agent-by-agent inquiries. Furthermore,  
5 if Plaintiffs prove Farmers Exchange and Farmers Group “employed” the agents and managed the  
6 agents’ sales of Mid-Century or Farmers New Life insurance policies, Farmers Exchange and  
7 Farmers Group might be responsible for reimbursing agents’ attendant expenses under section  
8 2802 if the expenses were “reasonable under the circumstances.” (*Grissom v. Vons Companies,*  
9 *Inc.* (1991) 1 Cal.App.4th 52, 58.)

10 By way of analogy, an employer-company might hire a salesperson to sell its own products  
11 and the products of its subsidiary. If the employer-company directs the salesperson to visit  
12 customers for purposes of selling the company’s and the subsidiary’s products, the employer-  
13 company would be responsible for reimbursing the agents’ gas mileage for those visits. The  
14 question would be whether the gas mileage was reasonable and necessary to “discharge” the  
15 employer-company’s imposed “duties” rather than whether the gas mileage achieved a sale of the  
16 company’s versus its subsidiary’s products. (Lab. Code, § 2802.)

17 For purposes of class certification, the Court is satisfied that Plaintiffs’ proposed method  
18 of establishing class-wide categories of “necessary” expenditures effectively manages  
19 individualized issues. Agents will likely “submit many different expenses from many different  
20 circumstances and each and every one will need to be evaluated. But they will be evaluated against  
21 an objective standard, *i.e.*, whether the ordinary, reasonable” Farmers agent “would find the  
22 expense necessary” — the “sort of objective standard[]” that the United States Supreme Court has  
23 observed “lends itself to common resolution.” (*Karl, supra*, 2020 WL 4340172 at \*9; *Brinker,*  
24 *supra*, 53 Cal.4th at p. 1022 [class certification proper if “liability can be determined by facts  
25 common to all members of the class ... even if the members must individually prove their  
26 damages”].) The Court is not persuaded the proposed claims process by which members  
27 individually prove their damages precludes certifying the class. The Court will, however, revisit  
28

1 manageability as the parties prepare for trial and entertain a motion to decertify if it appears the  
2 case is unmanageable.

3  
4 5. Common Questions Predominate Plaintiffs' Joint Employer and Alter Ego  
5 Theories.

6 Under Plaintiffs' theory, Farmers Group is either an "employer" under Labor Code section  
7 2802 or liable under an alter ego theory. Farmers Group contends individual issues predominate  
8 both theories.

9 Determining whether an entity is an "employer" is distinct from but related to the issue of  
10 whether a worker is an "employee." "The basic premise of a joint employer claim is that the  
11 plaintiff is already employed by a primary employer and is seeking to establish that another  
12 business entity is separately responsible for obligations imposed under the wage order and other  
13 requirements." (*Henderson v. Equilon Enterprises, LLC* (2019) 40 Cal.App.5th 1111, 1117, 1129  
14 [applying *Martinez v. Combs* (2010) 49 Cal.4th 35 (*Martinez*) "employer" test to wage and hour  
15 claims alleging joint employer].)

16 Plaintiffs' trial plan contemplates applying the "joint employer" test established by *Vernon*  
17 *v. State of California* (2004) 116 Cal.App.4th 114 (*Vernon*). (Trial Plan, 3:16-22.) *Vernon*  
18 considered whether an entity was a "employer" under California's Fair Employment and Housing  
19 Act. (*Vernon*, at pp. 123-124.) After surveying federal precedent, the court concluded that "[t]he  
20 common and prevailing principle espoused in all of the tests directs us to consider the 'totality of  
21 circumstances' that reflect upon the nature of the work relationship of the parties, with emphasis  
22 upon the extent to which the defendant controls the plaintiff's performance of employment duties."  
23 (*Id.* at p. 124.) The court also applied the secondary *Borello* factors. (*Id.* at p. 125.)

24 Farmers Group contends the "joint employer" test "necessarily implicates" individual  
25 issues. (Farmers Group Opposition, 8:14-15.) Specifically, Farmers Group contends Plaintiffs'  
26 trial plan does not propose presenting evidence of "day-to-day" decisions made by putative class  
27 members in operating their agencies. (Farmers Group Opposition, 10:9-10.) Assuming the *Vernon*  
28

1 standard applies,<sup>1</sup> it focuses (like the *Borello* test) on the putative employer's retained right to  
2 control and not on individualized variations in putative employees' actual exercise of control.  
3 Farmers Group cites declarations by agents who, for example, employ their own employees and  
4 operate sell other types of insurance. (Farmers Group Opposition, 11-12.) Yet under the *Vernon*  
5 test (and the *Borello* test), the "emphasis" is "upon the extent to which the defendant controls the  
6 plaintiff's performance of employment duties." (*Vernon, supra*, 116 Cal.App.4th at p. 124.) The  
7 issue is thus whether Farmers Group's "underlying right of control" is subject "subject to  
8 variations that would defy classwide proof and prove unmanageable." (*Ayala, supra*, 59 Cal.4th  
9 at p. 538.) For reasons discussed above under the *Borello* commonality analysis, the *Vernon* test  
10 raises predominately common questions because it depends upon Farmers's centralized right to  
11 control the agent class and not 6,000 individualized inquiries into variations in actual control  
12 excised by individual class members.

13 Plaintiffs alternatively allege Farmers Group is liable under an alter ego theory – a theory  
14 Defendants contend is not pled in the operative complaint. (Proposed Plan, 3.)<sup>2</sup> Under the alter  
15 ego doctrine, if the corporate form "is used to perpetuate a fraud, circumvent a statute, or  
16 accomplish some other wrongful or inequitable purpose, the courts will ignore the corporate entity  
17 and deem the corporation's acts to be those of the persons or organizations actually controlling the  
18 corporation, in most instances the equitable owners." (*Troyk v. Farmers Group, Inc.* (2009) 171  
19 Cal.App.1305, 1341.) To invoke alter ego, two conditions must be met. First, "there must be such  
20 a unity of interest and ownership between the corporation and its equitable owner that the separate  
21 personalities of the corporation and the shareholder do not in reality exist." (*Ibid.*) Second, "there  
22 must be an inequitable result if the acts in question are treated as those of the corporation alone."  
23

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24  
25 <sup>1</sup> Farmers Group also suggests the definition of "employer" established by *Martinez, supra*, 49 Cal.4th at p.  
26 49 applies. (Farmers Group Opposition, 9:8-10.) *Martinez* defined "employer" as used by the Industrial Welfare  
27 Commission's wage orders. (*Dynamex Operations W. v. Superior Court* (2018) 4 Cal.5th 903, 935-937 (*Dynamex*.)  
28 The wage orders define an "employer" as one who "employ[s] or suffer[s] or permit[s]" others to work. (*Id.* at p.  
937.) Plaintiffs claims here, however, do not involve the wage orders, and Labor Code section 2802, on which their  
claims are based, does not define "employer." The California Supreme Court has recognized this issue but has not  
decided it. (*Dynamex*, at p. 916, fn. 5.)

<sup>2</sup> Plaintiffs note their alter ego theory, because it is equitable, will not be tried by jury. (Trial Plan, 4:23-24.)



1 (*Ibid.*) Under the first condition, “no one characteristic governs” but instead courts must “look at  
2 all the circumstances to determine whether the doctrine should be applied,” including “the  
3 commingling of funds and assets of the two entities, identical equitable ownership in the two  
4 entities, use of the same offices and employees, disregard of corporate formalities, identical  
5 directors and officers, and use of one as a mere shell or conduit for the affairs of the other.” (*Id.*  
6 at pp. 1341-1341.)

7 Whether Plaintiffs have adequately pled alter ego is a merits issue that can be resolved after  
8 certification. The issue itself – whether Farmers Group is the alter ego of Farmers Exchanges –is  
9 a question common to all class members. The alter ego test examines the relationship between the  
10 entities and their alleged alter ego, which does not implicate individualized questions specific to  
11 class members. In opposition, Farmers Group contends whether an “inequitable result” will occur  
12 raises individual questions, citing, for example, the declaration of an Area Sales Manager who  
13 carefully reviewed the Agreements with new agents and informed them Farmers “could not tell  
14 them what to do.” (Farmers Group Opposition, 19:7-16.) Alter ego only applies, however, to  
15 Farmers Group’s alleged use of Farmers Exchanges’s corporate forms, not agent’s individual acts.  
16 If the “corporate form” is “used to perpetuate a fraud, circumvent a statute, or accomplish some  
17 other wrongful or inequitable purpose.” (*Troyk, supra*, 171 Cal.App.4th at p. 1341.) The doctrine,  
18 as Plaintiffs propose to use it, will thus be confined to whether Farmers Group inequitably used  
19 Farmers Exchange to circumvent Labor Code sections 2802 or 2753 or the unfair competition law.  
20 The “inequitable result” at issue will be whether solely Farmers Exchange or both Farmers  
21 Exchange and Farmers Group should be held liable. This issue and its focus on Farmers Group’s  
22 “use” of the Farmers Exchange corporate forms is common to all class members as does not  
23 involve individual agent’s actions or equity considerations as Farmers Group contends.

24  
25 6. Common Issues Predominate Plaintiffs’ Unfair Competition and Willful  
26 Misclassification Claims.  
27  
28

1 In addition to their Labor Code section 2802 claim for “necessary” expenditures, Plaintiffs  
2 also allege claims under California’s unfair competition law (“UCL”) and Labor Code section  
3 2753. (FAC, ¶¶ 97-115.)

4 Unfair competition under the UCL means “any unlawful, unfair, or fraudulent business  
5 practice.” (*Kizer v. Tristar Risk Management* (2017) 13 Cal.App.5th 830, 848 (*Kizer*).) The UCL  
6 focuses “on the defendant’s conduct, rather than the plaintiff’s damages, in service of the statute’s  
7 larger purpose of protecting the general public against unscrupulous business practices.” (*Ibid.*)

8 Plaintiffs allege Defendants have engaged in the following unfair or unlawful business  
9 practices: intentionally misclassifying agents as independent contractors, misrepresenting to the  
10 class that the agents own their agencies, and not reimbursing for business expenses. (FAC, ¶ 99.)  
11 Plaintiffs’ UCL claim is thus largely based on the same common issues that underlie their  
12 misclassification claim.

13 Under section 2753, a person who “knowingly” advises an employer to treat a worker as  
14 an individual contractor to avoid employee status is “jointly and severally liable” with the  
15 employer if the worker is found not be an independent contractor. Plaintiffs’ section 2753 theory  
16 is Farmers Group knew the agents were not, but advised Farmers Exchange to classify them as,  
17 independent contractors. (FAC, ¶ 113.) Plaintiffs’ theory is largely derivative of their theory  
18 based on Farmers’s company-wide misclassification policy. The elements unique to section 2753  
19 are Farmers Group’s knowledge and advice to Farmers Exchange. Both elements are common to  
20 the agent class and do not raise individual issues.

21  
22 **B. Plaintiffs’ Claims Are Typical of the Class.**

23 Class representatives must have “claims or defenses typical of the class.” (*Fireside Bank,*  
24 *supra*, 40 Cal.4th at p. 1089.) Claims are “typical” if “other members have the same or similar  
25 injury,” the action is based on conduct “which is not unique to the named plaintiffs,” and “other  
26 class members have been injured by the same course of conduct.” (*Seastrom v. Neways, Inc.*  
27 (2007) 149 Cal.App.4th 1496, 1502.) Typicality does not concern the “specific facts” from which  
28

1 claims arise or “relief sought,” and its purpose as a requirement is to “assure that the interest of  
2 the named representative aligns with the interests of the class.” (*Ibid.*)

3 Here both Plaintiffs were Farmers exclusive agents, Parry beginning in 1989 and  
4 O’Sullivan in 1994. (Exh. S, ¶ 5; Exh. T, ¶ 5.) Both signed form agent Agreements and were  
5 classified as independent contractors by Farmers. (Exh. S, ¶¶ 6-8; Exh. T, ¶¶ 6-8.) Both were subject  
6 to the common, complained-of Farmers policies and Farmers’s alleged intensified control after  
7 2013, including “Smart Office” inspections and “weekly grading.” (Exh. S, ¶¶ 69, 18; Exh. T, 6-  
8 9, 18.) Parry terminated her Agreement with Farmers on June 30, 2019, and O’Sullivan was  
9 terminated by Farmers on August 28, 2020. Farmers retained both Plaintiffs’ books of business.  
10 (Exh. S, ¶¶ 27-30; Exh. T, ¶¶ 22-23.)

11 If a class action is brought against multiple defendants, the class representatives must have  
12 a “personal cause of action” against every defendant. (*Hart v. Alameda County* (1999) 76  
13 Cal.App.4th 766, 775.) Otherwise, “the prerequisite that the claims of the representative party be  
14 typical of the class cannot be met.” (*Ibid.*) An exception applies if “the plaintiff alleges the  
15 defendant acted under a conspiracy or are jointly responsible for the plaintiffs’ injuries.” (*Id.* at p.  
16 776.) Plaintiffs here allege the “affiliated” Farmers Exchange defendants together rely on a  
17 “common network” of agents, and Farmers Group is “jointly and severally” liable for, in part,  
18 advising Farmers Exchange to classify agents as independent contractors. (FAC, ¶¶ 1, 5.)  
19 Plaintiffs also allege all Defendants were each the agents and servants of the others. (FAC, ¶ 21.)  
20 Plaintiffs thus allege all Defendants are jointly liable for the alleged claims.

21 Farmers Exchange argues that Plaintiffs’ status as former agents renders their claims for  
22 injunctive relief are untypical because “over half” of the class are “current agents.” (Farmers  
23 Exchange Opp., 23:10-15.) In support, Farmers Exchange cites two federal cases, *Wal-Mart*  
24 *Stores, Inc. v. Dukes* (2011) 564 U.S. 338 (*Wal-Mart*) and *Ellis v. Costco Wholesale Corp.* (9th  
25 Cir. 2011) 657 F.3d 970, 986 (*Ellis*) [citing *Wal-Mart*]. Both *Wal-Mart* and *Ellis* held former  
26 employees could not pursue injunctive relief on behalf of a current-employee class because the  
27 former employees had lacked standing to sue in federal court under *Lujan v. Defenders of Wildlife*  
28 (1992) 504 U.S. 555. (*Ellis*, at p. 978-98.) Plaintiffs here seek two declaratory judgments and

1 “[t]hat Defendants be permanently enjoined from engaging in the unlawful and unfair acts and  
2 practices alleged herein....” (FAC, p. 21.)

3 “A litigant’s standing to sue is a threshold issue to be resolved before the matter can be  
4 reached on the merits” and standing “goes to the existence of a cause of action.” (*Blumhorst v.*  
5 *Jewish Family Services of Los Angeles* (2005) 126 Cal.App.4th 993, 1000 (*Blumhorst*)). “Lack of  
6 standing may be raised at any time in the proceeding, including at trial or in an appeal.” (*Ibid.*)  
7 Standing “focuses on the plaintiff, not the issues he or she seeks to have determined,” and the  
8 purpose of standing “is to ensure that the courts will decide only actual controversies between  
9 parties with a sufficient interest in the subject matter of the dispute to press their case with vigor.”  
10 (*Id.* at p. 1001.) A court cannot address the merits of litigation if the plaintiff lacks standing  
11 because “California courts have no power ... to render advisory opinions or give declaratory  
12 relief.” (*Id.* at p. 1000.)

13 To have standing to seek “the prospective relief of an injunction, a plaintiff must show a  
14 likelihood he will be harmed in the future if the injunction is not granted.” (*Blumhorst, supra*, 126  
15 Cal.App.4th at p. 1004 [citing *Coral Construction, Inc. v. City & County of San Francisco* (2004)  
16 116 Cal.App.4th 6, 17].) In *Estrada v. FedEx Ground Package System, Inc.* (2007) 154  
17 Cal.App.4th 1, 17, plaintiff sought declaratory relief and a permanent injunction that FedEx pick-  
18 up and delivery drivers were employees. Plaintiff’s “relationship with FedEx ended” before he  
19 filed suit. (*Ibid.*) After trial, the Court of Appeal reversed “all of the [trial court’s] equitable  
20 orders” because plaintiff “lacked standing to seek prospective declaratory or injunctive relief.”  
21 (*Ibid.*) In this case, Plaintiffs declare they both are former Farmers agents. In reply, they do not  
22 address Defendants’ standing argument. Based on Plaintiffs’ declarations, they cannot show they  
23 would likely be harmed if Defendants’ alleged classification practices continued because they are  
24 no longer Farmers agents. At the very least, Plaintiffs’ standing issue subjects them to “unique  
25 defenses” not shared by class members who remain Farmers agents.

26 However, the fact that the class representatives may not be entitled to every requested  
27 remedy does not necessarily “sound” the class action’s “death knell.” (*Hicks v. Kaufman and*  
28 *Broad Home Corp.* (2001) 89 Cal.App.4th 908, 925.) Instead, California courts may look to

1 Federal Rules of Civil Procedure, Rule 23, subdivision (c)(4), which allows a class action to “be  
2 brought or maintained with respect to *particular issues....*” (*Hicks*, at p. 925 (italics added).) “For  
3 example, the trial court could limit the class issues to liability ... [or] divide the class into  
4 subclasses: those asserting only economic damages and those asserting economic damages and  
5 property damages.” (*Id.* at pp. 925-926.) Similarly, in *Daniels v. Centennial Group* (1993) 16  
6 Cal.App.4th 467, 471, plaintiffs sought to represent a class seeking rescission even though three  
7 of them and “many, if not most” of the putative class “could not longer seek rescission.” However,  
8 “denying class certification for the entire action on that basis is much like using a nuclear weapon  
9 to kill a fly.” (*Id.* at p. 472.) “[T]he remedy,” instead, “is to certify a damages class.” (*Ibid.*)

10 The Court concludes Plaintiffs’ claims for monetary and other non-equitable relief are  
11 common to the class.

12  
13 C. Plaintiffs Can Adequately Represent the Class.

14 The third “community of interest” factor is plaintiffs who can “adequately represent the  
15 class.” (*Fireside Bank, supra*, 40 Cal.4th at p. 1089.) Plaintiffs “adequately represent the class”  
16 by “vigorously and tenaciously protecting the class members’ interests.” (*Espejo v. The Copley*  
17 *Press, Inc.* (2017) 13 Cal.App.5th 329, 352 (*Espejo*)). “Typically, ‘[t]he adequacy of  
18 representation component of the community of interest requirement for class certification comes  
19 into play when the party opposing certification brings forth evidence indicating widespread  
20 antagonism to the class suit.’” (*Ibid.*) A putative representative cannot adequately represent the  
21 class if “his interests are antagonistic to or in conflict with the objectives of those he purports to  
22 represent. But only a conflict that goes to the very subject matter of the litigation will defeat a  
23 party’s claim of representative status.” (*Ibid.*) Conflicts that “merely reflect variances in view as  
24 to the proper outcome of a suit, do not provide reason for a court to refuse to hear a class suit.”  
25 (*Capitol People First v. State Dept. of Developmental Services* (2007) 155 Cal.App.4th 676, 697  
26 (*Capitol*)).

27 Both Plaintiffs in this case submit declarations stating that they contacted counsel in this  
28 case and volunteered to be class representatives. (COE, Exh. S, ¶ 16; Exh. T, ¶ 16.) They have

1 participated in discovery, including sitting for two depositions each, and are prepared to bring their  
2 case to and testify at trial. (COE, Exh. S, ¶ 14; Exh. T, ¶ 14.) No evidence suggests Plaintiffs are  
3 “professional plaintiffs.” (*Espejo, supra*, 13 Cal.App.5th at p. 354.)

4 Farmers Exchange contends class members’ interests are antagonistic to Plaintiffs’ claim  
5 for injunctive relief. Farmers proffers declarations by agents who prefer their independent  
6 contractor status. (Farmers Exchange Opp., 24.) But the Court cannot conclude from this evidence  
7 a “vast majority” of the class “perceives its interest as diametrically opposed” to Plaintiffs.  
8 (*Richmond v. Dart Industries, Inc.* (1981) 29 Cal.3d 462, 471.) Certain agents predictably might  
9 prefer to be classified as independent contractors, but their individual preferences neither bear on  
10 whether Farmers’s companywide policy is lawful nor impugn “the very legitimacy of the class  
11 action process” as Plaintiffs plan to use it. (*Capitol, supra*, 155 Cal.App.4th at p. 697.) As the  
12 Supreme Court has noted, “protections conferred” by employee status often “have a public purpose  
13 beyond the private interests of the workers themselves.” (*Borello, supra*, 48 Cal.3d at p. 358  
14 [discussing worker classification in context of workers’ compensation coverage]; *Dynamex*  
15 *Operations West, Inc. v. Superior Court* (2018) 4 Cal.5th 903, 935 [*Borello* “repeatedly  
16 emphasizes” that social welfare legislations “statutory purpose” is the “touchstone” for worker  
17 classification].) Moreover, injunctive relief in this case would not ultimately preclude Farmers  
18 and agents who prefer to be independent contractors from maintaining independent contractor  
19 relationships so long as they are structured to be lawful.

20  
21 IV. Proceeding as a Class Is Superior to Individual Adjudication.

22 Lastly, the proposed class action must confer “substantial benefits” that “render proceeding  
23 as a class superior to the alternatives.” (*Fireside Bank, supra*, 40 Cal.4th at p. 1089.)

24 Class-wide adjudication is the superior method of adjudicating this case. The common and  
25 ultimate issue is whether Farmers’s centralized, companywide practice of classifying agents as  
26 independent contractors is lawful, an issue best adjudicated once rather than multiple times via  
27 individual actions. The alternative — multiple actions by individual agents — would likely  
28 implicate the same or similar evidence of Farmers’s centralized policies and practices and the same

1 issues in every case. Examining the common evidence and resolving the common issues once as  
2 a class proceeding is the efficient and superior method.

3  
4 V. Evidentiary Objections

5 The Court's order does not rely on Defendants' evidence that elicited objections by  
6 Plaintiffs.

7 The Court makes the following rulings on objections by Defendants to Plaintiffs' evidence.  
8 The Court notes generally that Plaintiffs' evidence of Defendants' policies, procedures, and so  
9 forth is not hearsay, but is instead evidence of the "alleged policies and practices" at issue on  
10 Plaintiffs' motion. (See *Harris, supra*, 753 F.Supp.2d at p. 1001.) In other words, the evidentiary  
11 value of the statements within Plaintiffs' evidence is in the fact that the statements were said,  
12 issued, or promulgated, not in the truth of the matters they assert.

- 13 • Exhibit 103: OVERRULED
- 14 • Exhibit 104: OVERRULED
- 15 • Exhibit 107: OVERRULED
- 16 • Exhibit 111: OVERRULED
- 17 • Exhibit 138: OVERRULED
- 18 • Exhibit 139: OVERRULED
- 19 • Exhibit 153: OVERRULED
- 20 • Exhibit 155: OVERRULED
- 21 • Exhibit 177: OVERRULED
- 22 • Exhibit 192: OVERRULED
- 23 • Exhibit 193: OVERRULED
- 24 • Exhibit 194: OVERRULED
- 25 • Exhibit 195: OVERRULED
- 26 • Exhibit 196: OVERRULED
- 27 • Exhibit 197: OVERRULED
- 28 • Exhibit 198: OVERRULED
- Exhibit 199: OVERRULED
- Exhibit 200: OVERRULED
- Exhibit 201: OVERRULED
- Exhibit 211: OVERRULED
- Exhibit 420: OVERRULED
- Exhibit 470: OVERRULED
- Exhibit 572: OVERRULED

- 1 • Exhibit 573: OVERRULED
- 2 • Exhibit 574: OVERRULED
- 3 • Exhibit X: OVERRULED
- 4 • Exhibit Y, 3, ¶ 5:19-24: SUSTAINED; improper opinion on ultimate legal issue
- 5 • Exhibit Y, 11, ¶ 26:25-27: SUSTAINED; improper opinion on ultimate legal issue
- 6 • Exhibit LL: OVERRULED
- 7 • Exhibit MM: OVERRULED
- 8 • Exhibit OO: OVERRULED
- 9 • Exhibit PP: OVERRULED
- 10 • Exhibit QQ: OVERRULED
- 11 • Exhibit 75: OVERRULED
- 12 • Exhibit 450: OVERRULED
- 13 • Exhibit 452: OVERRULED
- 14 • Exhibit 454: OVERRULED
- 15 • Exhibit D: OVERRULED
- 16 • Exhibit E: OVERRULED
- 17 • Exhibit G: OVERRULED
- 18 • Exhibit V: OVERRULED

19 VI. Conclusion

20 The Court GRANTS IN PART Plaintiffs' motion for class certification; the Court DENIES  
21 the motion as to certifying a class seeking injunctive relief. Pursuant to California Rules of Court,  
22 rule 3.765(a), the Court adopts Plaintiffs' proposed class definition as:

23 All individuals who signed a Farmers Agent Appointment Agreement and worked as a  
24 Farmers agent in the State of California.

25 The Court APPOINTS Plaintiffs Irene Parry and Jeanette O'Sullivan as class  
26 representatives. Counsel for Plaintiffs are appointed as class counsel.

27 Pursuant to California Rules of Court, rule 3.766(c), the Court shall as soon after issuing  
28 this Order as practicable issue a subsequent order concerning notice to class members. The Court  
therefore orders the parties to meet and confer in an effort to agree on the content and mechanism  
for notice to the putative class.

The Court CONTINUES the Motion to Seal to April 14, 2021 at 2:00 p.m.



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Dated: MAR 04 2021

  
\_\_\_\_\_  
**AMY D. HOGUE**  
JUDGE OF THE SUPERIOR COURT

# **EXHIBIT E**

1 Nina Huerta (SBN 229070)  
[nhuerta@lockelord.com](mailto:nhuerta@lockelord.com)  
2 Jonevin Sabado (SBN 305933)  
[jonevin.sabado@lockelord.com](mailto:jonevin.sabado@lockelord.com)  
3 Jordon R. Ferguson (SBN 276578)  
[jordon.ferguson@lockelord.com](mailto:jordon.ferguson@lockelord.com)  
4 LOCKE LORD LLP  
5 300 South Grand Avenue, Suite 2600  
6 Los Angeles, CA 90071  
7 Telephone: 213-485-1500  
8 Fax: 213-485-1200

8 Attorneys for Defendants  
9 FARMERS INSURANCE EXCHANGE;  
10 TRUCK INSURANCE EXCHANGE; and  
11 FIRE INSURANCE EXCHANGE

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 FOR THE COUNTY OF LOS ANGELES

Locke Lord LLP  
300 South Grand Avenue, Suite 2600  
Los Angeles, CA 90071

13 IRENE PARRY, individually and on behalf of all )  
14 others similarly situated; JEANETTE O'SULLIVAN, )  
15 individually and on behalf of all others similarly )  
16 situated, )

16 Plaintiffs, )

17 vs. )

18 FARMERS INSURANCE EXCHANGE; TRUCK )  
19 INSURANCE EXCHANGE; FIRE INSURANCE )  
20 EXCHANGE, and FARMERS GROUP, INC. AND )  
21 DOES 1 through 100, )

21 Defendants. )

CASE NO. BC683856

Honorable Amy D. Hogue, Dept. 7

DECLARATION OF ZOLTAN M. NAGY

Complaint filed: November 16, 2017

Trial Date: Not Set

Locke Lord LLP  
300 South Grand Avenue, Suite 2600  
Los Angeles, CA 90071

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**DECLARATION OF ZOLTAN M. NAGY**

I, Zoltan Nagy, hereby declare:

1. My name is Zoltan M. Nagy. I declare the following under oath:

2. I am over 18 years of age. I am a resident of California.

3. In March 2020, I became the Director-Home Office Agencies for Farmers Group, Inc. (“FGI”). Certain employees, including myself, provide non-claims related administrative services to Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange Mid-Century Insurance Company and Farmers New World Life Insurance Company (collectively, “Farmers”).

4. In my role as Director-Home Office Agencies, my duties include reviewing contracts and contract-related situations involving the insurance agents appointed by Farmers to sell insurance. Furthermore, I work with auditing, compliance, legal, and accounting groups on a wide range of issues that relate to Farmers agents.

5. I have access to Farmers’ business records and have knowledge of how they are maintained. Through my role with FGI, as well as my review of the business records described, I gained knowledge of the facts set forth in this Declaration.

6. The total number of individuals in California appointed with Farmers as an Agent under an Agent Appointment Agreement or as a Supervising Agent under a Corporate Agent Appointment Agreement on January 1, 2021 or later is 205.

7. The total number of individuals in California appointed with Farmers as an Agent under an Agent Appointment Agreement or as a Supervising Agent under a Corporate Agent Appointment Agreement (active or inactive) during the month of December 2020 is 67.

8. The total number of individuals in California appointed with Farmers as a SEED Agent (currently active or inactive) under an Agent Appointment Agreement during the time period of November 16, 2013 to December 31, 2020 is 425.

9. The total number of individuals in California appointed with Farmers as a Retail Agent (currently active or inactive) under an Agent Appointment Agreement during the time period of November 16, 2013 to December 31, 2020 is 452.

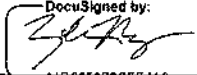
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10. The total number of individuals in California appointed with Farmers as an Agent under an Agent Appointment Agreement or an Supervising Agent (active or inactive) under a Corporate Agent Appointment Agreement under the External Acquisition agent program during the time period of January 1, 2019 to December 31, 2020 is 211.

11. The vast majority of the 1088 agents appointed under the programs referenced in Paragraphs 8, 9 and 10 received a start-up or signing bonus up to \$10,000.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on the 30th day of September 2021 in Fotthill Ranch, California.

DocuSigned by:  
  
41D655970CFF0A0...  
Zoltan M. Nagy

Locke Lord LLP  
300 South Grand Avenue, Suite 2600  
Los Angeles, CA 90071

# **EXHIBIT F**

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Gretchen M. Nelson (SBN 112566)  
Gabriel S. Barenfeld (SBN 224146)  
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greg@gregcolemanlaw.com

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES

IRENE PARRY, individually and on behalf of  
all others similarly situated; JEANETTE  
O’SULLIVAN, individually and on behalf of  
all others similarly situated,

Plaintiffs,

v.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE.; FARMERS  
GROUP, INC.; and DOES 1-100,

Defendants.

Case No.: BC683856

Hon. Amy Hogue, SS Dept. 007

**AMENDED DECLARATION OF  
IRENE PARRY IN SUPPORT OF  
PLAINTIFFS’ NOTICE MOTION  
AND MOTION FOR PRELIMINARY  
APPROVAL OF CLASS ACTION  
SETTLEMENT**

DATE: December 16, 2021

TIME: 11:00 a.m.

DEPT: SS 007

COMPLAINT FILED: November 16,  
2017

Trial Date: Not Set

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I, Irene Parry, do hereby declare as follows:

1. I am one of the Plaintiffs in this class action case. I have previously filed a declaration on October 16, 2020, in support of Plaintiffs' motion to certify a class in this case. I am familiar with the Court's Amended Order of March 4, 2021 certifying the Class. I have participated actively in this lawsuit. I have testified in two depositions (over hours of deposition time). I have responded to 96 interrogatories and 60 document requests. I receive updates on and follow the status and progress of the lawsuit. I. My attorneys kept me abreast of settlement negotiations and I have reviewed in detail the Class Action Settlement Agreement.

2. I am a member of the Settlement Class and the Class that was previously certified by the Court. I signed a Farmers agent appointment agreement in 1980 and again in 1989. I was a Farmers' agent in California when I filed the Complaint in this case on November 16, 2017, and I continued to work as a Farmers' agent until June 30, 2019.

3. I am familiar with the allegations that have been asserted in this lawsuit. I volunteered to be a class representative because it is important that all benefit from the lawsuit equally. I contacted the attorneys who represent me in this case because I believed, and continue to believe, that the issues in this lawsuit are important to all agents and must be addressed. I did not contact the attorneys in response to any advertising or other solicitation. I have had regular contact with my attorneys regarding the progress of the case.

4. I am willing to serve as a representative of the proposed Settlement Class. I am familiar with my responsibilities as a class representative, including my duty to look out for the interests of other members of the class and not solely my own. I recognize and accept that as a class representative I will not receive any special benefits or recovery not afforded to other members of the class, except as warranted and approved by the court. Throughout my work on this case, I have kept the interests of the class in mind and sought to do what is in the best interests of all class members.



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5. I am not aware of any conflicts between myself and any other member of the proposed Settlement Class or the Class that was previously certified by the Court that would prevent me from serving as a class representative.

6. I signed a written retainer agreement with my attorneys, which disclosed the following: (i) the fact that a division of fees will be made; (ii) the identity of the lawyers and law firms that are parties to the division; (iii) the terms of the division; and (iv) that the total fee charged by all lawyers is not increased solely by reason of the agreement to divide fees. As to the terms of the division, the retainer agreement states that any fee will be allocated according to each firm's proportionate share of the legal services. As to costs, the agreement stated that attorneys would split costs between them as deemed fit.

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct.

11/13/2021

Executed on this \_\_\_\_ day of \_\_\_\_\_ 2021, in Laguna Niguel, California

DocuSigned by:  
By: Irene Parry  
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Irene Parry

# **EXHIBIT G**

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Gretchen M. Nelson (SBN 112566)  
Gabriel S. Barenfeld (SBN 224146)  
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Mark J. Tamblyn (SBN 179272)  
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*Attorneys for Plaintiffs and the Class*

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Erin K. Dickinson (PHV)  
Krista K. Baisch (PHV)  
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kkb@cruegerdickinson.com

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Arthur Stock, Esq. (PHV)  
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greg@gregcolemanlaw.com

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES

IRENE PARRY, individually and on behalf of  
all others similarly situated; JEANETTE  
O'SULLIVAN, individually and on behalf of  
all others similarly situated,

Plaintiffs,

v.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE.; FARMERS  
GROUP, INC.; and DOES 1-100,

Defendants.

Case No.: BC683856

Hon. Amy Hogue, SS Dept. 007

**AMENDED DECLARATION OF  
JEANETTE O'SULLIVAN IN  
SUPPORT OF PLAINTIFFS'  
NOTICE MOTION AND MOTION  
FOR PRELIMINARY APPROVAL OF  
CLASS ACTION SETTLEMENT**

DATE: December 16, 2021

TIME: 11:00 a.m.

DEPT: SS 007

COMPLAINT FILED: November 16,  
2017

Trial Date: Not Set

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I, Jeanette O’Sullivan, do hereby declare as follows:

1. I am one of the Plaintiffs in this class action case. I have previously filed a declaration on October 16, 2020, in support of Plaintiffs’ motion to certify a class in this case. I am familiar with the Court’s Amended Order of March 4, 2021 certifying the Class. I have participated actively in this lawsuit. I have testified in two depositions (over hours of deposition time). I have responded to 96 interrogatories and 60 document requests. I receive updates on and follow the status and progress of the lawsuit. I. My counsel kept me abreast of settlement negotiations and I have reviewed in detail the Class Action Settlement Agreement.

2. I am a member of the Settlement Class and the Class that was previously certified by the Court. I was appointed as an exclusive Farmers Insurance Agent from 1994 to 2020. I signed a Farmers Agent Appointment Agreement in 1994. In 2009, I signed a Farmers Corporate Agent Appointment Agreement. I was a Farmers’ agent in California when I filed the Complaint in this case on November 16, 2017, and I continued to work as a Farmers’ agent until August 28, 2020.

3. I am familiar with the allegations that have been asserted in this lawsuit. I volunteered to be a class representative because it is important that all benefit from the lawsuit equally. I contacted the attorneys who represent me in this case because I believed, and continue to believe, that the issues in this lawsuit are important to all agents and must be addressed. I did not contact the attorneys in response to any advertising or other solicitation. I have had regular contact with my attorneys regarding the progress of the case.

4. I am willing to serve as a representative of the proposed Settlement Class. I am familiar with my responsibilities as a class representative, including my duty to look out for the interests of other members of the class and not solely my own. I recognize and accept that as a class representative I will not receive any special benefits or recovery not afforded to other members of the class, except as warranted and approved by the court. Throughout my work on this case, I have kept the interests of the class in mind and sought to do what is in the best interests of all class members.

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5. I am not aware of any conflicts between myself and any other member of the proposed Settlement Class or the Class that was previously certified by the Court that would prevent me from serving as a class representative.

6. I signed a written retainer agreement with my attorneys, which disclosed the following: (i) the fact that a division of fees will be made; (ii) the identity of the lawyers and law firms that are parties to the division; (iii) the terms of the division; and (iv) that the total fee charged by all lawyers is not increased solely by reason of the agreement to divide fees. As to the terms of the division, the retainer agreement states that any fee will be allocated according to each firm's proportionate share of the legal services. As to costs, the agreement stated that attorneys would split costs between them as deemed fit.

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct.

12/8/2021

Executed on this \_\_\_\_ day of \_\_\_\_\_ 2021, in Aliso Viejo, California

DocuSigned by:  
By:   
JCB42B47C9FAIDA...  
Jeanette O'Sullivan

# **EXHIBIT H**

# Exhibit H

1 Gretchen M. Nelson (SBN 112566)  
2 Gabriel S. Barenfeld (SBN 224146)  
3 **NELSON & FRAENKEL LLP**  
4 601 S. Figueroa Street, Suite 2050  
5 Los Angeles, CA 90017  
6 Tel.: (844) 622-6469  
7 gnelson@nflawfirm.com  
8 gbarenfeld@nflawfirm.com

9 Edward A. Wallace  
10 **WALLACE LEGAL GROUP LLC**  
11 111 W. Jackson Street, Suite 1700  
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13 Tel.: (708) 320-0165  
14 eaw@wallacelegalgroupllc.com

15 *Attorneys for Plaintiffs and the Class*

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Erin K. Dickinson (PHV)  
Krista K. Baisch (PHV)  
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Greg F. Coleman (PHV)  
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gcoleman@milberg.com

## SUPERIOR COURT OF THE STATE OF CALIFORNIA

### FOR THE COUNTY OF LOS ANGELES

16 IRENE PARRY, individually and on behalf of  
17 all others similarly situated; JEANETTE  
18 O'SULLIVAN, individually and on behalf of  
19 all others similarly situated,

20 Plaintiffs,

21 v.

22 FARMERS INSURANCE EXCHANGE;  
23 TRUCK INSURANCE EXCHANGE;  
24 FIRE INSURANCE EXCHANGE;  
25 FARMERS GROUP, INC.; and DOES 1-100,

26 Defendants.

Case No.: BC683856

**DECLARATION OF JUSTIN PARKS  
OF A.B. DATA, LTD. IN SUPPORT OF  
PLAINTIFFS' MOTION FOR  
PRELIMINARY APPROVAL OF  
CLASS ACTION SETTLEMENT**

1 I, Justin Parks, declare as follows:

2 1. I am a Vice President with A.B. Data, Ltd. (“A.B. Data”). I am fully familiar with the  
3 facts contained herein based upon my personal knowledge, and if called as a witness, could and would  
4 testify competently thereto.

5 2. In consultation with Class Counsel, I have prepared a proposed settlement notice and  
6 administration plan for this litigation. This Declaration will describe the proposed notice plan and how it  
7 conforms to the requirements of California Rules of Civil Procedure and California Rules of Court, and  
8 provide due process to the potential Settlement Class Members. This Declaration is based upon my  
9 personal knowledge and upon information provided to me by Class Counsel, my associates, and A.B. Data  
10 staff members.

11 3. A.B. Data has been appointed as notice, claims, and/or settlement administrator in  
12 hundreds of class action cases involving consumer, data breach and privacy, civil rights, insurance,  
13 antitrust, ERISA, securities, and wage and hour matters. The scope of our work includes notification,  
14 claims processing, and distribution plans in all types of class actions and related matters. A profile of  
15 A.B. Data's background and capabilities is attached as Exhibit A.

16 NOTICE PLAN

17 4. The objective of the proposed notice plan is to provide the best practicable notice under  
18 the circumstances of the proposed settlement to potential Settlement Class Members. The proposed  
19 Settlement Class is defined as:

20 All individuals who signed a Farmers Agent Appointment Agreement or  
21 Corporate Agent Appointment Agreement and worked as a Farmers agent or  
22 Supervising Agent for an incorporated Farmers agency in the State of California  
between November 16, 2013, to the date the Court grants preliminary approval.

23 5. The proposed notice plan will feature direct notice mailed to potential Settlement Class  
24 Members in the form of the Notice Package as defined in the Parties’ Settlement Agreement (“Mailed  
25 Notice”). A.B. Data will send the Mailed Notice by United States Postal Service (“USPS”) First-Class  
26 Mail using Settlement Class Members’ contact information supplied by Defendants.

27 6. Before mailing the Notice Package, A.B. Data will run the addresses of all known  
28 intended recipients through the USPS National Change of Address (“NCOA”) database.





1 sent to potential Settlement Class Members. The Settlement Website will provide, among other things: a  
2 summary of the litigation and Settlement; a description of Settlement Class Members' rights and options;  
3 relevant pleadings and orders; important dates and deadlines; functionality for Settlement Class Members  
4 to submit their claims online; and any pertinent updates concerning the Settlement.

#### 5 EXCLUSION PROCESSING

6 13. The Mailed Notice and Email Notice provide that Settlement Class Members may request  
7 exclusion by sending a written, mailed request to the Settlement Administrator. A.B. Data will receive and  
8 process all Requests for Exclusion. A.B. Data will also promptly circulate to the parties copies of all such  
9 requests and a report that tracks each request and whether the required information was included.

#### 10 CLAIMS PROCESS

11 14. Each Settlement Class Member who submits a valid Claim Form is eligible to receive a  
12 Claims Payment, in addition to the Direct Payment, as further detailed under the Parties' Settlement  
13 Agreement. The Mailed Notice and Email Notice will instruct potential Settlement Class Members that to  
14 submit a valid claim, the Settlement Class Member must, by the Claims Deadline, submit a valid Claim  
15 Form, supported by documentary proof, if applicable, that is completed and signed by hand or  
16 electronically.

17 15. A.B. Data will promptly evaluate each timely submitted Claim Form it receives and will  
18 explicitly follow the Claim Form Review Process to make an initial determination and then a final  
19 determination on each claim. The Claim Form Review Process is further detailed under the Parties'  
20 Settlement Agreement.

21 16. Settlement Class Members who receive Notice will be provided with a unique ID number  
22 that will be requested on the Claim Form to verify membership in the Settlement Class. The Claim Form  
23 can be completed and submitted either online through the Settlement Website or by mail.

24 17. For purposes of estimating a cap on administrative costs, we have assumed a claims rate  
25 of approximately 75%. A.B. Data and Class Counsel anticipate a higher-than-average claims rate based  
26 on several factors, including the demographic of Settlement Class Members; the ability to easily file a  
27 Claim Form online through the Settlement Website; the inclusion of multiple rounds of reminder mailings  
28 and outreach; and the incentive of receiving a sizeable payment assuming the Claim Form is determined to

1 be valid and supported by sufficient documentary proof. Based on our experience, these factors typically  
2 contribute to higher claims rates and general engagement among Settlement Class Members.

### 3 DISTRIBUTION PLAN

4 18. Pursuant to the Parties' Settlement Agreement, each Settlement Class Member will  
5 receive a Direct Payment. In addition, each Settlement Class Member who submits a valid Claim Form  
6 acceptable to the Settlement Administrator is eligible to receive a Claims Payment, in addition to the  
7 Direct Payment.

8 19. Upon making a Final Determination on claims, A.B. Data shall send all eligible Claims  
9 Payments, along with the Direct Payments, to Settlement Class Members. Any Settlement Class Member  
10 who does not become a Claiming Class Member shall not receive any Claims Payment.

11 20. As detailed under the Parties' Settlement Agreement, A.B. Data will be responsible for: (i)  
12 coordinating all Direct Payments to Settlement Class Members who do not timely submit a Request for  
13 Exclusion and who do not submit Claim Forms; (ii) coordinating Payments to Settlement Class Members  
14 who do not timely submit a valid Request for Exclusion and who timely submit a claim; (iii) issuing  
15 Court-approved service awards to the Class Representatives; and (iv) making payment to Settlement Class  
16 Counsel for Court-approved attorneys' fees, costs, and expenses.

17 21. All Direct Payments and Claims Payments will be reported to the IRS as income on Form  
18 1099, which A.B. Data will issue along with the applicable payments to Settlement Class Members.

19 22. Any funds remaining after the final settlement accounting hearing because of uncashed  
20 Direct Payment checks shall be escheated by A.B. Data to the State of California, and any funds remaining  
21 because of uncashed Claim Payment checks shall be returned by A.B. Data to Defendants.

### 22 ESTIMATED ADMINISTRATION COSTS

23 23. A.B. Data estimates its total administrative costs, out-of-pocket expenses, and applicable  
24 fees for providing notice, processing claims, and distributing funds, as described above and based on the  
25 assumptions in our cost estimate, not to exceed \$150,000. This updated amount is inclusive of outbound  
26 calling efforts requested by the court related to undeliverable Notices and assumes a higher claims rate. A  
27 copy of A.B. Data's cost estimate is attached as Exhibit B.

### 28 CONCLUSION

1           24.     It is my opinion, based on my individual expertise and experience and that of my A.B.  
2 Data colleagues, that the notice plan described above is adequate and reasonable to effectively reach  
3 Settlement Class Members, will deliver plain language Notices, and will provide Settlement Class  
4 Members with the information in an informative and easy to understand manner that is necessary to  
5 effectively understand their rights and options.

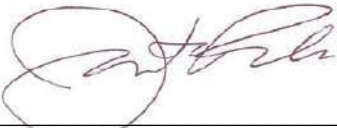
6           25.     For these reasons, the notice plan provides due process, will provide ample notice to  
7 potential Settlement Class Members, and is the best notice practicable under the circumstances.

8           26.     A.B. Data is not aware of any conflicts with potential Settlement Class Members.

9  
10 I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

11 Executed this 20th day of December 2021 in Minneapolis, Minnesota.

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Justin Parks  
Vice President, A.B. Data, Ltd.

# EXHIBIT A

**Class  
Action  
Administration**



**Headquarters**

600 A.B. Data Drive  
Milwaukee, WI 53217  
P: 866-217-4470  
F: 414-961-3099

**New York**

One Battery Park Plaza  
32<sup>nd</sup> Floor  
New York, NY 10004  
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# CAPABILITIES

## About A.B. Data


 Founded in 1981, **A.B. Data** has earned a reputation for expertly managing the complexities of class action administration in consumer, antitrust, securities, Securities and Exchange Commission (SEC) enforcement actions, and ERISA, Attorneys General, employment, civil rights, insurance, environmental, wage and hour, and other class action cases. **A.B. Data's work in all aspects of class action administration** has been perfected by decades of experience in hundreds of class action cases involving billions of dollars in total settlements. Dedicated professionals deliver **A.B. Data's all-inclusive services**, working in partnership with its clients to administer their class action cases effectively, efficiently, and affordably, regardless of size or scope.

**A.B. Data offers unmatched resources and capacity** and is capable of expertly administering any class action notice, settlement, and/or fund administration. Whether notifying millions of class members in the United States or throughout the world, processing millions of claims, distributing payments digitally via A.B. Data's Digital PayPortal<sup>SM</sup>, or printing and distributing millions of checks, **A.B. Data matches its talent and technology** to the specific needs of its clients, delivering unparalleled service on time and on budget without ever compromising quality.

## Location, Ownership Structure

 **A.B. Data is an independently owned**, 39-year-old, Milwaukee, Wisconsin-based company that prides itself on its vast expertise and industry-leading innovations. We like to remind our clients and partners that we're not just a class action administration company, but a group of experienced, dedicated professionals who believe that relationships are just as important as the accurate and timely management of class action administrations. In other words, we are people who do business with people.

## Services

 **Every A.B. Data client is deserving of the best job we can put forward.** A.B. Data makes class action administration easy for our clients with clarity, convenience, and efficiency. Our priority is to navigate the intricacies of our clients' matters and deliver successful results by using our solid expertise, advanced technology, and top-quality products and services. We pay attention to the details and get it right the first time.

We aim to provide our clients the full experience of a truly collaborative working relationship. It is why we believe much of our success originates from our philosophy of "people doing business with people."

## Services

### All Digital — From Notice to Distribution

A.B. Data is uniquely positioned to design, implement, and maintain notice and settlement administration programs using an innovative, "all-digital" approach that replaces the more traditional and less efficient methods of administration, such as newspaper ads, mailed notices, and paper checks. Many of our recent proposed notice plans and claim programs utilize the latest technologies such as microtargeted digital ads for notice, streamlined online claims, and distributing settlement funds electronically using a digital paywall. These methods provide significant cost savings, are consistent with the amendments to Rule 23 that are now in effect, and importantly provide much-needed alignment of class action notice and administration with current consumer behaviors.

### Pre-Settlement Consultation

The pre-settlement consultation is a collaborative session designed to help A.B. Data clients prepare a stronger case. Our support teams simplify the task of sorting through a maze of documents during investigation and discovery, streamlining the process and preserving fund assets. From there, we assist with fully interactive media packages for court presentations and settlement negotiations. A.B. Data works closely with our clients, offering expert testimony on documents, processing, class and notice manageability, and proposed plans of allocation.

### Media Services

A.B. Data continues to earn our reputation as the early innovator in integrating advanced micro-targeting techniques, including contextual targeting, behavioral targeting, and predictive modeling. Coupled with inventive digital media strategies to drive claims, case-specific banner ad development, class member research, and comScore analysis services, our multi-tiered media programs are designed to cost-effectively deliver notice to potential class members and increase claims rates.

### Notice Administration

In A.B. Data, clients have a comprehensive resource with a depth of experience in direct notice. Our compliance and understanding of Rule 23 of the Federal Rules of Civil Procedure are crucial in meeting the "plain language" legal requirements for any campaign. From our sophisticated digital media capabilities and extensive global experience with class member research, our experts create notice documents that are easily understandable and cost-efficient to produce. We consult with our clients to deliver notice documents from multi-page, mailed, or emailed notice packets to concise postcards that establish the most influential and cost-effective means of communicating with potential claimants.



## Claims Processing

**A.B. Data continues to bring game-changing technologies** to improve the speed and precision in claims processing. Our robust system for online claims submissions allows us to meticulously verify data and documentation, preserve and authenticate claims, and calculate and verify settlement amounts. In addition, our data network infrastructure includes on-site data storage, backup, contingency plans, and security for electronic and hard copy claim filings. It is all part of a total commitment to be the most innovative and comprehensive resource in the industry. At A.B. Data, we take pride in having the in-house capacity to process millions of pages, as well as the organizational integrity to treat every claim as if it were the only one.

## Contact Center

**A.B. Data's Contact Center is comprised of a full staff** that is trained on and equipped with online and telecommunication systems to monitor and connect with class members. Associates routinely monitor class member communication for all class action administrations, including antitrust, consumer, and securities.

Utilizing monitoring software, associates watch multiple social media channels simultaneously, allowing for instantaneous routing of inquiries and interaction with claimants. Detailed and concise analytical reports outlining Contact Center activities are always provided.

Our Contact Center and case websites are capable of handling millions of class member engagements, as recently displayed in a campaign which garnered over 1.2 million website visits in two months and had more than 72,500 Facebook engagements. Facebook comments and threads are monitored and claimants are guided to the website for more information. Google AdWords and display advertising have also brought hundreds of thousands of visitors to various case websites.

A.B. Data's Contact Center also has Spanish language associates in-house and we can accommodate any language, given proper lead time. Traditional call center facilities are also available, if needed.

## Case Websites

**We offer a state-of-the-art technology platform** that supports every step of our class action administration process. Our expert marketing professionals design customized case-specific websites that provide potential class members easy access to case information, critical documents, important deadlines, as well as the capability to file claim forms and register for future mailings about the case. Claimants can use the website to elect to receive their settlement payments by mail or by one of several digital payment options, all accessible by mobile devices.

## Settlement Fund Distribution

**From complete escrow services to establishment of qualified settlement funds**, check printing and mailing, electronic cash or stock distribution and tax services, A.B. Data has always provided a full-service solution to Settlement Fund Distribution. Our IT team has decades of experience in developing and implementing fast, secure databases and claims administration systems that ensure class members receive the correct amount in their settlement disbursement. Today's digital capabilities allow even greater convenience for class members. In certain instances, claimants can now elect to instantaneously receive settlement payments through popular digital-payment options, such as PayPal, Amazon, and virtual debit cards.

## A.B. Data's Leadership



**A.B. Data's administration team** is composed of the following key executives, who collectively have decades of experience settling and administering class actions:

**Bruce A. Arbit, Co-Managing Director** and one of the founders of the A.B. Data Group, serves as Chairman of the Board and oversees the day-to-day operations of the A.B. Data Group of companies, employing almost 400 people in the United States and Israel. Mr. Arbit is also Chairman of the Board of Integrated Mail Industries, Ltd. and has served as a member of the Board of Directors of University National Bank and State Financial Bank. He is the past Chairman of Asset Development Group, Inc., Home Source One, and American Deposit Management and is a member of the National Direct Marketing Association, the Direct Marketing Fundraising Association, and the American Association of Political Consultants. He was named 1996 Direct Marketer of the Year by the Wisconsin Direct Marketing Association.

A.B. Data's work in class action litigation support began with the Court selecting A.B. Data to oversee the restitution effort in the now-famous Swiss Banks Class Action Case, the International Commission on Holocaust Era Insurance Claims, and every other Holocaust Era Asset Restitution program, in which it was the company's job to identify, contact, and inform survivors of the Holocaust. A.B. Data delivered by reaching out to millions of people in 109 countries who spoke more than 30 languages. Since those days, Mr. Arbit has guided the class action division through phenomenal growth and success. Today, A.B. Data manages hundreds of administrations annually that distributes billions of dollars to class members.

**Thomas R. Glenn, President**, Mr. Glenn's management of A.B. Data's Class Action Administration Company includes designing and implementing notice plans and settlement administration programs for antitrust, securities, and Securities and Exchange Commission settlements and SEC disgorgement fund distributions, as well as consumer, employment, insurance, and civil rights class actions. Mr. Glenn previously served as Executive Vice President at Rust Consulting and has more than 30 years of executive leadership experience.

**Eric Miller, Senior Vice President**, as a key member of A.B. Data's Class Action Administration Leadership Team, oversees the Case Management Department and supervises the operations and procedures of all of A.B. Data's class action administration cases. Mr. Miller is recognized in the class action administration industry as an expert on securities, SEC, consumer, product recall, product liability, general antitrust, pharmaceutical antitrust, and futures contract settlements, to name a few settlement types. Prior to joining A.B. Data, Mr. Miller served as the Client Service Director for Rust Consulting, responsible there for its securities practice area. He has more than 20 years of operations, project management, quality assurance, and training experience in the class action administration industry. In addition, Mr. Miller manages A.B. Data's office in Palm Beach Gardens, Florida.

**Ravin Raj, Vice President-Operations**, has more than 15 years of experience in class action claims management, document management, and insurance claims remediation. Mr. Raj's responsibilities for A.B. Data's Class Action Administration Company include heading the shared operations center, which includes mailroom, contact center, claims processing, quality control, and information systems operations. His areas of expertise include business process development, strategic/tactical operations

planning and implementation, risk analysis, budgeting, business expansion, growth planning and implementation, cost reduction, and profit, change, and project management. In his previous position, as Assistant Vice President-Operations at RR Donnelley India Pvt. Ltd., in Chennai, India, he led a team of more than 400 employees with the capacity to process more than 4 million claims a year, servicing several leading claims administrators. Mr. Raj managed six of the top ten securities class action settlements, by settlement value, including several multibillion-dollar settlements. His background also includes work as a Project Lead for iMarque Solutions Pvt. Ltd., Chennai, India.

**Linda V. Young, Vice President, Media**, oversees the Media Department and is responsible for the direction, development, and implementation of media notice plans for A.B. Data's clients. Ms. Young is an expert in media planning using most forms of advertising including digital, print, and broadcast. She developed some of the first Court-approved Notice Plans using an all-digital approach for cases such as *In re Vizio Consumer Privacy Litigation*, *In re Qualcomm Antitrust Litigation*, and *In re Google Inc. Street View Electronic Communications Litigation*, among others. Her ability to create notice plans that efficiently extend reach and drive class member engagement and participation has made a significant impact across many types of administrations. Ms. Young has developed and implemented national and international print, digital-, and earned-media notice plans for some of the industry's leading pharmaceutical, insurance, and securities class action cases, including Libor-based Financial Instruments Antitrust Litigation, Cipro Antitrust Cases I and II, Euribor and Euroyen-based Derivatives cases, and many more. She has more than 20 years of general market and ethnic media advertising and media planning experience, having managed advertising for brands such as Georgia-Pacific, American Express, Denny's, and Coca-Cola USA.

**Eric Schachter, Vice President**, is a member of A.B. Data's Class Action Administration Leadership Team. He has over 15 years of experience in the legal settlement administration services industry. Mr. Schachter's responsibilities include ensuring successful implementation of claims administration services for A.B. Data's clients in accordance with settlement agreements, court orders, and service agreements. He also works closely with Project Managers to develop plans of administration to provide the highest level of effective and efficient delivery of work product. A frequent speaker on claims administration innovation and best practices at industry events nationwide, Mr. Schachter has a bachelor's degree in sociology from Syracuse University, earned his law degree at Hofstra University School of Law, and was previously an associate at Labaton Sucharow LLP in New York City.

**Paul Sauberer, Director of Quality Assurance**, is responsible for overseeing quality assurance and process management, working diligently to mitigate risk, ensure exceptional quality control, and develop seamless calculation programming. Mr. Sauberer brings more than 20 years of experience as a quality assurance specialist with a leading claims-processing company where he developed extensive knowledge in securities class action administration. He is recognized as the class action administration industry's leading expert on claims and settlement administrations of futures contracts class actions.

**Justin Parks, Business Development Director**, provides expertise in legal marketing strategies and brings extensive experience in client relations to A.B. Data's business development team. Previously, Mr. Parks served the legal industry as part of the marketing group at a major class action administration firm where he successfully managed and consulted on notice plans and other administrative aspects in hundreds of cases with an estimated value of several hundred million dollars in settlement funds distributed to class members, including some of the largest Employment settlements in history. Mr. Parks is uniquely experienced in Data Privacy matters, having consulted with clients on numerous matters stemming from data breaches as well as violations of the Illinois Biometric Information Privacy Act (BIPA), several of which resulted in the first ever Biometric Privacy related settlements in history. Mr. Parks' knowledge and understanding of the class action industry, as well as his client relationship skills, expand A.B. Data's capacity to achieve its business development and marketing goals effectively.

**Camron Assadi, Vice President, Digital Marketing**, has more than 20 years of experience in digital marketing leadership, which includes directing and overseeing all aspects of the company's digital notice plans and campaigns across multiple networks and platforms. Mr. Assadi is an expert in online advertising and social media campaigns including Facebook, Google Ads, LinkedIn, Twitter, Amazon, Pinterest, Verizon Media, and others. He holds certifications in Google Ads Display and Search, and is a Facebook Certified Digital Marketing Associate. His ability to create and optimize business opportunities, extend brand reach, and capture the interest and support of local and international audiences has proven him an invaluable leader of A.B. Data's effort to maximize and streamline class member notice and engagement. Mr. Assadi has managed the notice plans for cases that have garnered millions of unique visitors and social media interactions. He holds a BS in Psychology from the University of Utah.

**Adam Walter, PMP, Senior Project Manager**, has nearly fifteen years of experience managing the administration of securities class action settlements and SEC disgorgements totaling more than \$4 billion. He has managed settlement programs in engagements involving some of the largest securities class action settlements and is a key contributor to the development of administration strategies that meet the evolving needs of our clients. His responsibilities include developing case administration strategies to ensure that all client and court requirements and objectives are met, overseeing daily operations of case administrations, ensuring execution of client deliverables, providing case-related legal and administration support to class counsel, overseeing notice dissemination programs, implementing complex claims-processing and allocation methodologies, establishing quality assurance and quality control procedures, and managing distribution of settlement funds. Mr. Walter holds a bachelor's degree in business administration from Florida Atlantic University, Boca Raton, Florida. He also has been an active member of the Project Management Institute since 2010 and is PMP®-certified.

**Steve Straub, Senior Project Manager**, joined A.B. Data in February 2012. As a Senior Project Manager, his responsibilities include developing case administration strategies, overseeing daily operations of case administrations, ensuring execution of client deliverables, providing case-related legal and administration support to case counsel, overseeing notice dissemination programs, implementing complex claims processing and allocation methodologies, establishing quality assurance and quality control procedures, and managing distribution of settlement funds. Mr. Straub's experience in administering class action settlements includes securities, consumer, and antitrust settlements, with a primary focus on antitrust cases. He holds a Juris Doctor degree from Seton Hall University School of Law, Newark, New Jersey.

**Patty Nogalski, Project Manager**, is a veteran in the equity and securities industry and now contributes her talents to A.B. Data as a Project Manager specializing in class action administrations for securities litigation. Ms. Nogalski brings to A.B. Data many new ideas, methods, and technologies to achieve project efficiency and organizational integration. For much of her twenty-year career, she served as Vice President Equity Trading for BMO Global Asset Management Corporation where she managed equity trading for mutual funds and institutional accounts. She works closely with Eric Miller and the project management team to deliver strategies that meet the unique needs of securities and commodities settlements. Ms. Nogalski attended the University of Wisconsin-Milwaukee where she earned her Bachelor of Arts in Communications, and has also obtained her Financial Industry Regulatory Authority (FINRA) Series 7, Series 63, and Series 65 licenses.

**Eric Schultz, MCSE, Information Technology Manager and Security Team Chairperson**, has been with A.B. Data for more than 19 years, and is currently responsible for overseeing all information technology areas for all A.B. Data divisions across the United States and abroad, including network infrastructure and architecture, IT operations, data security, disaster recovery, and all physical, logical, data, and information systems security reviews and audits required by our clients or otherwise. As a Microsoft Certified Systems Engineer (MCSE) with more than 25 years of experience in information technology systems and solutions, Mr. Schultz has developed specializations in network security, infrastructure, design/architecture, telephony, and high-availability network systems.

## Secure Environment



**A.B. Data's facilities provide the highest level of security** and customization of security procedures, including:

- A Secure Sockets Layer server
- Video monitoring
- Limited physical access to production facilities
- Lockdown mode when checks are printed
- Background checks of key employees completed prior to hire
- Frequency of police patrol - every two hours, with response time of five or fewer minutes
- Disaster recovery plan available upon request

## Data Security



**A.B. Data is committed to protecting the confidentiality, integrity, and availability of personal identifying information** and other information it collects from our clients, investors, and class members and requires that its employees, subcontractors, consultants, service providers, and other persons and entities it retains to assist in distributions do the same. A.B. Data has developed an Information Security Policy, a suite of policies and procedures intended to cover all information security issues and bases for A.B. Data, and all of its divisions, departments, employees, vendors, and clients. A.B. Data has also recently taken the necessary, affirmative steps toward compliance with the EU's General Data Protection Regulation and the California Consumer Privacy Act.

A.B. Data has a number of high-profile clients, including the Securities and Exchange Commission (SEC), the United States Department of Justice, the Attorneys General of nearly all 50 states, other agencies of the United States government, and the Government of Israel, as well as direct banking and payment services companies with some of the most recognized brands in United States financial services and some of the largest credit card issuers in the world.

We are therefore frequently subjected to physical, logical, data, and information systems security reviews and audits. We have been compliant with our clients' security standards and have also been determined to be compliant with ISO/IEC 27001/2 and Payment Card Industry (PCI) data-security standards, the Gramm-Leach-Bliley Act (GLB) of 1999, the National Association of Insurance Commissioners (NAIC) Regulations, the Health Insurance Portability and Accountability Act (HIPAA) of 1996, and the Health Information Technology for Economic and Clinical Health Act (HITECH).

The Government of Israel has determined that A.B. Data is compliant with its rigorous security standards in connection with its work on Project HEART (Holocaust Era Asset Restitution Taskforce).

A.B. Data's fund distribution team has been audited by EisnerAmper LLP and was found compliant with class action industry standards and within 99% accuracy. EisnerAmper LLP is a full-service advisory and accounting firm and is ranked the 15th-largest accounting firm in the United States.

In addition, as part of PCI compliance requirements, A.B. Data has multiple network scans and audits from third-party companies, such as SecurityMetrics and 403 Labs, and is determined to be compliant with each of them.

## Fraud Prevention and Detection



**A.B. Data is at the forefront of class action fraud prevention.**

A.B. Data maintains and utilizes comprehensive proprietary databases and procedures to detect fraud and prevent payment of allegedly fraudulent claims.

We review and analyze various filing patterns across all existing cases and claims. Potential fraudulent filers are reported to our clients as well as to the appropriate governmental agencies where applicable.

## Representative Class Action Engagements



**A.B. Data and/or its team members have successfully administered hundreds of class actions, including many major cases. Listed below are just some of the most representative or recent engagements.**

### Consumer & Antitrust Cases

- *Phil Shin, et al. v. Plantronics, Inc.*
- *In re: Qualcomm Antitrust Litigation*
- *In re Resistors Antitrust Litigation*
- *The Hospital Authority of Metropolitan Government of Nashville and Davidson County, Tennessee v. Momenta Pharmaceuticals, Inc. and Sandoz Inc. (“Lovenox Antitrust Matter”)*
- *William Kivett, et al. v. Flagstar Bank, FSB, and DOES 1-100, inclusive*
- *Adelphia, Inc. v. Heritage-Crystal Clean, Inc.*
- *LLE One, LLC, et al. v. Facebook, Inc.*
- *Bach Enterprises, Inc., et al. v. Advanced Disposal Services South, Inc., et al.*
- *JWG Inc., et al. v. Advanced Disposal Services Jacksonville, L.L.C., et al.*
- *State of Washington v. Motel 6 Operating L.P. and G6 Hospitality LLC*
- *In re GSE Bonds Antitrust Litigation*
- *Wave Lengths Hair Salons of Florida, Inc., et al. v. CBL & Associates Properties, Inc., et al.*
- *In re Loestrin 24 FE Antitrust Litigation*
- *Office of the Attorney General, Department of Legal Affairs, State of Florida v. Pultegroup, Inc. and Pulte Home Company, LLC*
- *In re Cigna-American Specialties Health Administration Fee Litigation*
- *In re: Intuniv Antitrust Litigation*
- *High Street, et al. v. Cigna Corporation, et al.*
- *Gordon Fair, et al. v. The Archdiocese of San Francisco, San Mateo, and Marin County*

- *Bizzarro, et al. v. Ocean County Department of Corrections, et al.*
- *Meeker, et al. v. Bullseye Glass Co.*
- *MSPA Claims 1, LLC v. Ocean Harbor Casualty Insurance Company*
- *Tennille v. Western Union Company - Arizona*
- *Garner, et al. v. Atherotech Holdings, Inc. and Garner, et al. v. Behrman Brothers IV, LLC, et al.*
- *Robinson, et al. v. Escallate, LLC*
- *Josefina Valle and Wilfredo Valle, et al. v. Popular Community Bank f/k/a Banco Popular North America*
- *Vision Construction Ent., Inc. v. Waste Pro USA, Inc. and Waste Pro USA, Inc. and Waste Pro of Florida, Inc.*
- *Plumley v. Erickson Retirement Communities, et al.*
- *In re London Silver Fixing, Ltd. Antitrust Litigation*
- *In re EpiPen Marketing, Sales Practices and Antitrust Litigation*
- *Ploss v. Kraft Foods Group, Inc. and Mondelēz Global LLC*
- *In re Mexican Government Bonds Antitrust Litigation*
- *In re Ready-Mixed Concrete Antitrust Litigation*
- *In re: Marine Hose Antitrust Litigation*
- *Iowa Ready Mixed Concrete Antitrust Litigation*
- *In re Potash Antitrust Litigation (II)*
- *In re Evanston Northwestern Healthcare Corp. Antitrust Litigation*
- *In re Polyurethane Foam Antitrust Litigation*
- *In re LIBOR-Based Financial Instruments Antitrust Litigation*
- *In re Lorazepam and Clorazepate Antitrust Litigation*
- *In re Cardizem CD Antitrust Litigation*
- *Vista Healthplan, Inc., and Ramona Sakiestewa v. Bristol-Myers Squibb Co., and American BioScience, Inc.*
- *In re Lupron Marketing and Sales Practices Litigation*
- *In re Terazosin Hydrochloride Antitrust Litigation*
- *In re Warfarin Sodium Antitrust Litigation*
- *Rosemarie Ryan House, et al. v. GlaxoSmithKline PLC and SmithKline Beecham Corporation*
- *Carpenters and Joiners Welfare Fund, et al. v. SmithKline Beecham*
- *New Mexico United Food and Commercial Workers Union's and Employers' Health and Welfare Trust Fund, et al. v. Purdue Pharma L.P.*
- *In Re Pharmaceutical Industry Average Wholesale Price Litigation*
- *Alma Simonet, et al. v. SmithKline Beecham Corporation, d/b/a GlaxoSmithKline*
- *In re Relafen Antitrust Litigation*
- *In Re Remeron Direct Purchaser Antitrust Litigation*
- *In re TriCor Indirect Purchasers Antitrust Litigation*
- *Nichols, et al., v. SmithKline Beecham Corporation*
- *In re: DDAVP Indirect Purchaser Antitrust Litigation*

## Securities Cases

- *Laydon v. Mizuho Bank, Ltd., et al.*
- *Lomingkit, et al. v. Apollo Education Group, Inc., et al.*
- *In re Caraco Pharmaceutical Laboratories, Ltd. Shareholder Litigation*
- *Norfolk County Retirement System, et al. v. Community Health Systems, Inc., et al.*
- *Chester County Employees' Retirement Fund v. KCG Holdings, Inc., et al.*
- *Oklahoma Law Enforcement Retirement System, et al. v. Adeptus Health Inc., et al.*
- *Di Donato v. Insys Therapeutics, Inc., et al.*
- *Lundgren-Wiedinmyer, et al. v. LJM Partners, Ltd, et al.*

- *Martin, et al. v. Altisource Residential Corporation, et al.*
- *Stephen Appel, et al. v. Apollo Management, et al.*
- *In re Medley Capital Corporation Stockholder Litigation*
- *Forman, et al. v. Meridian BioScience, Inc., et al.*
- *Public Employees' Retirement System of Mississippi, et al. v. Endo International PLC, et al.*
- *In Re Flowers Foods, Inc. Securities Litigation*
- *Jiangchen, et al. v. Rentech, Inc., et al.*
- *In re Liberty Tax, Inc. Stockholder Litigation*
- *In re RH, Inc. Securities Litigation*
- *Lazan v. Quantum Corporation, et al.*
- *Nabhan v. Quantum Corporation, et al.*
- *Edmund Murphy III, et al. v. JBS S.A.*
- *Public Employees' Retirement System of Mississippi, et al. v. Sprouts Farmers Market, Inc., et al.*
- *In re Starz Stockholder Litigation*
- *Judith Godinez, et al. v. Alere Inc., et al.*
- *Rahman and Giovagnoli, et al. v. GlobalSCAPE, Inc., et al.*
- *Arthur Kaye, et al. v. ImmunoCellular Therapeutics, Ltd., et al.*
- *In re CPI Card Group Inc. Securities Litigation*
- *Daniel Aude, et al. v. Kobe Steel, Ltd., et al.*
- *In re Quality Systems, Inc. Securities Litigation*
- *Cooper, et al. v. Thoratec Corporation, et al.*
- *Washtenaw County Employees' Retirement System, et al. v. Walgreen Co., et al.*
- *Elkin v. Walter Investment Management Corp., et al.*
- *In Re CytRx Corporation Securities Litigation*
- *Ranjit Singh, et al. v. 21Vianet Group, Inc., et al.*
- *In re PTC Therapeutics, Inc. Securities Litigation*
- *Securities and Exchange Commission v. Mark A. Jones*
- *In re Sequans Communications S.A. Securities Litigation*
- *In re Henry Schein, Inc. Securities Litigation*
- *Ronge, et al. v. Camping World Holdings, Inc., et al.*
- *Oklahoma Firefighters Pension & Retirement System v. Lexmark International, Inc.*
- *Christakis Vrakas, et al. v. United States Steel Corporation, et al.*
- *Emerson et al. v. Mutual Fund Series Trust, et al. ("Catalyst")*
- *In re Fannie Mae 2008 Securities Litigation*
- *In re Anadarko Petroleum Corporation Class Action Litigation*
- *Ge Dandong, et al., v. Pinnacle Performance Limited, et al.*
- *In Re: Rough Rice Commodity Litigation*
- *Xuechen Yang v. Focus Media Holding Limited et al.*
- *In re Massey Energy Co. Securities Litigation*
- *In re Swisher Hygiene, Inc.*
- *The City of Providence vs. Aeropostale, Inc., et al.*
- *In re Metrologic Instruments, Inc. Shareholders Litigation*
- *Public Pension Fund Group v. KV Pharmaceutical Company et al.*
- *Pension Trust Fund for Operating Engineers, et al. v. Assisted Living Concepts, Inc., et al.*
- *In re Lehman Brothers Equity/Debt Securities Litigation*
- *In re: Platinum and Palladium Commodities Litigation (Platinum/Palladium Physical Action)*
- *In re: Platinum and Palladium Commodities Litigation (Platinum/Palladium Futures Action)*
- *In re General Electric Co. Securities Litigation*
- *In re CNX Gas Corporation Shareholders Litigation*
- *Oscar S. Wyatt, Jr. et al. v. El Paso Corporation, et al.*
- *In re Par Pharmaceutical Securities Litigation*



- *In re Par Pharmaceutical Companies, Inc. Shareholders Litigation*
- *In re Delphi Financial Group Shareholders Litigation*
- *In re SLM Corporation Securities Litigation*
- *In re Del Monte Foods Company Shareholder Litigation*
- *Leslie Niederklein v. PCS Edventures!.com, Inc. and Anthony A. Maher*
- *In re Beckman Coulter, Inc. Securities Litigation*
- *Michael Rubin v. MF Global, Ltd., et al.*
- *Allen Zametkin v. Fidelity Management & Research Company, et al.*
- *In re BP Prudhoe Bay Royalty Trust Securities Litigation*
- *Police and Fire Retirement System of the City of Detroit et al. v. SafeNet, Inc., et al.*
- *In re Limelight Networks, Inc. Securities Litigation*
- *In re Gilead Sciences Securities Litigation*
- *In re ACS Shareholder Litigation, Consolidated C.A. No. 4940-VCP*
- *Lance Provo v. China Organic Agriculture, Inc., et al.*
- *In re LDK Solar Securities Litigation*

## Labor & Employment Cases

- *Talisa Borders, et al. v. Wal-mart Stores, Inc.*
- *Reale v. McClain Sonics Inc., et al.*
- *Larita Finisterre and Songhai Woodard, et al. v. Global Contact Services, LLC*
- *Adebisi Bello v. The Parc at Joliet*
- *Garcia, et al. v. Vertical Screen, Inc.*
- *Brook Lemma and Matthieu Hubert, et al. v. 103W77 Partners LLC, et al. (“Dovetail Settlement”)*
- *American Federation of Government Employees, Local 1145 v. Federal Bureau of Prisons, U.S. Penitentiary, Atlanta, Georgia*
- *Lisa Ferguson, Octavia Brown, et al. v. Matthew G. Whitaker, Acting AG, DOJ Bureau of Prisons (“USP Victorville”)*
- *American Federation of Government Employees, Local 2001 v. Federal Bureau of Prisons, Federal Correctional Institution, Fort Dix, New Jersey*
- *American Federation of Government Employees, Local 506 v. U.S. Department of Justice, Federal Bureau of Prisons, U.S. Penitentiary Coleman II, Coleman, Florida*
- *Vargas v. Sterling Engineering*
- *Rosenbohm v. Verizon*
- *Alex Morgan, et al. v. United States Soccer Federation, Inc.*
- *Iskander Rasulev v. Good Care Agency, Inc.*
- *Kyndl Buzas, et al., v. Phillips 66 Company and DOES 1 through 10*
- *American Federation of Government Employees, Local 408 v. U.S. Dept. of Justice, Federal Bureau of Prisons, Federal Correctional Complex, Butner, NC*
- *In re 2014 Avon Products, Inc. ERISA Litigation*
- *In re Eastman Kodak ERISA Litigation*
- *Taronica White, et al. v. Attorney General Loretta Lynch, Department of Justice*
- *Lisa Ferguson, et al. v. Acting Attorney General Matthew Whitaker, Department of Justice*
- *Melissa Compere v. Nusret Miami, LLC, et al.*
- *Abelar v. American Residential Services, L.L.C., Central District of California*
- *Flores, et al. v. Eagle Diner Corp., et al., Eastern District of Pennsylvania*
- *Michael Furman v. Godiva Chocolatier, Inc., 15<sup>th</sup> Judicial Circuit, Palm Beach County, Florida*
- *Finisterre et. al v. Global Contact Services, LLC, New York State Supreme Court, Kings County*
- *McGuire v. Intelident Solutions, LLC, et al., Middle District of Florida, Tampa Division*
- *Duran De Rodriguez, et al. v. Five Star Home Health Care Agency, Inc. et al., Eastern District of New York*

### Data Breach/BIPA Cases

- *In re: Vizio, Inc. Consumer Privacy Litigation*
- *In re: Google, Inc. Street View Electronic Communications Litigation*
- *Devin Briggs and Bobby Watson, et al. v. Rhinoag, Inc. ("Briggs Biometric Settlement")*
- *Trost v. Pretium Packaging L.L.C.*

### Telephone Consumer Protection Act (TCPA) Cases

- *Lowe and Kaiser, et al. v. CVS Pharmacy, Inc., et al.*
- *Johansen v. HomeAdvisor, Inc., et al.*
- *Charvat, et al. v. National Holdings Corporation*
- *Hopkins, et al. v. Modernize, Inc.*
- *Diana Mey vs. Frontier Communications Corporation*
- *Matthew Donaca v. Dish Network, L.L.C.*
- *Matthew Benzion and Theodore Glaser v. Vivint, Inc.*
- *John Lofton v. Verizon Wireless (VAW) LLC, et al.*
- *Lori Shamblin v. Obama for America et al.*
- *Ellman v. Security Networks*

## For More Information

For more detailed information regarding A.B. Data's experience, services, or personnel, please see our website at [www.abdataclassaction.com](http://www.abdataclassaction.com)

# EXHIBIT B



People Doing Business With People

Talent. Technology. Experience.

A.B. Data, Ltd. | Class Action Administration Company  
600 A.B. Data Drive | Milwaukee, WI 53217

**Notice and Claims Administration Estimate**

Case: *Parry v. Farmers Insurance Settlement*  
RFP Number: 2014  
Date: December 20, 2021

**Key Assumptions**

Class Size: 6,367  
Notice Format: Long Form Notice & Email

**Notification**

Class Members with Contact Info: 100% 6,367  
Class Members with Email Address: 90% 5,730  
Class Members with Mailing Address: 100% 6,367  
Undeliverable Mailed Notices: 10% 637

**Contact Center**

Telephone Calls: 1,500  
Calls to Live Operators: 70% 1,050

**Claims Processing**

Total Claims Received: 75% 4,775  
Online Claims: 75% 3,581  
Paper Claims: 25% 1,194  
Deficient Claims: 25% 1,194

**Exclusions Processing**

Total Exclusions Received: 20

**Fund Distribution**

Total Payments: 10,645  
Direct Payments: 6,347  
Valid Claims Payments: 90% 4,298

**Cost Summary**

ADMINISTRATION PHASE	ESTIMATED COST
Direct Notice	\$16,524
Claims Processing	\$57,926
Contact Center	\$23,349
Fund Distribution	\$13,501
Project Management and Reporting	\$18,950
Postage and Other Expenses	\$11,998
<b>TOTAL ESTIMATED COST</b>	<b>\$142,248</b>
<b>TOTAL COST "NOT TO EXCEED"</b>	<b>\$150,000</b>



People Doing Business With People

Talent. Technology. Experience.

**Detailed Estimate - Professional Fees**

	Quantity	Rate (\$)	Estimated Cost (\$)
<b><u>Notification</u></b>			
Project/Database Setup ( <i>one-time fee</i> )	1	2,500	2,500
Receipt and Processing of Undeliverable Mail	637	1.00	637
Remailing to Updated Addresses	414	2.00	828
<b><u>Contact Center Support</u></b>			
Dynamic Website Setup and Design ( <i>one-time fee</i> )	1	5,000	5,000
Toll-Free Telephone Line Setup ( <i>one-time fee</i> )	1	1,000	1,000
<b><u>Claims Processing</u></b>			
Upload and Import of Online Claim Forms	3,581	1.00	3,581
Receipt and Preparation of Paper Claim Forms	1,194	2.00	2,388
Supporting Documentation Review ( <i>hourly</i> )	796	48	38,202
Claim Processing, Validation, and Audits ( <i>hourly</i> )	149	48	7,175
Review of Deficiency Notice Responses ( <i>hourly</i> )	109	48	5,255
<b><u>Fund Distribution</u></b>			
Distribution Setup	1	1,500	1,500
Plan-of-Allocation Programming and Testing ( <i>hourly</i> )	10	175	1,750
Receipt and Processing of Undeliverable Checks	317	3.25	1,030
Reissuance of Checks to Updated Addresses	269	4.00	1,076
<b><u>Project Management and Reporting (blended rates)</u></b>			
Project Management	65	165	10,725
System Support	20	175	3,500
Quality Assurance	40	150	6,000
Staff	55	95	5,225
		<b>10% Courtesy Discount</b>	<b>(9,000)</b>
		<b>Subtotal Professional Fees</b>	<b>\$ 88,373</b>

<b>Detailed Estimate - Project Expenses</b>			
	<b>Quantity</b>	<b>Rate (\$)</b>	<b>Estimated Cost (\$)</b>
<b><u>Notification</u></b>			
Prepare and Send Initial Email Notice	5,730	0.17	974
Printing and Mailing of Notice & Claim Form ( <i>Initial &amp; Re-mail</i> )	6,781	1.40	9,493
Round 1: Send Claim Filing Reminder Email ( <i>one-time fee</i> )	1	500	500
Round 1: Mailing of Claim Filing Reminder Postcards	5,086	0.30	1,526
Round 2: Send Claim Filing Reminder Email ( <i>one-time fee</i> )	1	500	500
Round 2: Mailing of Claim Filing Reminder Postcards	3,391	0.30	1,017
Advanced Address Updates	954	1.10	1,049
<b><u>Contact Center Support</u></b>			
Interactive Voice Response (IVR) ( <i>per minute</i> )	5,250	0.44	2,310
800 Number Charges ( <i>per minute</i> )	8,925	0.12	1,071
CSRs/Live Operators ( <i>per hour</i> )	81	48	3,888
Correspondence/Email Support ( <i>per hour</i> )	100	48	4,800
IVR and Line Maintenance ( <i>monthly</i> )	12	190	2,280
Dynamic Website Maintenance/Hosting ( <i>monthly</i> )	12	250	3,000
<b><u>Claims Processing</u></b>			
Post Office Box Rental/Renewal ( <i>annual</i> )	1	1,260	1,260
Deficiency/Ineligibility Emails ( <i>one-time fee</i> )	1	250	250
Document Imaging ( <i>pages</i> )	7,163	0.15	1,074
<b><u>Fund and Tax Administration</u></b>			
QSF & 1099 Income Tax Reporting ( <i>per year</i> )	1	2,250	2,250
Print & Mail "Direct Payment" Checks & 1099 ( <i>as applicable</i> )	6,347	0.40	2,539
Print & Mail "Claims Payment" Checks & 1099 ( <i>as applicable</i> )	4,298	0.40	1,719
Check-Processing Fee ( <i>per check</i> )	10,914	0.15	1,637
<b><u>Postage (USPS Presort rates when available)</u></b>			
Notice, Checks, and Other Correspondence	17,426	0.48	8,364
Reminder Notice Postcards	8,476	0.28	2,373
<b>Subtotal Project Expenses</b>			<b>\$ 53,876</b>

# **EXHIBIT I**

1 Nina Huerta (SBN 229070)  
 2 nhuerta@lockelord.com  
 3 Kevin Kelly (admitted *pro hac vice*)  
 4 kkelly@lockelord.com  
 5 Jonevin K. Sabado (SBN 305933)  
 6 jonevin.sabado@lockelord.com  
 7 Jordon R. Ferguson (SBN 276578)  
 8 Jordon.Ferguson@lockelord.com

LOCKE LORD LLP  
 300 South Grand Avenue, Suite 2600  
 Los Angeles, CA 90071  
 Telephone: 213-485-1500  
 Fax: 213-485-1200

Attorneys for Defendants  
 FARMERS INSURANCE EXCHANGE;  
 TRUCK INSURANCE EXCHANGE; FIRE  
 INSURANCE EXCHANGE and FARMERS GROUP,  
 INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
 FOR THE COUNTY OF LOS ANGELES

IRENE PARRY, individually and on behalf of all  
 others similarly situated; JEANETTE O'SULLIVAN,  
 individually and on behalf of all others similarly  
 situated,

Plaintiffs,

vs.

FARMERS INSURANCE EXCHANGE; TRUCK  
 INSURANCE EXCHANGE; FIRE INSURANCE  
 EXCHANGE, FARMERS GROUP, INC. and DOES  
 1 through 100,

Defendants.

CASE NO. BC683856

Honorable Amy D. Hogue, Dept. SS-7

**DEFENDANTS' RESPONSES TO  
 PLAINTIFFS' SPECIAL  
 INTERROGATORIES, SET TWO**

(Complaint Filed: November 16, 2017)

Locke Lord LLP  
 300 South Grand Avenue, Suite 2600  
 Los Angeles, CA 90071

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1 **PROPOUNDING PARTY: PLAINTIFFS IRENE PARRY AND JEANETTE**  
2 **O’SULLIVAN**

3 **RESPONDING PARTY: DEFENDANTS FARMERS INSURANCE EXCHANGE,**  
4 **FIRE INSURANCE EXCHANGE, and TRUCK**  
5 **INSURANCE EXCHANGE**

6 **SET NO.: TWO (Nos. 31-34)**

7 Pursuant to Sections 2030.210, et seq., of the California Code of Civil Procedure, Defendants  
8 Farmers Insurance Exchange, Truck Insurance Exchange, and Fire Insurance Exchange (collectively,  
9 “Responding Parties” or the “Exchange Defendants”) hereby submit these objections and responses  
10 to the Second Set of Special Interrogatories propounded by Plaintiffs Irene Parry and Jeanette  
11 O’Sullivan (collectively, “Propounding Parties” or “Plaintiffs”).

12  
13 **PRELIMINARY STATEMENT**

14 The Exchange Defendants have not completed their investigation of the facts relating to this  
15 case, their discovery or their preparation for trial. All responses and objections contained herein are  
16 based only upon information that is presently available to and specifically known by the Exchange  
17 Defendants. It is anticipated that further discovery, independent investigation, legal research and  
18 analysis will supply additional facts and add meaning to known facts, as well as establish entirely  
19 new factual conclusions and legal contentions, all of which may lead to substantial additions to,  
20 changes in and variations from the responses set forth herein.

21 These responses, while based on diligent inquiry and investigation by the Exchange  
22 Defendants, reflect only the current state of the Exchange Defendants’ knowledge, understanding,  
23 and belief, based upon the information reasonably available to them at this time. As this action  
24 proceeds, and further investigation and discovery are conducted, additional or different facts and  
25 information could be revealed to the Defendants. Moreover, the Defendants anticipate that they may  
26 make legal or factual contentions presently unknown to and unforeseen by them which may require  
27 the Exchange Defendants to adduce further facts in rebuttal to such contentions. Consequently, the  
28 Exchange Defendants may not yet have knowledge and may not fully understand the significance of

1 information potentially pertinent to these responses. Accordingly, these responses are provided  
2 without prejudice to the Exchange Defendants' rights to rely upon and use any information that they  
3 subsequently discover, or that was omitted from these responses as a result of mistake, inadvertence,  
4 surprise, or excusable neglect. Without in any way obligating themselves to do so, the Exchange  
5 Defendants reserve the right to modify, supplement, revise, or amend these responses, and to correct  
6 any inadvertent errors or omissions which may be contained herein, in light of the information that  
7 the Exchange Defendants may subsequently obtain or discover.

8 Nothing in this response should be construed as an admission by the Exchange Defendants  
9 with respect to the admissibility or relevance of any fact or document, or of the truth or accuracy of  
10 any characterization or statement of any kind contained in Plaintiffs' interrogatories.

11 Each of the following responses is made solely for the purpose of this action. Each response  
12 is subject to all objections as to relevance, materiality, and admissibility, and to any and all  
13 objections on any ground that would require exclusion of any response if it were introduced in court.  
14 All objections and grounds are expressly reserved and may be interposed at the time of trial, hearing,  
15 or otherwise. Furthermore, each of the objections contained herein is incorporated by reference as  
16 though fully set forth in each response.

17 The following objections and responses are made without prejudice to the Exchange  
18 Defendants' rights to produce at trial, or otherwise, evidence regarding any subsequently discovered  
19 information. The Exchange Defendants accordingly reserve the right to modify and amend any and  
20 all responses herein as research is completed and contentions are made.

21 Nothing contained herein is to be construed as a waiver of any attorney-client privilege, work  
22 product doctrine, or any other applicable privilege or doctrine. To the extent any interrogatory may  
23 be construed as calling for disclosure of information protected from discovery by the attorney-client  
24 privilege, the work product doctrine, or any other privilege or protection, a continuing objection to  
25 each and every such interrogatory is hereby interposed.

26 ///

27 ///

28 ///

1 **OBJECTIONS TO DEFINITIONS**

2 1. The Exchange Defendants object to the definition of the terms “YOU” and “YOUR”,  
3 because it is overbroad, vague, and ambiguous. Accordingly, the Exchange Defendants shall  
4 interpret “YOU” and “YOUR” to mean Farmers Insurance Exchange, Truck Insurance Exchange,  
5 and Fire Insurance Exchange only.  
6

7 **RESPONSES TO SPECIAL INTERROGATORIES**

8 **SPECIAL INTERROGATORY NO. 31**

9 If YOU contend that you adopted a practice or policy of reimbursing exclusive agents for  
10 expenses, describe in detail the practice or policy that you adopted.

11 [The terms “YOU” or “YOUR,” as used herein shall refer to the responding party or anyone  
12 acting on its behalf.]

13 **RESPONSE TO SPECIAL INTERROGATORY NO. 31**

14 The Exchange Defendants incorporate by reference their preliminary statement and objection  
15 to definitions as if fully set forth therein. The Exchange Defendants object to this interrogatory on  
16 the grounds that it is overbroad as to time and scope and unduly burdensome. The Exchange  
17 Defendants object to this request on the grounds it is vague, ambiguous, and uncertain. The  
18 Exchange Defendants object to this interrogatory on the grounds that it is premature merits  
19 discovery. Defendants object to this interrogatory on the grounds that it seeks confidential and/or  
20 proprietary information that is protected from disclosure. The Exchange Defendants object to this  
21 interrogatory on the grounds that it is premature as discovery in this matter is ongoing and certain of  
22 the Defendants’ denials and/or affirmative defenses will be based, in whole or in part, upon  
23 information not presently within the Defendants’ knowledge, which will be discovered during the  
24 course of discovery.

25 Subject to and without waiving the foregoing objections, the Exchange Defendants respond  
26 as follows: the Exchange Defendants maintain that they are not required to reimburse California  
27 agents for expenses incurred in the process of carrying out their obligations under the agent  
28 appointment agreement, as such agents are independent contractors and not employees (stated

1 explicitly in the agent appointment agreement that each California agent signs). Accordingly, the  
2 Exchange Defendants do not generally reimburse California agents for expenses the agents incur in  
3 operating their insurance agency business because, again, California agents are independent  
4 contractors and their agent appointment agreement with the Exchange Defendants states the agent is  
5 responsible for providing the facilities necessary to furnish the professional insurance services the  
6 agent provides. Nevertheless, under the terms of the agent appointment agreement entered into  
7 between the Exchange Defendants and California agents, the Exchange Defendants agree to pay new  
8 business and service commissions or any other commission to the California agents in accordance  
9 with commission schedules that are established by the Exchange Defendants. Moreover, the  
10 Exchange Defendants also make available to California agents certain bonuses that may further  
11 supplement the agents' compensation. Additionally, the Exchange Defendants make available  
12 certain subsidy loans to California agents that, under certain circumstances, the agent may not have  
13 to repay, thus potentially further supplementing the agents' compensation. Expenses agents incur  
14 related to the ownership and operation of their insurance agency business are intended to be covered  
15 by a portion of the commission and other income they earn and other monies provided by the  
16 Exchange Defendants, in connection with the business they conduct as independent contractor  
17 insurance agents for the Exchange Defendants. The actual percentage of each agent's expenses that  
18 are covered by such income and other monies provided by the Exchange Defendants, will vary as to  
19 each agent, and depends on the manner in which the agent operates their insurance agency business,  
20 including without limitation, the skill, dedication, knowledge, expense-control, and hard work each  
21 agent brings to bear in operating, structuring, developing, promoting, and managing their insurance  
22 agency business. Investigation and discovery into this matter is ongoing.

23 **SPECIAL INTERROGATORY NO. 32**

24 What percentage of the commissions received by agents do YOU contend to be payment in  
25 lieu of expense reimbursement as alleged in your Twelfth Affirmative Defense?

26 **RESPONSE TO SPECIAL INTERROGATORY NO. 32**

27 The Exchange Defendants incorporate by reference their preliminary statement and objection  
28 to definitions as if fully set forth therein. The Exchange Defendants object to this request on the

1 grounds it is vague, ambiguous, and uncertain. The Exchange Defendants object to this  
2 interrogatory on the grounds that it is overbroad as to time and scope and unduly burdensome. The  
3 Exchange Defendants object to this interrogatory on the grounds that it is premature merits  
4 discovery. The Exchange Defendants object to this interrogatory on the grounds that it is premature  
5 as discovery in this matter is ongoing and certain of the Defendants' denials and/or affirmative  
6 defenses will be based, in whole or in part, upon information not presently within the Defendants'  
7 knowledge, which will be discovered during the course of discovery. The Exchange Defendants  
8 object to this request on the grounds that it calls for the disclosure of confidential, proprietary, and/or  
9 trade secret business information. The Exchange Defendants object to this request on the ground  
10 that it violates the rule of self-containment because it is not full and complete in and of itself and  
11 resort must necessarily be made to other materials in order to complete the response.

12           Subject to and without waiving the foregoing objections, the Exchange Defendants respond  
13 as follows: the Exchange Defendants maintain that they are not required to reimburse California  
14 agents for expenses incurred in the process of carrying out their obligations under the agent  
15 appointment agreement, as such agents are independent contractors and not employees (stated  
16 explicitly in the agent appointment agreement that each California agent signs). Accordingly, the  
17 Exchange Defendants do not generally reimburse California agents for expenses the agents incur in  
18 operating their insurance agency business because, again, California agents are independent  
19 contractors and their agent appointment agreement with the Exchange Defendants states the agent is  
20 responsible for providing the facilities necessary to furnish the professional insurance services the  
21 agent provides. Nevertheless, the Exchange Defendants do pay to California agents new business  
22 and service commissions or any other commission to the California agents in accordance with  
23 commission schedules that are established by the Exchange Defendants. Expenses agents incur  
24 related to the ownership and operation of their insurance agency business are intended to be covered  
25 by a portion of the commission and other income they earn and other monies provided by the  
26 Exchange Defendants, in connection with the business they conduct as independent contractor  
27 insurance agents for the Exchange Defendants. The actual percentage of each agent's expenses that  
28 are covered by such income and other monies provided by the Exchange Defendants, will vary as to

1 each agent, and depends on the manner in which the agent operates their insurance agency business,  
2 including without limitation, the skill, dedication, knowledge, expense-control, and hard work each  
3 agent brings to bear in operating, structuring, developing, promoting, and managing their insurance  
4 agency business. The Exchange Defendants do not instruct appointed agents on how to allocate or  
5 ultimately utilize the commissions they receive. Investigation and discovery into this matter is  
6 ongoing.

7 **SPECIAL INTERROGATORY NO. 33**

8 What percentage of the bonuses received by agents do YOU contend to be payment in lieu of  
9 expense reimbursement as alleged in your Twelfth Affirmative Defense?

10 **RESPONSE TO SPECIAL INTERROGATORY NO. 33**

11 The Exchange Defendants incorporate by reference their preliminary statement and objection  
12 to definitions as if fully set forth therein. The Exchange Defendants object to this request on the  
13 grounds it is vague, ambiguous, and uncertain. The Exchange Defendants object to this  
14 interrogatory on the grounds that it is overbroad as to time and scope and unduly burdensome. The  
15 Exchange Defendants object to this interrogatory on the grounds that it is premature merits  
16 discovery. The Exchange Defendants object to this interrogatory on the grounds that it is premature  
17 as discovery in this matter is ongoing and certain of the Defendants' denials and/or affirmative  
18 defenses will be based, in whole or in part, upon information not presently within the Defendants'  
19 knowledge, which will be discovered during the course of discovery. The Exchange Defendants  
20 object to this request on the grounds that it calls for the disclosure of confidential, proprietary, and/or  
21 trade secret business information. The Exchange Defendants object to this request on the ground  
22 that it violates the rule of self-containment because it is not full and complete in and of itself and  
23 resort must necessarily be made to other materials in order to complete the response.

24 Subject to and without waiving the foregoing objections, the Exchange Defendants respond  
25 as follows: the Exchange Defendants maintain that they are not required to reimburse California  
26 agents for expenses incurred in the process of carrying out their obligations under the agent  
27 appointment agreement, as such agents are independent contractors and not employees (stated  
28 explicitly in the agent appointment agreement that each California agent signs). Accordingly, the

1 Exchange Defendants do not generally reimburse California agents for expenses the agents incur in  
2 operating their insurance agency business because, again, California agents are independent  
3 contractors and their agent appointment agreement with the Exchange Defendants states the agent is  
4 responsible for providing the facilities necessary to furnish the professional insurance services the  
5 agent provides. Nevertheless, the Exchange Defendants do make available to California agents  
6 certain bonus programs. Expenses agents incur related to the ownership and operation of their  
7 insurance agency business are intended to be covered by compensation they receive in the form of  
8 bonuses and other income (e.g. commissions) from the Exchange Defendants, in connection with the  
9 business they conduct as independent contractor insurance agents for the Exchange Defendants. The  
10 actual percentage of each agent's expenses that are covered by such income and other monies  
11 provided by the Exchange Defendants, will vary as to each agent, and depends on the manner in  
12 which the agent operates their insurance agency business, including without limitation, the skill,  
13 dedication, knowledge, expense-control, and hard work each agent brings to bear in operating,  
14 structuring, developing, promoting, and managing their insurance agency business. The Exchange  
15 Defendants do not instruct appointed agents on how to allocate or ultimately utilize the bonuses they  
16 receive. Investigation and discovery into this matter is ongoing.

17 **SPECIAL INTERROGATORY NO. 34**

18 What are the commission rates that are paid to YOUR direct sales representatives?

19 **RESPONSE TO SPECIAL INTERROGATORY NO. 34**

20 The Exchange Defendants incorporate by reference their preliminary statement and objection  
21 to definitions as if fully set forth therein. The Exchange Defendants object to this request on the  
22 grounds it is vague, ambiguous, and uncertain. The Exchange Defendants object to this  
23 interrogatory on the grounds that it is overbroad as to time and scope and unduly burdensome. The  
24 Exchange Defendants object to this interrogatory on the grounds that it is not relevant to any party's  
25 claims or defenses in this action and is not reasonably calculated to lead to the discovery of  
26 admissible evidence. The Exchange Defendants object to this interrogatory on the grounds that it is  
27 premature merits discovery. The Exchange Defendants object to this interrogatory on the grounds  
28 that it is premature as discovery in this matter is ongoing and certain of the Defendants' denials

1 and/or affirmative defenses will be based, in whole or in part, upon information not presently within  
2 the Defendants' knowledge, which will be discovered during the course of discovery. The Exchange  
3 Defendants object to this request on the grounds that it calls for the disclosure of confidential,  
4 proprietary, and/or trade secret business information. The Exchange Defendants object to this  
5 request on the ground that it violates the rule of self-containment because it is not full and complete  
6 in and of itself and resort must necessarily be made to other materials in order to complete the  
7 response.

8 Subject to and without waiving the foregoing objections, the Exchange Defendants respond  
9 as follows: pursuant to Code of Civil Procedure section 2030.230, the Exchange Defendants refer  
10 Plaintiffs to the Farmers Direct Sales Incentive Plans effective 2013-2020, at FARMERS 018184 –  
11 018300, and FARMERS 238997. Investigation and discovery into this matter is ongoing.

12  
13 Dated: June 12, 2020

Respectfully submitted,

14 LOCKE LORD LLP

15  
16 By: 

Nina Huerta

Kevin Kelly

Jonevin Sabado

Jordon R. Ferguson

Attorneys for Defendants

FARMERS INSURANCE EXCHANGE;

TRUCK INSURANCE EXCHANGE; and FIRE

INSURANCE EXCHANGE



Locke Lord LLP  
300 South Grand Avenue, Suite 2600  
Los Angeles, CA 90071

**VERIFICATION**

*Irene Parry, et al. v. Farmers Insurance Exchange, et al.*

Los Angeles County Superior Court Case No. BC683856

**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I, John Lindemann, hereby declare and state as follows:

1. I am Director – Home Office Agencies for Farmers Group, Inc. and am authorized to make this verification for and on behalf of Farmers Insurance Exchange, Truck Insurance Exchange, and Fire Insurance Exchange and I make this verification for that reason.

2. I have read the foregoing DEFENDANTS’ RESPONSES TO PLAINTIFFS’ SPECIAL INTERROGATORIES, SET TWO, and know its contents. Certain matters stated therein are not within my personal knowledge. No single agent of Farmers Insurance Exchange, Fire Insurance Exchange, or Truck Insurance Exchange has personal knowledge of all these matters, and the responses in this document are based upon information assembled by Farmers Insurance Exchange, Fire Insurance Exchange, and Truck Insurance Exchange and their authorized agents, employees, and counsel. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 12, 2020, at Woodland Hills, California.

\_\_\_\_\_  
Print Name of Signatory

  
Signature

VERIFICATION

I, Margaret S. Giles, hereby declare:

1. I am an Assistant Secretary of Farmers Group, Inc.
2. I have read the forgoing DEFENDANT FARMERS GROUP, INC.'S RESPONSE TO SPECIAL INTERROGATORIES (SET TWO) as to Interrogatory Numbers 31, a portion of 32, a portion of 33, and 34, and know its contents. No single employee of Farmers Group, Inc. has personal knowledge of all the matters set forth in this document and the responses contained therein are based upon information assembled by Farmers Group, Inc. and its attorneys. I am informed and believe that the responses based on that information are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 12 day of June 2020 at Los Angeles, California.



Margaret S. Giles

1 **STATE OF CALIFORNIA** )  
2 **COUNTY OF LOS ANGELES** ) ss.

**PROOF OF SERVICE**

3 I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not  
4 a party to the within action. My business address is: 300 South Grand Avenue, Suite 2600, Los Angeles,  
5 CA 90071.

6 On June 12, 2020, pursuant to the Court's Order Authorizing Electronic Service, I electronically  
7 served the foregoing document(S) described as:

8 **DEFENDANTS' RESPONSES TO PLAINTIFFS' SPECIAL INTERROGATORIES, SET**  
9 **TWO**

10 on the parties or attorneys for parties in this action who are identified on the attached service list, using  
11 the following means of service. (If more than one means of service is checked, the means of service used  
12 for each party is indicated on the attached service list).

13 **ELECTRONIC TRANSMISSION** or federal express (where indicated).

14  **VIA CASEANYWHERE.** Transmitting a true and correct electronic copy of the documents(s)  
15 to Case Anywhere through Document Service feature at [www.caseanywhere.com](http://www.caseanywhere.com)

16 Service will be deemed effective as provided for in the Order Authorizing Electronic Service.

17 I declare under penalty of perjury under the laws of the State of California that the foregoing is  
18 true and correct.

19 Executed on June 12, 2020, at Los Angeles, California.

20  
21 

22 Kristina M. Koch  
23 Kristina M. Koch

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**SERVICE LIST**  
*Irene Parry v. Farmers Insurance Exchange, et al.*  
Los Angeles Superior Court Case No. BC683856  
Honorable Amy D. Hogue – Dept. SS-7

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FARMERS GROUP, INC.*

# **EXHIBIT J**

## DECLARATION OF ROBERT HERZOG

I, Robert Herzog, declare as follows:

1. I am over the age of 18 years and am not a party to this action. I make this declaration in support of the opposition of Defendants Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange and Defendant Farmers Group, Inc. to the motion of plaintiffs, Irene Parry and Jeanette O'Sullivan, for class certification.
2. I have personal knowledge of the matters set forth in this declaration and if called and sworn as a witness I would competently testify to these matters.
3. I operate my Farmers insurance agency business as a corporation. My corporation has offices in Pleasanton, Danville and Modesto, California. I have 19 employees and four outside insurance producers. My monthly payroll is over \$150,000. I provide my employees a 401K plan and profit-sharing plan. My support staff members are like extended family.
4. My brother sells life insurance and financial services for my agency. My sister-in-law is an employee who handles commercial policy service at my agency. My daughter also is an employee of my agency. My son and daughter-in-law are employees of Farmers Group, Inc. in the Phoenix service center.
5. I was recruited out of college by Allstate and State Farm to become agents in their companies. However, I did not want to work in the east San Jose area which is where they told me I would have to operate an agency.
6. In August 1977, I was employed by Farmers Insurance Exchange in its claims department taking loss reports from customers who had claims. My salary at that time was \$500 a month. After 18 months I was earning \$750 a month and had been given a company car. That is when I found out what Farmers agents made. My father was a Farmers agent and he introduced me to Myron Carlson, a Farmers District Manager.
7. I became a reserve agent with Farmers, and in February 1979 I became a Farmers agent. My office consisted of a shelf board nailed to a bedroom wall supported by a two-drawer filing cabinet, a telephone and telephone book.
8. As a new insurance agent, I was personally scheduling 15 appointments a week to meet with potential customers. There were no facsimile machines. I would type up quotes using carbon paper and would drop those quotes off at the customers' homes, often at 8:00 p.m. My first monthly commission check from Farmers was \$34.15. After 18 months, I was able to make more than \$1,500 a month through new business and renewal commissions. My first year as a Farmers agent I made \$9,000 in commissions. My second year I made \$18,000 in commission income.
9. Early in my career I was fortunate to meet Bud Post who was for many years the largest and most successful Farmers agent in the country. I remember hearing that in the late

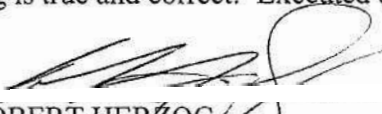
1970's/ early 1980's Mr. Post was earning \$200,000 a year. I couldn't comprehend what that would be like. Mr. Post became my mentor. I had no idea at the time that someday I would surpass Mr. Post's accomplishments as a Farmers agent. In 1989, my Farmers insurance agency business generated gross commissions of \$200,704. Of that, \$75,597 was commission on commercial insurance business; \$55,224 was for new business commissions. At that time, I was going through a divorce and becoming a single parent. Between 1995 and 1999 I went "all-in" for my insurance business. I began focusing my marketing and sales efforts on commercial insurance. By 1999, my Farmers insurance agency business had gross commissions of \$430,535, of which \$145,794 was from commercial insurance.

10. Between 2000 and 2005 I really focused my business pursuit on commercial insurance and health insurance. Because Farmers does not offer health insurance, I sell the Health Insurance outside of Farmers. During that time, I purchased the building in Pleasanton, California in which I operate my Farmers Insurance Agency. A photograph of my building is attached. I was personally attending 10 to 15 appointments a week, and 650 appointments a year. By 2005 my Farmers insurance agency business generated gross commissions of \$1,199,866 of which \$587,381 was related to commercial insurance.
11. In 2013, I incorporated my business as Herzog Insurance Agency, Inc. At that time, I entered into the Farmers 2013 Corporate Agent Appointment Agreement which allows me to sell the service and commission rights on the Farmers policies serviced by my agency. I negotiated an addendum to that agreement which preserved the rights I had under my previous appointment agreement to place insurance that Farmers does not write or want with non-Farmers affiliated insurance companies. The right to place insurance that Farmers does not write or want with non-Farmers affiliated insurance companies is of particular importance to me because many of my commercial clients have insurance risks Farmers does not want and I can place them with companies who are willing to insure those risks.
12. Also, in 2013 I purchased my brother's Farmers agency and my brother became an employee of my business. In addition, I merged the agency of Farmers agent Dave Clayton into my agency. In 2013, my Farmers insurance agency business generated gross commissions of \$1,804,185, of which \$869,486 was from commercial insurance.
13. In 2014, my Farmers insurance agency business generated gross commissions of \$2,598,152, of which \$1,651,595 was related to commercial insurance.
14. In the two years before the pandemic, my Farmers insurance agency generated approximately 2.5 million dollars in gross commissions, of which approximately \$1.5 million was from commercial insurance.
15. Well before Covid, I installed an intranet platform in my business operations that allows me and my staff to work remotely. This allowed me to log-on to my system during a pre-Covid trip to Vietnam to distribute wheelchairs collected by a charity my corporation supports. I did not seek or need permission from Farmers for the time I spent in Vietnam.



16. As a business owner, I have always felt that I need to demonstrate to my staff that I need to work harder than they do. As a result, I typically work 60-hour weeks. My days start at 5:30 a.m. to 6:00 a.m. managing my business-related e-mails. I am typically in the office between 9:00 a.m. and 5:00 p.m., unless I am meeting with a customer. As a result of my need to lead my employees by example, I tend not to take much time off for myself.
17. I have two customers who are very successful business owners. They have invited me to join them on various getaways. It reached the point where they told me that because I had turned them down so many times, they were going to stop asking me to join them if I didn't. They invited me to fly with them to the Bahamas for a 4-day fishing excursion. The only people I asked for permission to go were myself and my wife.
18. My Farmers Agency works with over 300 restaurants and 4,000 families. One of my clients owns over a million dollars worth of real estate. My agency insures one of his properties that has over 5,000 apartment units. The annual premium for that policy is approximately 2.2 million dollars. My insurance agency generates more premium dollars for Farmers than Farmers generates in some states in which it does business.
19. It took me 20 years of hard work building my business to be selected as a President's Council Agent. President's Council Agents are the elite agents in the Farmers agency force. I have been named a President's Council Agent 21 times, earned the Topper's Club designation 39 times and have earned the Championship status 22 times.
20. Over the forty-one years I have been an insurance agent, there have been good times and bad. The bad times have included having utilities cut-off at times when I was a single parent, using credit cards to pay my mortgage and utility bills, and recessions. The good times have included opportunities to meet world leaders and other successful business owners. Farmers agents and clients. The opportunity to be an independent insurance agent with Farmers provided me the opportunity to work through the bad times and experience the good times.
21. Obviously, I do not support the plaintiffs' request to be classified as an employee of Farmers. I tried that in the late 1970's and didn't care for it. The idea that I am an employee of Farmers or I am treated as an employee is utterly absurd. I am a successful businessperson who operates his own multi-million dollar insurance agency corporation that I worked hard to build and who wants it to stay that way.

I declare under penalty of perjury that the foregoing is true and correct. Executed on October 27, 2020, at Pleasanton, California.

  
ROBERT HERZOG

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# **EXHIBIT K**

# Exhibit K

## DECLARATION OF SCOTT MARTINDALE

I, Scott Martindale, declare as follows:

1. I am over the age of 18 years and am not a party to this action. I make this declaration in support of the Opposition of Defendants Farmers Insurance Exchange, Truck Insurance Exchange, and Fire Insurance Exchange (collectively, "the Exchange Defendants") and Defendant Farmers Group, Inc. to the motion of Plaintiffs, Irene Parry and Jeanette O'Sullivan, for class certification.
2. I have personal knowledge of the matters set forth in this declaration and if called and sworn as a witness I would competently testify to these matters.
3. I am a graduate of Cal Poly San Luis Obispo, with a BA degree.
4. Before my wife and I moved to California, my wife was Farmers agent in Ohio for about 3 years. I was aware that she was an independent contractor, as she owned and operated her own insurance agency.
5. After my wife and I moved to California, from about 2007 through 2011, I was the Northern California district manager for Farmers Group, Inc., a company headquartered in Ohio, that sold franchises to sell its products. I was an employee of the company and helped recruit, train, and manage franchisees.
6. After I left the tool company, I decided that I did not want to be an employee of another company and constantly be told what to do and how to do it. So, I began looking for opportunities to own and operate my own business.
7. I reached out to a friend who was a Farmers District Manager in Texas, who recommended I call a local Farmers District Manager, Hugh Seagreaves. After 3 or 4 meetings with Hugh, he offered me a job as a "reserve field manager," so I could learn what a District Manager did, with the idea that I would become a District Manager when the opportunity came-up.
8. As a reserve field manager, I was Hugh's employee and assisted him in recruiting and training insurance agents to sell Farmers products. Hugh owned and operated his own business out of his office, where his job was to recruit and train Farmers agents to sell Farmers insurance products.
9. In order to work for Hugh as a reserve field manager, I had to obtain my Property and Casualty license, my life and health insurance licenses, and my Series 6, 63, and 26 licenses to sell investment products and to be qualified as a "principal" of registered representatives of a broker-dealer. I did obtain each of these licenses.

10. While I was working for Hugh, in May 2014, I was offered an appointment as a Farmers District Manager in Northern California, in a district with 26 agents. I accepted the offer and became a District Manager. I had a primary office in Ukiah, California and a satellite office in Ureka, where I worked when I had to travel to the northern-most part of California for my work as a District Manager, which was to recruit and train Farmers agents. To become a District Manager, I signed a District Manager Appointment Agreement with the Exchanges and affiliated companies, and was an independent contractor who owned and operated district offices.
11. I was a District Manager for about 4 years, until 2018. By that time, I was looking for a change in my career because, as a District Manager, the success of my business depended in large part on the cooperation and success of the agents in my district, over whom I, as a District Manager, had no control. What my experience as a reserve field manager and District Manager taught me was that a District Manager cannot require an agent to do anything relating to the operation of his or her insurance agency or relating to selling and servicing insurance, because agents are independent contractors who own and operate their own businesses, and they make those decisions.
12. Beginning in 2018, I began to consider becoming a Farmers agent and began to look into purchasing a Farmers insurance agency so I could own and operate my own business and control my professional destiny. Fortunately, two agencies became available for purchase around the same time. I purchased the service commission rights of both agencies and combined them into one agency. I negotiated the price and terms of each purchase with the seller and arranged for the financing of these purchases. Farmers did not participate in these negotiations at all. And other than having the right to approve me as a buyer, which basically involved a background check, Farmers had no involvement in these transactions at all.
13. In order to become a Farmers agent, I signed an Agent Appointment Agreement with the Exchanges and certain affiliated companies, in December 2018. In May of 2019, I incorporated my agency and entered into a Corporate Agent Appointment Agreement.
14. I bought a small commercial building in Healdsburg, California, for my new agency, and renovated it. My new agency, called "Scott Martindale Insurance Agency" (now, "Scott Martindale Insurance Agency, Inc.") occupies about 1,200 square feet in my building and I rent the rest of the space to other tenants. My agency office consists of three private offices and a conference room. I negotiated the price and terms of the purchase of the building and the financing to pay for it. Farmers had no involvement in this transaction at all.
15. When I opened my new agency, I hired two employees, a Customer Service Representative and an Agency Producer. I interviewed and hired both employees. Both

employees are properly licensed and were subject to background checks by Farmers. Other than that, Farmers had no involvement or say in my hiring these employees.

16. I decide how many employees I need to run my agency; how much to pay them and what benefits to provide to them. I also determine what hours my employees will work; when they can take vacations; and what work they do for my agency. I pay my employees as W-2 employees. Farmers has no involvement in any of these decisions and does not pay my employees.
17. My agency office must be open during regular office hours in order to service clients who want to pay their insurance premium, need help with a claim, or want to purchase additional insurance, and to help potential clients who are looking for insurance with Farmers.
18. As the owner of my insurance agency, I set my own hours; make my own appointments with those I chose; schedule my own vacations; decide when or whether to have lunch; decide how much money to pay myself after my expenses are covered; pay my own office expenses; decide what office equipment and furniture to purchase; and hire the vendors I choose to work with, among a variety of other things I decide to do in operating my business. Farmers is not involved in any of these matters, except to the extent I must operate my agency consistent with good business practices, which are simply common sense business practices.
19. During the Camp Fire in Northern California in 2018, my family and I were evacuated from our home. However, I continued to contact and help my clients who needed help, whether it involved insurance or some other need. I felt I had this obligation not because I am their insurance agent, but because we have a special relationship that goes beyond just selling insurance, as I am also a business owner and resident in our community.
20. I decide how to market the Farmers insurance products I sell; what insurance products I want to sell; and what demographic I want to focus my marketing efforts on. I have a website for my agency and a presence on social media for my agency. I pay all of my marketing expenses. Farmers has no involvement in any of these decisions and does not pay my marketing expenses.
21. Farmers makes available to agents a variety of resources that agents can use to market their agency and the Farmers products they sell. These resources include Farmers' website, training classes and materials for marketing, training provided by District Managers at their district office, social media, advertising campaign mailers, and the ability to purchase lists of customer leads. As an agent, I am not required to refer to or use any of these resources in running my agency. I have decided to take advantage of

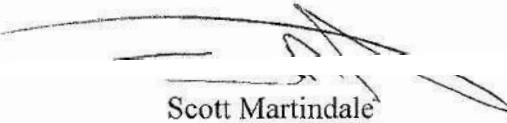
those particular resources made available by Farmers that work for me, to the greatest extent possible, because they are helping me grow my business.

22. Every month that I have operated my agency, I have received bonuses for meeting certain targets and basic business practices promoted by Farmers relating to the operation of my agency, such as signage, number of employees and their licensing, and growth of policies-in-force, to name a few. None of these targets or business practices are mandatory for agents to meet or comply with. It is the agent's choice as an independent business owner, whether they choose to meet these targets or undertake these practices. I choose to meet these growth targets and put in place these recommended business practices because they are good for my business and I will make more money.
23. In addition to mortgage and payroll, my agency incurs the usual office expenses for utilities, computer equipment, office supplies, travel expenses, insurance costs, employee benefits costs, and other expenses related to operating a small business. I pay for all of these expenses and decide what expenses to incur for my agency's business. Farmers does not pay for any of my expenses or make any decisions about what expenses I should incur. My commissions are more than enough to cover my business expenses.
24. In addition to selling insurance, I am also a Registered Representative for Farmers Financial Solutions, LLC, to sell securities products. I operate this business in addition to my Farmers insurance agency, using the same office as my Farmers agency office.
25. I also have other "outside" appointments with insurance companies who are not related to Farmers. I sell their insurance products when the product requested by a customer is not offered by Farmers or Farmers does not want to insure the risk involved, which I am permitted to do under my appointment agreement. I also operate this business using the same office as my Farmers agency office.
26. I file a corporate tax return for my agency, which includes appropriate deductions for business expenses. I receive an IRS Form 1099 for the commissions and bonuses that Farmers pays to me.
27. I am familiar with Farmers' "Smart Office" program. I have met all of its requirements because that was my choice and it has benefitted my agency. I have no reason to believe that my appointment with Farmers would be jeopardized if I had decided not to operate my agency in alignment with the Smart Office Program.
28. One of the attractions to the independent contract business model of Farmers is that, if I decide to get out of the insurance business, I will have the opportunity to sell my agency on terms to be negotiated between me and the potential buyer. This will be the payoff for

my investment in my Farmers insurance business. Or, if I choose not to sell my agency I have the option of accepting contract value, as stated in my appointment agreement.

29. I understand that the plaintiffs in this lawsuit claim they have been misclassified as independent contractors and should instead be classified as employees. I disagree that I am an employee of Farmers or that I have been treated like an employee. Becoming a Farmers employee is contrary to the very reason I wanted to be a Farmers agent, which was to work for myself and own and operate my own business. I do not want to "work" for anyone. Losing independent contractor status and the ownership of my insurance agency would be financially disruptive to me and my family, and would deprive me of the financial benefits and personal satisfaction I anticipate gaining in building-up my insurance agency over the years.

I declare under penalty of perjury that the foregoing is true and correct. Executed on June 12, 2020, at Healdsburg, CA.



Scott Martindale

# **EXHIBIT L**



## DECLARATION OF GEORGE EDWARD MERTENS

I, George Edward Mertens, declare as follows:

1. I am over the age of 18 years and am not a party to this action. I make this declaration in support of the Opposition of Defendants Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange and Defendant Farmers Group, Inc. to the motion of Plaintiffs, Irene Parry and Jeanette O'Sullivan, for class certification.
2. I have personal knowledge of the matters set forth in this declaration and if called and sworn as a witness I would competently testify to these matters.
3. Becoming a Farmers agent presented me with a unique opportunity to use my outgoing personality to build customer relationships and to be in business for myself. I always wanted to be my own boss and have the freedom to operate my business as I saw fit and to come and go as I pleased. I've been able to do that as the owner of my insurance agency.
4. I have worked since I was a young man. I worked for Goodyear Tire for 4 years, first as tire man and then as a store manager. I then worked for a real estate broker and obtained my real estate license in the mid-1970s.
5. When the real estate market crashed as interest rates approached 20%, I worked for a Farmers District Manager and helped him recruit and train Farmers agents. As an employee, I received a W-2 from the District Manager. He set the hours that I worked, approved my vacations and other days off, and oversaw how I performed my work. I obtained my Property & Casualty and Life licenses around this time, in the late 1970s.
6. In the late 1970s-early 1980s, I went back into the mortgage business. I set-up my own real estate brokerage business, which I owned and operated in Southern California. In 1988, I relocated to Northern California, where I opened a new real estate mortgage brokerage with my wife, in an office I rented.
7. In about 1991, I opened a Farmers agency that operated out of my mortgage brokerage office. I entered into a Reserve Agent Appointment Agreement with Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, and other affiliated companies, effective January 24, 1991. I subsequently signed an Agent Appointment Agreement with the Exchanges and other affiliated companies, effective May 16, 1991. I knew and intended that when I entered into these agreements, I was an independent contractor, not an employee.

8. When I first started selling insurance, I was operating both my insurance agency and mortgage brokerage agency at the same time. While I focused my attention on operating my insurance agency while my wife took care of the mortgage business, on any given day I went back and forth between the two. I started my Farmers agency with zero (0) policies-in-force ("PIF"). After a while, because my insurance agency was doing so well, I shut down the mortgage business.
9. I moved my agency to another space in Nevada City. My agency continued to grow, causing me to move my agency four times. I finally bought my own building in about 2003-2004, where I moved my agency. My agency is still in my building, located at 715 Zion Street, Nevada City, California 95959. My PIF is now about 4,500. My office agency offices occupy the entire 2,400 square feet of office space in my building. I have a second office located at 543 F Street, Lincoln, California. I run my agency as a sole proprietorship.
10. I negotiated the terms of the lease with the landlord for each of my offices and financed the purchase of the building I bought, all of which I have paid for. I also paid the cost of moving my agency and purchased the office equipment, furniture and supplies, necessary to operate the agency. Farmers was not involved in moving my agency or in any of the lease transactions, and did not pay any of my moving expenses, office expenses, rent, or mortgage payments.
11. When I closed my mortgage brokerage office, I had one employee. She had worked for the brokerage business while it was open, and then worked for my insurance agency. I now have 5 full-time employees, 3 of whom are licensed Customer Service Representatives. I interviewed and hired all of my employees and have paid their salaries and all associated costs and expenses. Farmers was not involved in the hiring process, except for performing a background check for my licensed CSR, which is required for all agency staff who have access to Farmers' systems and is a review that is distinct from my staffing decisions. Farmers has not paid and did not pay my employees' salaries.
12. I have been Presidents Council 3 times, made Championship 13 times, and Toppers 19 times.
13. I've achieved the growth in my agency through hard work, developing a good reputation in the community in which I live and that my agency services, hiring good, qualified people to work in my agency, employing good marketing, sponsoring community events and businesses, and by doing the right thing for the people and businesses in the community that my agency services.

14. I make the decisions as to what Farmers products I want to sell, how to market them, and the demographic on which I want to focus my sales efforts. I use my own marketing materials, which I pay for. For example, I use Facebook and local community websites to promote my agency to potential customers.
15. Farmers is not involved in my decisions as to what marketing materials I use and how I use them, so long as my use of Farmers' registered service marks and logo is appropriate. Farmers does not tell me how to market my business or what marketing materials I can use to accomplish that, while it has every right to ensure that I use its property to market the Farmers brand in an appropriate manner.
16. I own a trailer which I've taken to many Farmers insurance-related events. I have traveled to fairs with some of my staff who were working at the event and representing my agency. My trailer has the name of my agency on it and proudly displays the Farmers logo and plays the Farmers music tones that are heard in its commercials. People at these events love my trailer. In the past several years, I have driven my trailer to the sites of catastrophic fires that have ravaged nearby communities. Me and my staff go to these sites to assist our customers with their claims and to help them with any issue we can help them with. I do not take my trailer to these catastrophe sites for marketing purposes. I do it to help those in my community who desperately need help.
17. During my career as a Farmers agent, I have had the opportunity to purchase the service and commission rights to about 400-500 Farmers policies that were serviced by another agent. I accepted this opportunity as an investment in the future of my agency. While Farmers retained the right to approve the sale of these rights (and did approve it), I negotiated with the selling agent the purchase price, terms, and conditions of this transaction, and arranged for and paid the cost for purchasing these rights. Farmers was not involved in these negotiations or in paying for the purchase of these rights. During the time I have been a Farmers agent, Farmers has offered to assign to me the service and commission rights to policies that former agents had not sold. I always accepted the assignment of these rights for my agency.
18. I am familiar with Farmers' "Smart Office" program. I made the decision to participate in this program in order to take advantage of the features that work best for my agency. I believe that I would be able to continue my relationship with Farmers even if I had decided not to participate in this program.
19. My agency office is open during regular office hours as part of my decision to meet the standards of the Smart Office Program and as a matter of what I believe to be good business practices. In keeping my agency open during regular office hours, we are able to service insureds who want to pay their insurance premium, as well as those that need

help with a claim or want to purchase additional insurance, among other reasons. This also allows us to help potential customers who are looking for Farmers insurance.

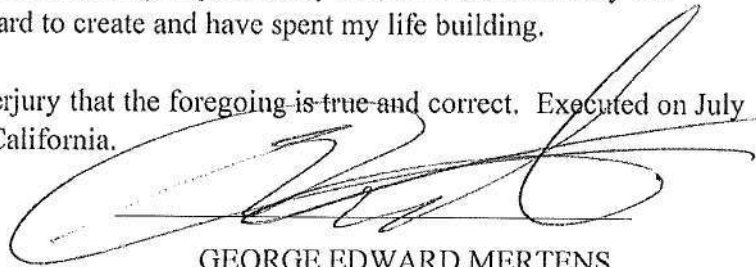
20. As the owner of my agency, I decide what hours I work, what appointments I want to make, and with whom I make those appointments. As my own boss, I also decide whether to have lunch, how much money I can pay myself after my expenses are covered, and when or whether to take a vacation. I pay my office expenses and decide what office equipment and furniture to purchase. I decide the manner in which I operate my business. Farmers is not involved in any of these decisions, so long as I operate my agency in accordance with good business practices.
21. I also decide how many employees I need to efficiently operate my agency; how much to pay them; and the hours they work, their vacation schedules, and the type of work they do for my agency. I pay my employees as W-2 employees. Farmers has no involvement in any of these decisions and does not pay any of these expenses.
22. I pay for all my agency's office expenses, including utilities, computer equipment, office supplies, travel expenses, repairs and maintenance, insurance costs, and other expenses related to the operation of my agency. I decide what expenses to incur. Farmers does not pay for any of these expenses or make any decisions about what expenses I should incur. My commissions are more than enough to cover my business expenses.
23. Ryan Nuttall is the District Manager in the district where I operate my agency. I see Ryan about 2-3 times a year on average. We talk about 6 times a year. Ryan and his staff are available to offer their assistance if we need it and to help us solve problems if we have them. Ryan has not attempted to, nor does he have the authority to instruct, direct, or manage me or my agency.
24. My business relationships with the previous District Managers in the district where I operate my agency were similar to my business relationship with Ryan. They did not attempt to or have the authority to instruct, direct, or manage me or my agency.
25. I am aware of the position of Area Sales Manager. I have had no business interaction relating to my agency, that I know of, with anyone who has identified themselves as an Area Sales Manager. No one who has identified themselves as an Area Sales Manager has managed me as a Farmers agent, or my Farmers agency.
26. I have had some interaction with someone who identified themselves as a Market Leader, although I do not recall his name. He helped me with some marketing strategies and approached me to ask questions about a Farmers-related matter. Other than this interaction, I have had no business interaction regarding my agency, that I know of, with

anyone who has identified themselves as a Market Leader. No one who has identified themselves as a Market leader has managed me as a Farmers agent, or my Farmers agency.

27. I have known the Territory Executive, Kirk Parker, for about 25 years. I've had no business interaction regarding my agency with Kirk in his capacity as Territory Executive, or with any other Territory Executive. Neither Kirk, as Territory Executive, nor any other Territory Executive, has managed me as a Farmers agent, or my Farmers agency.
28. I do not know what a Distribution Consultant is, and I've had no business interaction regarding my agency, that I know of, with anyone who has identified themselves as a Distribution Consultant. No one who has identified themselves as a Distribution Consultant has managed me as a Farmers agent, or my Farmers agency.
29. I know Brian Esola, who I believe is a Sales Coach. Brian has interacted with my agency staff about 2-3 times a year. He has not visited my office for several years. I've had no business interaction regarding my agency, that I know of, with anyone other than Brian, who has identified themselves as a Sales Coach. Neither Brian, nor anyone else who has identified themselves as a Sales Coach, has managed me as a Farmers agent, or my Farmers agency.
30. I do not know what a Marketing Specialist is, and I've had no business interaction regarding my agency, that I know of, with anyone who has identified themselves as a Marketing Specialist. No one who has identified themselves as a Marketing Specialist has managed me as a Farmers agent, or my Farmers agency.
31. In addition to selling insurance, I am also a Registered Representative for Farmers Financial Solutions, LLC. My income from FFS business has been about 2% of my total agency's income. I operate this business in addition to my insurance agency, using the same office as my Farmers agency office.
32. I have several appointments with health care and property and casualty carriers that have insurance products I can offer to customers who need insurance coverage that is not offered by Farmers or for which Farmers does not want to insure the risk involved. My property and casualty appointments include insurers who will issue coverage that Farmers will not write in the area I service. My income from this business is approximately 20-30% of my total agency's income. I operate this book using the same office and staff I use to sell Farmers insurance products.

33. My tax preparer prepares my tax return, including a Schedule C for my agency business, which includes appropriate deductions for business expenses. I receive IRS Form 1099s for the commissions and bonuses that I receive from Farmers and other insurance companies.
34. Because my insurance agency sells insurance offered by Farmers as well as insurance offered by companies other than Farmers, and because I also run my financial services business out of the same office as my insurance agency, all of my business expenses are consolidated into one balance sheet. I would not be able to apportion my business expenses that are attributable solely to my work selling insurance offered by Farmers.
35. I understand that the plaintiffs in this lawsuit claim they have been misclassified as independent contractors and should instead be classified as employees. I do not believe I have been treated as an employee by Farmers. I do not want to be an employee. I wouldn't be a Farmers agent if I had to be an employee. I want to keep the freedom I have as the owner of my own business, a freedom I have earned. If I was told I had to be an employee, it would have a devastating impact on my life, as it would destroy the business I have worked so hard to create and have spent my life building.

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 22, 2020, at Nevada City, California.



GEORGE EDWARD MERTENS

# **EXHIBIT M**

# Exhibit M

1 Nina Huerta (SBN 229070)  
 2 nhuerta@lockelord.com  
 3 Jonevin Sabado (SBN 305933)  
 4 jonevin.sabado@lockelord.com  
 5 Jordon R. Ferguson (SBN 276578)  
 6 jordon.ferguson@lockelord.com  
 7 LOCKE LORD LLP  
 8 300 South Grand Avenue, Suite 2600  
 9 Los Angeles, CA 90071  
 10 Telephone: 213-485-1500  
 11 Fax: 213-485-1200

12 Attorneys for Defendants  
 13 FARMERS INSURANCE EXCHANGE;  
 14 TRUCK INSURANCE EXCHANGE; and  
 15 FIRE INSURANCE EXCHANGE

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA

17 FOR THE COUNTY OF LOS ANGELES

18 IRENE PARRY, individually and on behalf of all )  
 19 others similarly situated; JEANETTE O'SULLIVAN, )  
 20 individually and on behalf of all others similarly )  
 21 situated, )

22 Plaintiffs, )

23 vs. )

24 FARMERS INSURANCE EXCHANGE; TRUCK )  
 25 INSURANCE EXCHANGE; FIRE INSURANCE )  
 26 EXCHANGE, and FARMERS GROUP, INC. AND )  
 27 DOES 1 through 100, )

28 Defendants. )

CASE NO. BC683856

Honorable Amy D. Hogue, Dept. 7

**DECLARATION OF C. PAUL WAZZAN**

Complaint filed: November 16, 2017

Trial Date: Not Set

Locke Lord LLP  
 300 South Grand Avenue, Suite 2600  
 Los Angeles, CA 90071



1 **DECLARATION OF PAUL WAZZAN**

2 I, Paul Wazzan, hereby declare:

3 1. My name is Paul Wazzan. I declare the following under oath:

4 2. I am over 18 years of age. I am a resident of Los Angeles, California.

5 3. I have a Ph.D. in Finance from the University of California, Los Angeles, and a  
6 Bachelor of Economics from the University of California, Berkeley. I am a Senior Managing  
7 Director of FTI Consulting, Inc. I specialize in providing financial, economic and statistical  
8 expertise in a variety of areas, including labor and employment. I have been asked by counsel for  
9 Defendants to analyze the financial effects of certain proposed changes to Defendants’ Agent  
10 Appointment Agreements. Below is a summary of my methodology and the resulting financial  
11 effects of the proposed contractual changes.

12 **I. Summary of Methodology and Financial Effects**

13 **A. Gain per Agent from 2-Month Notice for Agent-Initiated Terminations**

14 4. Counsel has advised me that the notice requirement for Agent-Initiated Terminations  
15 is being reduced from three months to two months (i.e., agents can leave one month earlier) as part  
16 of the Parties’ Settlement Agreement. This calculation reflects the anticipated one-time gain in  
17 earnings for agents who leave Farmers of their own accord. The gain per agent is based on the  
18 difference between Preferred Alternative Annual Commissions per Agent<sup>1</sup> and Farmers Annual  
19 Commissions per Agent.<sup>2</sup>

20 **B. Gain from Receiving Acquisition Price One Month Earlier**

21 5. Counsel has advised me that the reduced notice requirement for Agent-Initiated  
22 Terminations also applies to agency acquisitions. This calculation reflects the anticipated one-time  
23 gain in earnings for agents who sell their agency. The gain is due to the extra return agents would  
24 earn on their lump-sum payout, should they receive it one month earlier. The average purchase  
25 price is based on Average Annual Commissions and the average purchase price-to-annual

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27 <sup>1</sup> “Preferred Alternative Annual Commissions per Agent,” represents the new average annual earnings for an agent  
28 who leaves Farmers of their own accord.

<sup>2</sup> “Farmers Annual Commissions per Agent” is the average actual annual agent commission from November 2013 to  
June 2021.

1 commissions ratio for like acquisitions in California. The return is calculated using the average  
2 annual S&P 500 return over the period.

3 **C. Gain from Receiving Contract Value One Month Earlier**

4 6. Counsel has advised me that the reduced notice requirement for Agent-Initiated  
5 Terminations would result in terminated agents receiving their Contract Values one month earlier.  
6 This calculation reflects the anticipated one-time gain in earnings for agents who receive a Contract  
7 Value payout at the time of termination. The gain is due to the extra return agents would generate  
8 on their Contract Value payout, should they receive it one month earlier. The gain is calculated  
9 using Contract Value payouts and the average annual S&P 500 return over the period.

10 **D. Gain per Agent from Removal of Non-Solicit Clause**

11 7. Counsel has advised me that the Non-Solicit Clause is to be removed as part of the  
12 Parties' Settlement Agreement. This calculation quantifies the anticipated gain to agents from the  
13 removal of the Non-Solicit Clause in their contracts. Pursuant to the Agent Contracts, Contract  
14 Value payments are directly tied to the Non-Solicit Clause. As such, I use Contract Value payments  
15 to assign a dollar value to the Non-Solicit Clause.

16 **E. Gain per Agent from 6-Month Notice for Company-Initiated Terminations**

17 8. Counsel has advised me that the notice requirement for Company-Initiated  
18 Terminations ("CITs") is being increased from three months to six months (i.e., agents can stay for  
19 three additional months) as part of the Parties' Settlement Agreement. This calculation reflects the  
20 anticipated one-time gain in earnings for agents who leave Farmers as a result of a Company-  
21 Initiated Termination. The gain per agent is based on the difference between Farmers Annual  
22 Commissions per Agent and Sub-Preferred Alternative Annual Commissions per Agent,<sup>3</sup> and the  
23 25% reduction in CITs.<sup>4</sup>

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25  
26 <sup>3</sup> "Sub-Preferred Alternative Annual Commissions per Agent," represents the new average annual earnings for an  
agent who is terminated by Farmers.

27 <sup>4</sup> The rate of 25% reflects (i) the assumed proportion of Company-Initiated Terminations that would no longer occur  
pursuant to the "Agent fails to operate his or her agency consistent with industry or professional standards" and  
28 "Companies' changed business circumstances or market conditions" standards.

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**F. Gain per Agent from Reduction in Company-Initiated Terminations**

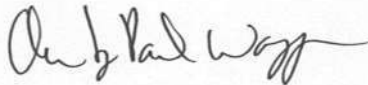
9. Counsel has advised me that No-Cause Terminations (“NCTs”) are to be eliminated as part of the Parties’ Settlement Agreement. This calculation quantifies the anticipated gain to agents from the removal of No-Cause Terminations. The gain is due to the reduction in total Company-Initiated Terminations under the new agreement. It is based on the difference between Farmers Annual Commissions per Agent and Sub-Preferred Alternative Annual Commissions per Agent, the 25% reduction in CITs, and the difference between Average Tenure and But-For Tenure for Company-Initiated NCTs.<sup>5</sup>

**II. Conclusion**

10. The total value of the gains to Defendants’ agents—which are discussed in Sections A to F above—is \$15,547,489 over the relevant time period, November 2013 to September 2021. The average annual gain over this period is \$2,014,536.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on the 17th day of November 2021 in Los Angeles, California.



C. Paul Wazzan, Ph.D.

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<sup>5</sup> The But-For Tenure is the average tenure if company-initiated-no-cause-terminated agents were still employed.

# **EXHIBIT N**

## DECLARATION OF CARROLL PRITULA

1. I am over the age of 18 years and am not a party to this action. I make this declaration in support of the Opposition of Defendants Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange and Defendant Farmers Group, Inc., to the motion of Plaintiffs, Irene Parry and Jeanette O'Sullivan, for class certification.
2. I have personal knowledge of the matters set forth in this declaration and if called and sworn as a witness I would competently testify to these matters.
3. I started my career with Farmers in December 2005 as a Marketing Specialist in the San Diego Division of the then Southern Market. I was new to the insurance field. Through my interactions with the Territory Office and the field, which is comprised of District Managers and agents I developed an understanding of how they ran their businesses. I asked them to explain how they marketed, about their sales techniques and other aspects of their operations. In that position, I was supervised by Division Marketing Manager Darren Zonnefeld.
4. One of the first things I did in my new role as a Marketing Specialist was to read the Agency Operations Manual that was available to the Farmers agents and the Agent Appointment Agreements. It was there I began to learn about the rights of the agents to control how they ran their businesses. During my time as a Marketing Specialist I attended weekly meetings with Mr. Zonnefeld and the Head of the Southern Division Charles Dabelgott. During those meetings they would roundtable and discuss how we could and couldn't communicate with the agents. Specifically, Farmers employees could not make demands or give directives to agents. Rather we could advise the agents of the resources that Farmers made available and ask how we could assist them to grow their businesses.
5. As a Marketing Specialist I did interact with agents and District Managers. It was my impression that because agents knew they were independent contractors they were guarded in their interactions with me until they got to know me. To further my knowledge on how to interact with independent contractors I attended meetings between Mr. Zonnefeld and the independent contractor District Managers to observe and learn from Mr. Zonnefeld how to interact with independent contractors.
6. After a little over one year I became a Personal Lines Agency Consultant. That role was exclusively administrative and did not involve any interaction with the Farmers agents or District Managers.
7. My next role was as a Personal Lines Growth Consultant ("PLGC"). In that position I secured my property and casualty and life and disability insurance licenses and completed the Farmers Reserve Agent Program. As a PLGC I would contact Farmers agents to request meetings in their offices to talk about marketing programs that were available to agents. These meetings were voluntary, and occasionally agents deferred my offers to meet with them or requested to reschedule. My focus as a PLGC was on presenting the agents with information about the opportunity to sign up for marketing programs offered by Farmers, to promote sales,

share best practices, and communicate ideas on how the agents could better underwrite to grow their policies in force.

8. In approximately 2011, I became a Division Marketing Manager for the Orange Division. As a Division Marketing Manager, I had 8 Districts in my Division. In that role, I was assigned goals related to the appointment of new agents, new business goals by line of business (with focus on personal lines which is auto and home, commercial and life insurance) and enabling the agents to grow policies in force and profitability.

9. In July 2013, the Distribution Group in which I worked was restructured and I became an Area Sales Manager. In that new role, I was assigned essentially two Divisions that ran from Los Angeles to the southern border of Orange County. There were between 800 and 900 agents in my Area. Generally, my interaction with Farmers agents during this time was split between meetings with new and existing agents. The meetings with the new agents generally related to interviewing prospective agents or reviewing their contracts. The meetings with existing agents generally involved meetings where audits were being performed by the audit department to review potential wrongdoing, e.g. misappropriation of premium, meeting with the agents regarding underwriting violations, e.g. binding an un-inspected risk or other contractual issues, e.g. abandonment of agency, or to meet with the agent about a loss of policies in force in the agency.

10. While my span of responsibility as an ASM is greater than when I was a Division Marketing Manager because of the greater number of agents and District Managers in my area, the focus of both positions has always been on appointing new agents and on informing new and existing agents about marketing initiatives and offering them the resources available through Farmers to take advantage of those opportunities to grow the numbers of policies in force in their agency businesses. In my experience, there has been no marked difference in my interaction with Farmers agents since I became a Division Marketing Manager. There have been no sweeping changes in the way in which I or my staff communicate or interact with the agents in my Area.

11. As I moved into positions in which I supervised staff who interacted with the agents, I have passed along this knowledge and training of best practices which included sharing with them the lessons I learned when I was in the positions they held. During my staff meetings we will discuss challenges they have with an agent and I will share with them ways they can work with the agent by offering assistance and information, while reinforcing that we cannot require or direct an agent to do anything.

12. I also bring my staff with me to what I refer to as District Days. When I and my staff are in the field, we try to fit in as many meetings as possible. A District Day is when I and my staff are in the field. On those days we may meet with a District Manager at his or her office for a District Performance Review. We may also meet with several agents in that district or their office concerning issues related to their business results, underwriting or contract issues like the examples mentioned above. This allows my staff to observe how I communicate with the agents.

When my staff has been invited to an agent's office for a meeting, I will often come along to observe how the meeting goes and provide feedback to my staff members.

13. At these District Day's my staff may make presentations on new products or conduct training sessions. This allows me to observe how they are communicating with the agents and give them feedback. I may also participate in the presentation so they can observe how I conduct myself in such a setting. In my experience agents are not shy about communicating to me or my staff when they are not happy with the way a particular situation or communication took place, whether it is by their District Manager, the District Manager's staff, me or Farmers employees.

14. Those communications are heard and when appropriate, course corrections made. For example, I had an employee join my staff a few years ago as a Life Representative. This individual did not have a background at Farmers. He was by nature aggressive. I learned from an agent he had visited her office unannounced, was very demanding in insisting she give him time to discuss a sales promotion, and that she didn't appreciate his actions one bit. I met with this employee to explain we cannot walk into an agent's office, we need to schedule meetings in advance with the agent's permission, and we can't tell agent what to do.

15. In both my role as a Division Marketing Manager and as an Area Sales Manager, it has been my practice to personally meet, or have a member of my staff meet with an agent when the agent is signing his or her Agent Appointment Agreement. When I conduct the meeting I read the Agreement verbatim to the agent, including the provisions of the agreement designating the agent as an independent agent and conferring on the agent the right to control how he or she runs his or her business. I have trained my staff to follow the same process for when they conduct the meeting with the agent.

16. I am familiar with the plaintiffs in this litigation. I personally met with Irene Parry in a one-on-one meeting only once while I was a Personal Lines Growth Consultant. Since in my experience Ms. Parry did not attend meetings put on by her District Manager or attend events put on by Farmers, other than this one on one meeting, I have a very vague collection of meeting Ms. Parry other than this one time. I likewise personally met with Jennette O'Sullivan in a one-on-one meeting only once while I was a Personal Lines Growth Consultant, and only once as an Area Sales Manager regarding an underwriting violation. I may have run in to Ms. O'Sullivan in passing at district meetings or Farmers functions such as National Sales Week but any communication between us would have been just greeting one another.

17. In my experience working with Farmers agents for more than a decade, Farmers agents do what they want in their businesses based on what each agent finds works best for them. When I meet or communicate with agents, I always try to be clear that my communications are not directives. I discuss with agents various options for how they might grow their business and improve profits. I try to confirm their understanding of a marketing program or initiative and explore whether staffing changes might help. They are persuasive conversations, not coercive.

18. It has been my experience when I have a conversation with an agent about a marketing opportunity, and share with the agent how I think he or she could benefit by

integrating the opportunity into their business, the agents smile, listen politely, and then decide either they believe it is in their interest to pursue the opportunity or continue to do business as before. It is my impression that Farmers agents generally believe that Areas Sales Managers like me don't understand the day to day operation of running an insurance business. Agents typically only consider what I have to say when they determine it is in their business interests to do so. For example, I have explained countless times to agents who do not have any staff working in their agency the benefits they can realize if they made the decision to invest in their business by adding staff. In my experience, agents who decide to act on that recommendation and hire staff are the exception to the rule. Most of the agents make no staffing changes in response to a single or isolated general recommendation I make. Typically, agents that I meet with that do not have staff have come to believe they can't afford staff, or the benefits would not outweigh the cost. In my experience, it usually takes multiple follow up conversations between the agent and the District Manager and/or District Manager's staff for an agent to shift their thinking, and often requires the district operation's assistance in recruiting and training staff.

19. One of the largest agents in my Area is Dan Kitajima. Mr. Kitajima's father is a business owner who frequently travels to and from Japan on business, so Mr. Kitajima is familiar with being an independent businessperson. I have had numerous conversations with Mr. Kitajima in which I have explained to him the income opportunities I believe he is leaving on the table by not selling more life insurance or commercial insurance, or not cross-selling to his existing customer base. Mr. Kitajima has approximately 8,000 policies in force in his Farmers insurance agency. He has found that what works best and most successfully for him is to focus on selling auto and homeowners' insurance. While he listens as I explain the potential benefits of selling life and commercial insurance to his existing customers and new customers, he sticks with what works for him—selling auto and home. This also extends to his District Manager and the District Manager's staff—he's always open to a conversation but he's a very successful agent and involved in every detail of his agency.

20. In the two years preceding the pandemic I had a staff of two which included a Distribution Consultant and a Sales Coach. In the last five years the number of agents in my Area has ranged from 450 to 700 agents. With just the 3 of us it is impossible to meet one on one with every agent in the Area on even a semi-regular basis. That has become even more problematic in 2020 during which time my Distribution Consultant accepted a different position at Farmers and was only replaced as of November 30. My Sales Coach went on maternity leave, just recently returned, and is leaving my staff on December 7 for a different position. During the last 4 years between me and my staff, we met on average no more than once a year with less than ½ of the agents in my Area. Most of my one on one interaction with agents occur when I meet with new agent candidates to interview them about becoming an agent or when I am at District Managers' offices 2-3 times a month for meetings or presentations offered to the agents and have arranged to meet with an agent at that office.

21. I normally do not get involved with agents who are moving their office locations unless they are under the Agent Appointment Agreement which allows Farmers to approve the location. I do tell new agents whose Agent Appointment Agreement allows Farmers to approve



their office location to check with the Territory Office before selecting a location to make sure the office location they have selected will be approved or will not unduly interfere with another Farmers agent office, which is not permitted under their contract. Recently, an agent in my Area whose Agent Appointment Agreement allowed Farmers to approve his office location forgot to do that before he purchased a 3-story building in which he planned to run his insurance business. The building was very close to a new agent's office. While the matter needed to be elevated to the Territory Office, the agent was allowed to operate his agency in the building he purchased.

22. There are agents in my area who operate businesses besides their Farmers insurance business. There are agents who have accounting businesses. Some use their accounting business as a conduit for selling personal lines insurance to their clients. If a Farmers agent tells me that he or she plans to run a business in addition to their Farmers insurance business, my concern is they have adequate staff to run that other business so the agent's primary focus is on their Farmers business.

23. Within the past few years, an agent was appointed in my Area who made it clear he was not going to be personally meeting with each customer to sell insurance. Instead, his business plan was to hire people to do that for him to free himself up to market his business and do other things with that time. While I was skeptical, his business model has been quite successful to date.

24. Since the initial SMART Office initiative 5 or 6 years ago, I rely on the requirement agents must meet the standards to qualify for bonus programs and Achievement Clubs as the motivation for the agents in my Area to meet the standards. I also rely on the District Managers to bring to my attention an issue when they happen upon something that may not be consistent with the standards, rather than proactively verifying that those agents seeking to qualify for bonus programs or Achievement Clubs are satisfying the standards.

I declare under penalty of perjury that the foregoing is true and correct. Executed on December 23, 2020, at Orange, California.

*Carroll A Pritula*

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Carroll Pritula

**TAB NO. 64**

## **DECLARATION OF ERIC RODRIGUEZ**

1. I am over the age of 18 years and am not a party to this action. I make this declaration in support of the Opposition of Defendants Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange and Defendant Farmers Group, Inc., to the motion of Plaintiffs, Irene Parry and Jeanette O'Sullivan, for class certification.

2. I have personal knowledge of the matters set forth in this declaration and if called and sworn as a witness I would competently testify to these matters.

3. I am currently employed by FX Insurance Agency, LLC as an Area Sales Manager for Farmers Insurance Exchange and its affiliates. I am based in Fresno. My Area extends south to Bakersfield, east to the Sierras, west to the east Bay Area, and north to Stockton. As a result, it can take me 2 to 3 hours of driving to visit District Managers or agents in my Area.

4. I began my career with Farmers as a claim representative for Farmers Insurance Exchange. I worked in various claims functions for approximately 19 years. During that time, I held claims office supervisor and manager roles, and Regional Manager roles. In those roles, I was responsible for supervising the employees on my staff, performance managing them, providing performance reviews, and making salary recommendations. By comparison, in my role as an Area Sales Manager, I am not responsible for, nor do I supervise the agents in my Area, performance manage them, give them performance reviews. Nor do I make salary recommendations for them since they control their income through the sale and renewal of insurance policies.

5. In 2011 or 2012, I left Farmers Insurance Exchange and went to work in the Distribution Group at Farmers Group, Inc. as a Personal Lines Growth Consultant. In that role I reported to State Executive Kirk Tweedy and Division Marketing Manager Mike Kummer. From my managers, I learned that Farmers agents are independent contractors and that their status affected how I could and couldn't interact with them. I learned I was there to provide support for the agents and that the agents run their business as they see fit.

6. As a Personal Lines Growth Consultant, I interacted with the District Managers and agents trying to help them and their staff with new systems and initiatives introduced by Farmers and offered assistance to them to help grow their sales and profits. The agents are independent contractors, not employees, and we will not just drop-in their offices. Since their day is their own, we will set up a meeting in advance at a date and time that is convenient to the agent's schedule.

7. There are currently approximately 257 Farmers agents and 6 District Managers in my Area. I have a staff of two which includes a Distribution Consultant and a Sales Coach. During the two years before the pandemic, I estimate I met with 2 to 4 agents per month for one-on-one meetings. Most of those times my Distribution Consultant was in attendance. Because of the size of my Area I try to visit a few agents and District Managers at a time. For example, it

can take a couple hours to drive to Stockton. So, while I am in Stockton, I will try to work several meetings into my schedule before I drive back.

8. Most of my interactions with agents occurs at meetings put on by the District Managers' offices or at Road Shows I will hold for the agents and District Managers in my area. Because agents are busy, we try to limit meetings with agents to no more than an hour. We try to make the meeting efficient and streamline what we need to communicate. In my experience, after an hour we lose the agent's attention because they become distracted by the demands of their business. By contrast, during the two years before the pandemic I typically met 2 to 3 times a week with District Managers in my Area. Those meetings are usually a couple of hours long and sometime last 5 to 6 hours. I estimate 80% of my time as an ASM is spent working with District Managers and 20% is spent working with agents or on agent issues.

9. I estimate my Sales Coach visits a district office or agent office 8-12 times a week. The Sales Coach will meet with agents when asked or will contact agents to request a meeting. Agents have and do decline to meet with the Sales Coach. The Sales Coach meets with agents to inform them about available sales lead programs or other resources, answer questions regarding the Agency Growth Model, provide training webinars and make sure agents understand bonus programs and opportunities.

10. My Distribution Consultant meets with newer agents who have become Farmers agents through the SEED, Retail Store and Acquisition programs to assist them in learning Farmers' systems and to answer questions the agents may have regarding sales, marketing and other programs Farmers makes available. Between me, my Sales Coach and my Distribution Consultant we average less than one person to person meeting with each agent in my Area a year.

11. There have been numerous service and commission rights sales in my Area in the last 5 years. In my role as Area Sales Manager, I am not involved in the negotiation of the terms of the sale. It is my understanding the buying and selling agents write up the contracts through their attorneys. My staff and I stay out of the negotiations.

12. I have never requested authority to terminate the Agent Appointment Agreement of an agent for not meeting the SMART office standards. Agents decide whether they want to be SMART office standards compliant. There are certainly agents in my Area who have never met the SMART office standards. Agents choose to meet the standards for their own reasons. In my experience most agents decide to meet the SMART office standards because of the opportunity that presents to qualify for bonus programs and Achievement Clubs. In the past few years my staff and I only become involved in verifying an agent is meeting the SMART office standards during the period a newly appointed agent has to meet the standards to qualify for a bonus, or when an agent in my Area changes office locations.

13. Agents in my Area retain the right to control how they achieve the business results they deliver to Farmers. Examples of how they retain control over how they market and run their businesses are evident in the choices they make each day to sell or not sell insurance. Many agents in my Area choose not to sell commercial insurance. Others choose not to sell life

insurance. Many choose not to sell either commercial or life insurance. Some agents focus on commercial insurance because those policies tend to generate larger commissions and don't sell much auto and homeowners insurance.

14. Another example of how agents retain the right to control how they run their business is whether they choose to meet with me or not. Recently, I wanted to meet with an agent in Bakersfield to advise her she was not achieving an acceptable business result and personally deliver a letter advising her that if she did not improve her business results her Appointment Agreement would be terminated. She declined to meet with me. Prior to the pandemic, I had a meeting with a different agent to deliver a letter advising him of the termination of his Appointment Agreement. Despite talking with me almost two hours, the agent declined to accept the letter even after I explained I would mail it to him if he didn't.

15. As the Area Sales Manager I have no idea what the agents in my Area incur as expenses they attribute to their business. Based upon what I have observed during office visits, my impression here are agents who have minimum office space, outdated computers and tend to "nickel and dime" it when it comes to investing in their business. Other agents appear to invest more money in their office, equipment and employees. From time-to-time agents spend money on marketing materials and programs that I think are an unnecessary waste of time and money because they are unlikely to lead to sales. I offer my advice to agents who are willing to listen. But the decision about how to spend their marketing dollars or how much or how little to invest in their agencies is theirs to make.

I declare under penalty of perjury that the foregoing is true and correct. Executed on Dec 15, 2020, at Fresno, California.

**Eric Rodriguez**

ERIC RODRIGUEZ

**Signature:** Eric Rodriguez  
Eric Rodriguez (Dec 15, 2020 14:52 PST)

**Email:** eric.rodriquez@farmersinsurance.com

**TAB NO. 65**

## DECLARATION OF ARMINE AMBARTSUMYAN

1. I am over the age of 18 years and am not a party to this action. I make this declaration in support of the Opposition of Defendants Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange and Defendant Farmers Group, Inc., to the motion of Plaintiffs, Irene Parry and Jeanette O'Sullivan, for class certification.

2. I have personal knowledge of the matters set forth in this declaration and if called and sworn as a witness I would competently testify to these matters.

3. I began my career with Farmers in January 2007 in the Corporate Accounting department of Farmers Group, Inc. I worked in Corporate Accounting for 7 years before transferring to the Distribution Finance group. In that role I worked with Territory Finance Managers and was exposed to the Agency Team. I then became a Marketing Consultant.

4. In the role of Marketing Consultant, I reported up to Kirk Tweedy. Mr. Tweedy was very knowledgeable about the companies' relationship with the Farmers agents and District Managers. He mentored me on the difference between working with employees and working with the independent contractor agents and District Managers. He told me the agents are not employees. We can't control the time, place or way they run their businesses. During the time I worked with Mr. Tweedy, when we would encounter a situation which needed addressing involving an agent, he would ask me: "How do you achieve the result we need when you can't tell the agent what to do or how to do it?" We would then talk about ways to encourage the agent, explain why it would benefit the agent, and how the communication might go.

5. As a Marketing Consultant I worked with the Territory Offices. Much of my work in that role involved dealing with the various Appointment Agreements for the Farmers agents and District Managers. I became very familiar with the terms of those agreements including the sections of the agent agreements which allow the agents to retain control over the time, place and manner in which they operate their agency businesses.

6. I knew that to advance in Distribution I needed field experience. In 2018 I applied for and became a Distribution Consultant. In that role I reported to Area Sales Manager Lucas Buck. This was the first role in which I interacted directly with agents and District Managers. As a Distribution Consultant I interacted primarily with the District Managers and their staff in the Area. I estimate I met one on one with approximately 40 agents a year while I was a Distribution Consultant. Most of the meetings were for the purpose of reviewing the Agent Appointment Agreements with new agents before they signed the contracts.

7. When I was a Distribution Consultant it was Mr. Buck's practice, and it is my practice as an Area Sales Manager to meet with each agent before he or she signs the Agent Appointment Agreement to review the contracts. At that meeting I always explain to the prospective agent that you are an independent contractor. I explain their District Manager is also an independent contractor. I tell prospective agents that because the people who work on my staff are employees of Farmers I can tell them what time to come to work, what to do, how they must do it, and how long to work. But as independent contractors, I cannot tell the agents how to

run their agencies. They decide the time, place and manner in which to run their businesses. I recommend that if they are going to hire staff, they should consider getting their employees licensed to sell insurance and appointed with Farmers. I explain why it would be beneficial to their agency to have additional licensed salespeople to help grow their business. However, I am clear that it is their decision. I also explain I do not get involved in who the agents hire, fire or how much to pay their employees.

8. While I was a Distribution Consultant, I also attended District Performance Reviews that Mr. Buck typically conducted once a month at the District Managers' offices in our Area. Every couple of months Mr. Buck and I would ask a District Manager to select two or three agents in their district we could visit with the District Manager. These visits were typically to meet with the agent to acknowledge their success and give encouragement. At the District Performance Reviews periodically a District Manager would request we meet with an agent or agents in the district whose business results were declining. The District Manager would invite the agent to the office. At those meetings those agents were sometimes told that if they did not improve the business results in their agency their Agent Appointment Agreement could be terminated. Neither I nor Mr. Buck told the agents how or what they needed to do improve their business results. Those decisions and actions were up to the agents.

9. As a Distribution Consultant when requested by District Managers I would meet with new agents to provide group training. I would also interact with agents who attended a District Meeting where I was invited by the District Manager to speak.

10. In 2019 I became an Area Sales Manager. As an Area Sales Manager I have less interaction with agents than I did as a Distribution Consultant. I have fewer one on one meetings with agents than I did as a Distribution Consultant. Before the pandemic I would interact with agents in a large group setting like the National Sales Week, but my conversations were of a "hi, good to see you. How's it going?" nature. Since the pandemic I still meet with new agents to review their contracts before they sign them but those are done by Webinar.

11. On my staff I have a Sales Coach and a Distribution Consultant. During the pandemic they have made outbound calls to agents to see how they can help and to share information with them on programs and initiatives Farmers is running. I work with my staff so they know how to talk to agents since the agents are independent contractors, how to encourage them, suggests things they might want to try and inform them of the benefits, and to share best practices. In the case of my Distribution Consultant, she was formerly employed by a District Manager as an Agency Business Consultant and knew much of this before she joined my staff.

12. Under the more recent Agent Appointment Agreements a new agent's office location must be approved so that we can confirm that the location will not unduly interfere with an existing Farmers agent. Under the older agreements the location of the office could not duly interfere with another agent's business. I remind the District Managers in my Area to have the agent talk to me or my staff about an office location before committing to it. If I find out after the fact an agent has committed to a location that is too close to another Farmers agent, I will speak with the District Manager or Managers if the agents' offices are in two different districts to



work things out. The few times this has occurred the District Managers were able to resolve the issues with the agents whose offices were involved.

13. My staff and I are not involved in the negotiations between Farmers agents who are selling the servicing and commission rights on the policies in their Farmers agents and the buyers. Those negotiations are between the selling agent and the buyer.

14. My staff and I do not take steps to validate whether an agent is currently meeting the SMART office standards. It was recently announced those standards will sunset in 2021. In my experience the agents in my Area who meet the standards do so in order to be eligible for bonus programs and Achievement Clubs. There are agents in my Area who have chosen not to participate in the program and do not meet the SMART office standards.

15. The agents in my Area retain the right to control and do control the way they run their businesses. They decide which lines of insurance they sell. My staff and I always recommend and encourage agents to sell life insurance. We explain why it benefits their customers and them. Customers who buy life insurance have a much higher retention rate. That is good for the agent who receives the renewal commissions and is good for Farmers. Still, this year 66% of the agents in my Area will not sell any life insurance. I also encourage agents to sell more commercial policies. The premiums and commissions are higher. 40% of the agents will not sell any commercial insurance.

16. There is an agent in my area who runs a real estate business in addition to his Farmers insurance agency business. Another agent has a notary business. One of the new agents in my Area is running a mortgage business in the same office location as his Farmers insurance agency business. As independent contractors, these agents are free to pursue these other businesses and make all of the decisions about how they allocate their time and effort to their businesses.

17. The agents in my area decide what expenses they will incur in connection with the operation of their agency. More than 40% of the agents in my Area this year decided not to invest the money to participate in the Agent Marketing Program.

18. I know of an agent in District Manager Pat Lufrano's district who owns the building in which she runs her Farmers insurance agency. Another agent has a video on his website showing himself rolling up to his office in a Bentley.

I declare under penalty of perjury that the foregoing is true and correct. Executed on December 29, 2020, at Studio City, California.

  
ARMINE AMBARTSUMYAN

# **EXHIBIT O**

# Exhibit O

## DECLARATION OF JEFF SENIGAGLIA

I, JEFF SENIGAGLIA, declare as follows:

1. I am over the age of 18 years and am not a party to this action. I make this declaration in support of the Opposition of Defendants Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange and Farmers Group, Inc. (collectively "Farmers"), to the motion of Plaintiffs, Irene Parry and Jeanette O'Sullivan, for class certification.
2. I have personal knowledge of the matters set forth in this declaration and if called and sworn as a witness I would competently testify to these matters.
3. I have 30 years' experience as a Farmers agent in San Jose. Before I became a Farmers agent, I was doing tax work and bookkeeping with my father. My degree was not in that, but there was a recession in 1979, and there were few jobs. I worked with my father for about six years and decided I wanted to do something else. First, I worked with New York Life for about six years. I was successful there. However, I did not like working in management there. Another recession was coming, and it looked like the wrong time to be in life insurance.
4. I started cold calling people I knew from college. One of them happened to be a Farmers District Manager. He told me about the great opportunities Farmers offered for agents. I learned how Farmers had multiple lines of business, such as auto, home, life, and business insurance. I knew that with multiple lines, a Farmers agency would be well placed to survive the ups and downs of the economy during the bad times and to thrive during the good times. I looked at other insurers, but Farmers was by far the best for me.
5. I am proud to own my own business. It is the only way I can work. I do not see myself being a very good employee. I think the things that make me successful in insurance would make me do poorly as an employee. They are diametrically opposite. I make my own decisions and am willing to take risks to benefit myself. Employees do not get to do that.
6. I wanted my own business, and Farmers gave me the ability to sell Farmers products and products from other insurance companies, including surplus lines carriers and health insurer that provide business group health insurance coverage. The business I write outside of Farmers is about 50% of my agencies business. The District Manager in the district where I opened my agency believed in commercial work first. Following that advice, I increased my income faster than a normal agent would. It was great advice to grow the business, and I liked doing the commercial work. I started my agency from scratch and had nowhere to go but up.
7. I became a Farmers agent in 1990. Over my 30 year career as a Farmers agent, I have been among the top 10 agents in California in the amount of commercial

premium my agency has generated. I now have about 1,500 policies in force, 30% of which are commercial policies, which accounts for about 60% of the premium my agency generates, and is equal to the revenue that would be generated by a 6,000-auto and home policy agency. Focusing on commercial work has been valuable for me. I am able to choose my own path and maximize my potential. It is up to me if I want to sell one commercial line or ten personal lines. Under the terms of my agreement with Farmers, I have the freedom to prioritize commercial work. I have the freedom to choose when my office is open and closed. I choose what products to sell. I control who I approach for business. Plus, if Farmers does not want the business, I can place it with someone else.

8. I am not an employee of Farmers. I am an independent contractor. I do not want to be an employee of Farmers. If I were an employee, I would have quotas. I would lose the ability to focus on commercial lines, which has served me so well. I do not want someone telling me what to do as an employee.
9. I choose my own employees. I set the work schedule. I have my expectations for my staff. I get to choose my customers.
10. I use Farmers' SmartOffice standards. Farmers incentivizes me to use them with a bonus. It is not hard to use them.
11. My business is only limited by my willingness to work. I can always hire more people if I want to do more. Farmers puts no limits on me as to what I can make. I am my own boss.
12. I market my agency as I see fit. I work off referrals. I only market for commercial lines, because I have determined that focusing on commercial lines is the best use of my resources. I do not want to market for personal lines. And I do not. Farmers provides us marketing options to use, but there is no requirement that I use them.
13. I plan to run my business for a long time. I have given little thought as to what I will do with my business when I retire.
14. I see the District Manager for the district in which I operate my agency, Marte Formico, about once a year. I am not required to meet with him. We talk work for about five minutes and then we enjoy each other's company. Marte does not tell me what to do at all. If I want to get involved in a district-wide promotion, I can. No one cares if I do not want to participate.
15. No one from Farmers is telling me how to run my business. No Area Sales Manager is involved in how I run my business. No one is telling me to do things a certain way.
16. I have chosen to have a sole proprietorship for my business. It is my choice. We are still writing business every day, despite the pandemic. Farmers has given me

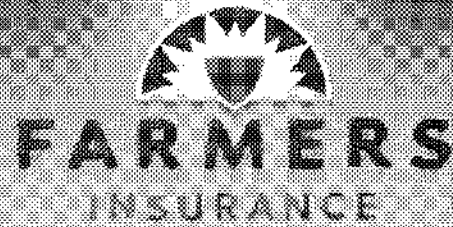
a lot. I am glad to maximize my opportunities by focusing my business on the best areas and to avoid areas where we are not competitive. My business is a success with Farmers, but it is still my business. I work for myself and not Farmers.

I declare under penalty of perjury that the foregoing is true and correct. Executed on October \_\_, 2020, at San Jose, California.

  
10/15/2020  
\_\_\_\_\_  
JEFF SENIGAGLIA

# **EXHIBIT P**

Exhibit 1



# FARMERS SMART OFFICE STANDARDS



## SMART OFFICE STANDARD #1

**Office should be open during normal business hours Monday through Friday, and at least 45 hours per week.**

Why: Consumers place a great emphasis on customer service and being able to talk to someone when they need their questions answered.

- ※ Office should be open Monday - Friday.
- ※ Office should be open for a minimum of 45 hours per week.
- ※ Office should be open except for holidays observed by Farmers.
- ※ Normal business hours are 8:30 AM to 5:30 PM.
- ※ Consider staggered lunch hours to accommodate customer calls.
- ※ A licensed and appointed representative should be available in the office during all normal business hours.

## SMART OFFICE STANDARD #2

**All agency staff who sell, solicit and/or negotiate insurance are licensed and appointed with Farmers.**

Why: Clients and potential clients appreciate having a knowledgeable and capable person, who can fulfill all of their requests including quoting and making policy changes.

- ※ All agency staff members should be licensed in Property/Casualty and Life/Health with the state Department of Insurance.
- ※ There are many vendors who provide online training for insurance licensing exams such as ExamFX and TesTeachers. The cost of training materials varies by vendor and state. Contact your District Manager for additional information on the licensing process for your state.
- ※ All licensed staff members should also be appointed by Farmers Insurance Group so they can sell Farmers products.
- ※ As part of the application process, the staff member will go through a background check (BIG) which requires a fee. The background check looks for any regulatory or criminal activity (if you believe a staff member may not qualify, the application can be completed prior to licensing).
- ※ Once the background check is complete, the file is reviewed and approved by the territory office.



- ⌘ After approval, the staff member completes a Customer Service Representative or Agency Producer Appointment packet and submits to Agency Services. Once processed, the staff member will receive their own producer code which helps with tracking production and commissions.

### SMART OFFICE STANDARD #3

**Agency communicates with the customer in a professional manner, including voicemail that states “Farmers Insurance” and refers customers to an appropriate customer service center outside of normal business hours and a 24-hour claims service center.**

Why: It is important for customers to have the ability to leave a message or speak directly with a Farmers trained professional after normal business hours.

- ⌘ The agency voicemail should include a reference to Farmers Insurance and the Agency name.
- ⌘ The agency should refer customers to two numbers on their voicemail system so that customer needs are met even when the agency is closed:
  - Refer the caller to the 24-hour Claims Center number (800-435-7764).
  - Refer the caller to the After Hour Customer Service number (877-327-6394).
- ⌘ In addition to a professional voicemail message, the agency may want to add Farmers branded messaging for customers who are on hold:
  - Captive Audience, a Farmers approved vendor, can provide this type of support.

### SMART OFFICE STANDARD #4

**Agency maintains a professional office environment including appearance, equipment and furniture that is suitable for providing excellent customer service.**

Why: Your office is the first impression a client has of your Agency and can have a powerful impact, both positive and negative.

- ⌘ Professional office furniture helps establish an environment of trust and gives customers confidence in choosing your agency for their insurance needs.
- ⌘ OstermanCron offers four office packages (Basic, Good, Better, Best) to meet every budget.

- ※ Office furniture available through OstermanCron includes items for an agent's office, conference rooms, the lobby, customer service areas and storage.
- ※ Dual monitors are beneficial for multi-tasking and help create more efficiency when talking with customers on the phone.
  - Dell offers discounts to Farmers agencies for monitors.
- ※ Multi-purpose printers can be used to print, fax, scan and copy.
  - Dell offers discounts to Farmers agencies for these technology items.
- ※ Professional attire of agents and their staff plays a key role in showcasing expertise and competency.
- ※ Office layout plays an important role in welcoming the customer and providing space for customers to conduct business with the agency.
- ※ Adequate customer parking plays a key role in creating a positive customer experience from the beginning when customers first come to your office.
- ※ Data encryption software keeps your customer's data secure.

## SMART OFFICE STANDARD #5

**Outdoor Signage: Agency maintains an outdoor Farmers sign that contains the Farmers logo consistent with the Trademark and Logo Guidelines.**

**Window Signage: To the extent an outdoor Farmers sign is precluded by lease or ordinance, agency maintains a window Farmers sign that contains the Farmers logo consistent with the Trademark and Logo Guidelines.**

Why: One of the most powerful assets you have working for you as a Farmers exclusive agency owner is the strength of the nationally recognized Farmers brand. Proudly displaying the logo helps identify you as a Farmers agent and will help draw people to your agency.

- ※ Every agency should have at least one sign that is visible from the street or exterior of the building.
- ※ If an outdoor sign is precluded by lease or ordinance, window decals are another way to display the logo to those passing by your office.
- ※ For window decals, only white vinyl is to be used. If an office does not have any other exterior signs the emblem portion of the logo can be displayed in color (subject to approval).

- ⌘ Exterior signs should follow Farmers Trademark and Logo Guidelines. Approval must be obtained for exterior signs prior to production, unless the signs are being ordered through the Agency Marketing Store. Approval can be obtained through the Agency Marketing site, under the Administration > Pre Approvals tab.
- ⌘ Exceptions to the guidelines can be made, with approval, when architectural restrictions exist.
- ⌘ Farmers has two full service sign vendors who will do everything for you - conduct a site inspection, obtain permits, produce a compliant sign and install it.

## SMART OFFICE STANDARD #6

**Agency prominently displays the Farmers brand a minimum of five times within the office and all Farmers branded material utilizes the Farmers logo consistent with the Trademark and Logo Guidelines.**

Why: Prominently displaying the Farmers logo inside your agency helps remind customers they are doing business with a Farmers agent.

- ⌘ To help brand the interior of the office, it is recommended to have at least five visible Farmers logos. In addition to the logo, using our brand colors and displaying artwork that is representative of the Farmers brand are also helpful cues that reinforce our brand.
- ⌘ Items that display the Farmers logo must follow the Farmers Trademark and Logo Guidelines. Approval must be obtained prior to production of these items unless purchased through the Agency Marketing Store. Approval can be obtained through the Agency Marketing site, under the Administration > Pre Approvals tab.
- ⌘ Interior signs are available through the resources and vendors listed provided through the Smart Office site.
- ⌘ Flat wall decals should not be used to display the logo. These are cheap representations of the logo and devalue the brand.
- ⌘ Items such as shirts, coffee mugs, pens and pencils along with a myriad of other products that display the logo can also be used in your office. These can be ordered through the Agency Marketing Store.
- ⌘ Artwork that showcases images consistent with Farmers branding is also available. Visit Fuerstap.com for great looking wall art!

## HOW SMART IS YOUR OFFICE?

**1) Hours of Operation: Agency is open during normal business hours, Monday through Friday, at least 45 hours per week with a licensed and appointed representative.**

- ※ Are you open every day, Monday through Friday? \_\_\_\_\_
- ※ Are you open at least 45 hours/week? \_\_\_\_\_
- ※ Do you have a licensed and appointed representative available in the physical location during all operating hours? \_\_\_\_\_

**2) Licensed and Appointed Staff: All agency staff members who sell, solicit and/or negotiate insurance are licensed and appointed with Farmers.**

- ※ Are your staff members who sell, solicit and/or negotiate insurance fully licensed with both Property/Casualty and Life/Health? \_\_\_\_\_
- ※ Are they appointed with Farmers? \_\_\_\_\_

**3) Voicemail: Agency communicates with the customer in a professional manner, including voicemail that states "Farmers Insurance" and refers customers to an appropriate customer service center outside of normal business hours and a 24-hour claims service center.**

- ※ Does your voicemail say Farmers Insurance? \_\_\_\_\_
- ※ Do you have the after hours customer service # on your voicemail (877-327-6394)? \_\_\_\_\_
- ※ Do you have the claims # on your voicemail (800-435-7764)? \_\_\_\_\_

**4) Office Appearance: Agency maintains a professional office environment including appearance, equipment and furniture that is suitable for providing excellent customer service.**

- ※ Do you have professional office furniture that helps establish an environment of trust and gives customers confidence? \_\_\_\_\_
- ※ Do you have dual monitors to help drive efficiency for your staff? \_\_\_\_\_
- ※ Does the attire of employees convey expertise and competency? \_\_\_\_\_
- ※ Does your office location and layout welcome customers and provide space for customers to conduct business with the agency? \_\_\_\_\_
- ※ Do you have adequate parking for your customers? \_\_\_\_\_

**5) Signage: Agency maintains an outdoor Farmers sign that contains the Farmers logo consistent with the Trademark and Logo Guidelines.**

- ※ Does the agency have one or more outdoor signs? \_\_\_\_\_
- ※ If precluded by a lease or ordinance, does the agency have a window sign?  
\_\_\_\_\_
- ※ Are all exterior signs compliant? \_\_\_\_\_

**6) Farmers Branded Items in the Office: Agency prominently displays the Farmers brand a minimum of five times within the office and all Farmers braded material utilizes the Farmers logo consistent with the Trademark and Logo Guidelines.**

- ※ Does the agency have at least five properly branded items (compliant with the Trademark and Logo guidelines)? \_\_\_\_\_
- ※ Do your five items use the new logo? \_\_\_\_\_

## SMART OFFICE RESOURCES

- ※ Smart Office Website
  - Agency Dashboard>Operations>Smart Office
- ※ Smart Office Vendors
  - OstermanCron – furniture
  - Dell – computers
  - Captive Audience – hold messaging
  - TesTeachers - licensing
  - Exam FX – licensing
  - Securities Training Corp - licensing
  - ICON - signs
  - Coast - signs
  - Fuerst Art & Printing – artwork
- ※ Agency Marketing Store
  - Agency Dashboard>Market>Agency Marketing>Store>Branding and Advertising

## FARMERS VOICEMAIL SCRIPT

Here is a brand compliant voicemail message that our agencies can use:

Thank you for calling Farmers Insurance (and Financial Services, if applicable), the \_\_\_\_\_ (agent name) Agency. We're sorry we are not available to take your call at this time.

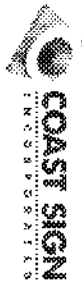
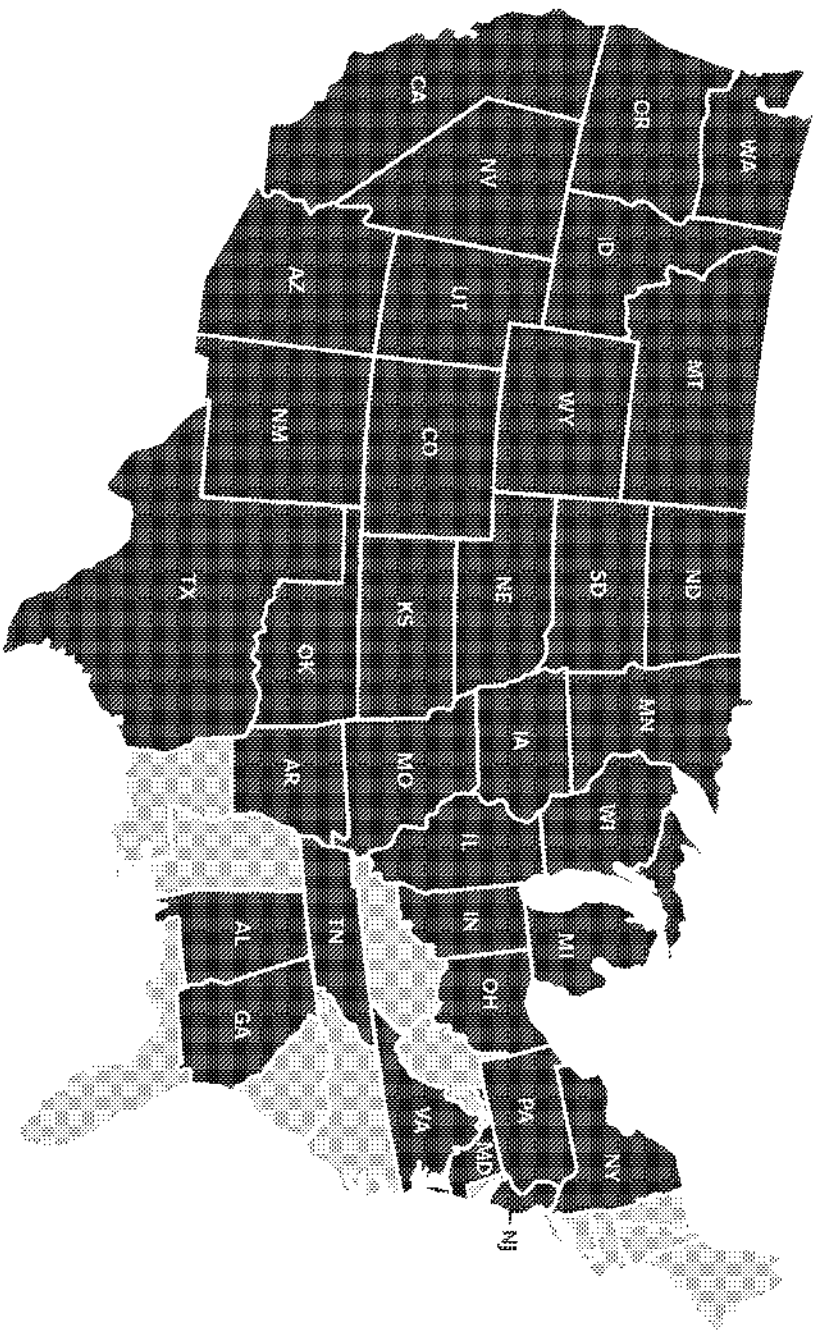
If you need immediate assistance regarding your insurance policy such as billing and policy coverage questions, please call our after hours customer service center at 1-877-327-6394.

If you are calling to report a claim, please contact our 24-hour Farmers Claims Service at 1-800-435-7764.

For all other matters, please leave your name, telephone number and a brief description of your service needs and we will get back to you as soon as possible.

Thank you and have a great day!

# PREFERRED FULL-SERVICE SIGN VENDORS



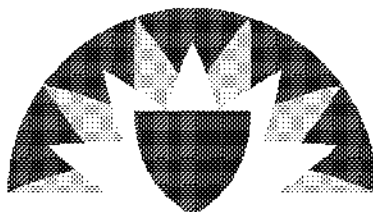
**Coast** (Western Zone)  
WA, OR, ID, CA, NV  
Contact: farmers@coastsign.com  
or call (714) 999-1915



**ICON** (Central, East and Eastern Expansion Zones)  
MT, WY, UT, CO, TX, ND, SD, NE, KS, OK, MN, IA, MO, AR, WI, IL, MI, IN, OH, TN, AL, VA, NY, PA, NJ, MD, GA  
Contact: farmers@iconid.com  
or call (856) 442-6643

[Click here to return to Page 1](#)

# FARMERS<sup>®</sup> TRADEMARK AND LOGGO GUIDELINES



FARMERS<sup>®</sup>  
INSURANCE



These trademark and logo guidelines are designed to help you determine how to use Farmers<sup>®</sup> service marks, trademarks and/or logos correctly when creating materials that use Farmers trademarks. Any materials not supplied or pre-approved by Farmers that use the Farmers name, service marks and trademarks must be approved by Agency Marketing before they're published, produced, broadcast or manufactured. The word "Farmers" when used in relation to Farmers Insurance Group is a federally registered trademark that is owned by Farmers Group Inc. Permission must be obtained to be used — even if it's used as text only and without artwork or creative design.

Note: The Cost Share Requirements section applies when Cost Share is intended to be requested.

## SECTION 2

### Table of contents

Office signs	10
Exterior office signs	10
Office interiors	16
Stationery	19
Promotional products	22

### INTRODUCTION

These guidelines are intended to protect the following:

- Farmers trademarks, service marks and brands from improper use and from becoming classified as "public domain"
- Agents from making misstatements about Farmers products and services
- Consumers from misrepresentation and confusion

## OFFICE SIGNS

Our office sign layouts have been designed to maximize visibility of both the Farmers brand and agent/agency name as well as to convey professionalism and expertise. Additionally, our brand attributes of contemporary, confident, knowledgeable, and approachable were also included in the design approach.

Exceptions to these design guidelines can be made, with approval, when architectural restrictions exist (either by city ordinance or property CC&Rs). Submit appropriate documentation when requesting exceptions based on architectural restrictions.

The contact information for preferred and turnkey sign vendors can be found on the Agency Marketing page of the Agency Dashboard. Signs can also be ordered through the Agency Marketing Store.

### Exterior office signs

All exterior signs are to be professionally built and well maintained and follow our trademark and logo guidelines. Exterior signs must be permanent in nature. Banners and posters are considered temporary and cannot be used on a long-term basis. The agent's or agency name on any signage must not be larger than the word "Farmers" contained in the logo.

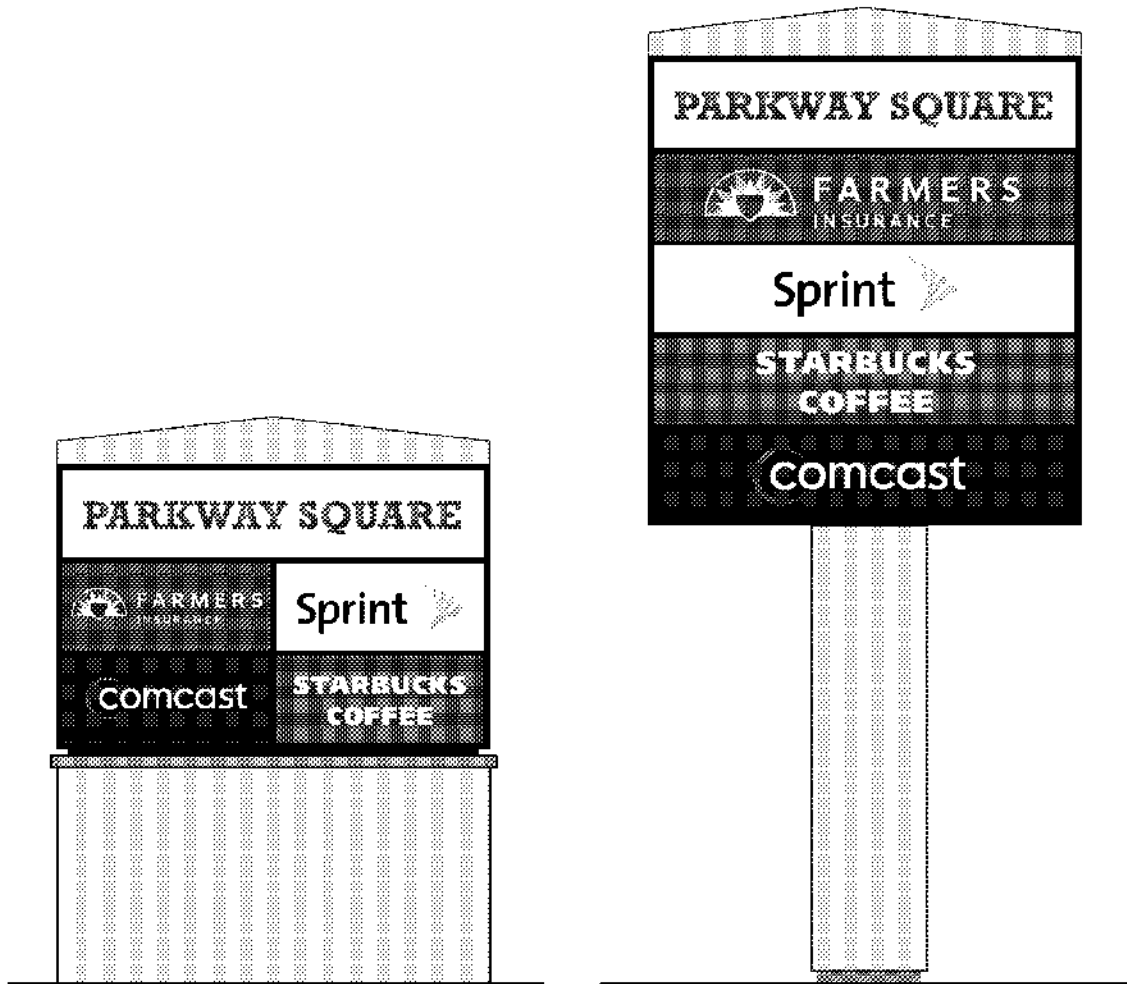
For window graphics, white graphics are to be used, as shown in the examples on the following pages. The only exception to this is when an office does not have any sign space other than on its windows. In these instances, approval may be obtained to use a color emblem (i.e. full color reverse logo).

To convey a professional and expertise, window graphics are to be kept to a minimum. The designs on the following pages are the guidelines for window graphics. They include a Farmers logo, agency name, and key business information. The Farmers supergraphic can also be used when space is available.

Please note: The registered trademark symbol (®) can be omitted from exterior and interior signs.

**Multi-tenant signs – face inserts.**

To provide maximum visibility, multi-tenant signs are to use a blue background with a reverse, full-color Farmers logo. Exceptions can be made based on architectural requirements that require other backgrounds (e.g., white). To provide maximum exposure on multi-tenant signs, only the logo should be used.

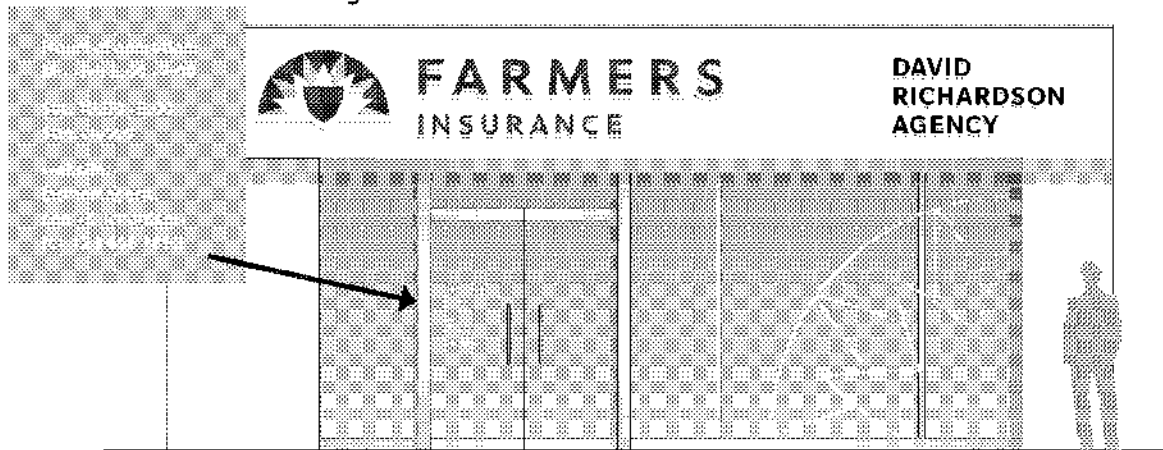


## Channel letter signs

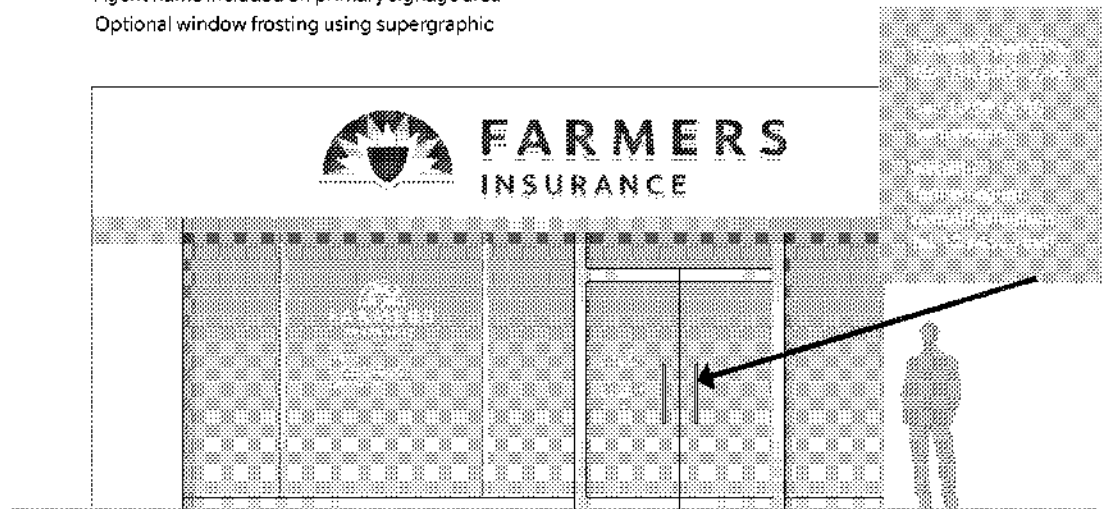
When creating channel letter signs, the individual channel letters; "FARMERS" and "INSURANCE" are to use the 3M vinyl colors specified below. The blue letters of "FARMERS" should have a 1/8" reveal to increase visibility. Letter returns should be white. If size of sign prohibits illumination of "INSURANCE," and/or agency name, use cut-out aluminum letters and paint red. (Pigmented acrylic letters should not be used.)

The emblem (shield) is to be produced using cut 3M vinyl in the colors specified below. Digital prints of the emblem are not be used externally as they fade fast when exposed to the elements.

White LEDs should be 6500 Kelvin (such as AgiLight SignRayz product). This is a clean white, not too warm and not too cool. The Farmers service mark, or "SM," can be omitted from signs.



Agent name included on primary signage area  
Optional window frosting using supergraphic



Standard sign  
Optional window frosting using logo and agent name

### Channel Letter colors

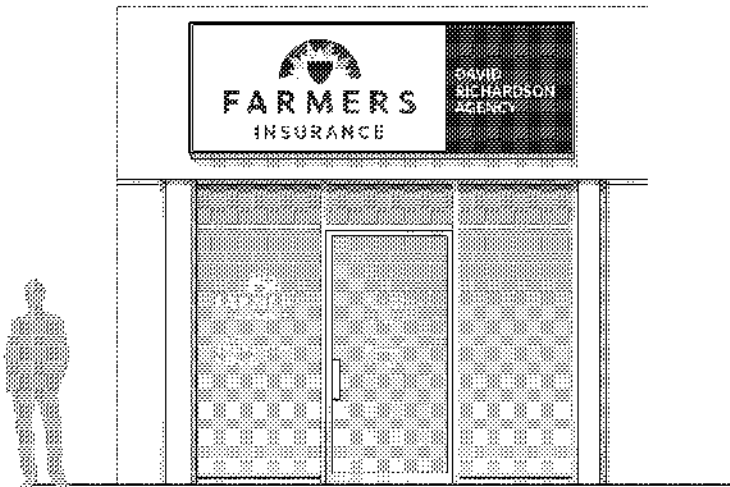
- 3M European Blue 3630-137
- 3M Red 3630-43
- 3M Evening Blue 3630-317
- 3M Dark Red 3630-73

### Building exterior – awning



Agent name included on awning valance  
Optional window frosting using logo and agent name  
For awning fabric, use Trivantage Sunbrella Ocean Blue

### Building exterior – cabinet sign



Cabinet sign using rigid flat acrylic face or flex face (do not use thermoformed panels)  
Agent name included on cabinet sign  
Optional window frosting using logo and agent name

### Building exterior – cabinet sign (face layouts)

Cabinet signs are to use only rigid flat acrylic faces or flex faces. Do not use thermoformed panels as they have a dated and unprofessional look. The faces are to be produced using cut 3M vinyl in the colors specified under “Channel letter signs.” Digital prints of the emblem are not be used externally as they fade fast when exposed to the elements.



Cabinet style 10



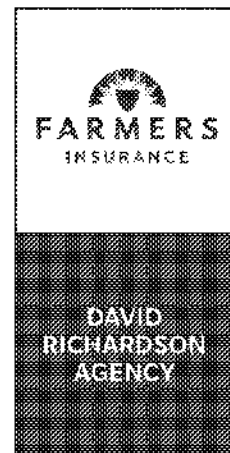
Cabinet style 45



Cabinet style 50



Cabinet style 30



Cabinet style 70



Cabinet style 40

### Building exterior – cabinet sign with phone numbers

Below are the layouts for cabinet signs with phone numbers. Note that adding additional elements to a sign decreases the overall visibility of the sign. For maximum visibility and exposure, include only the logo and agency name.



Cabinet style 10



Cabinet style 45



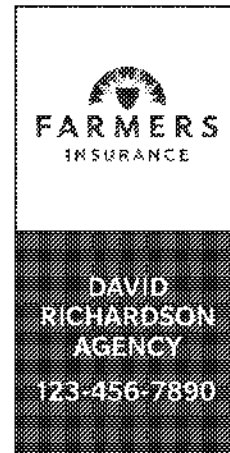
Cabinet style 30



Cabinet style 50



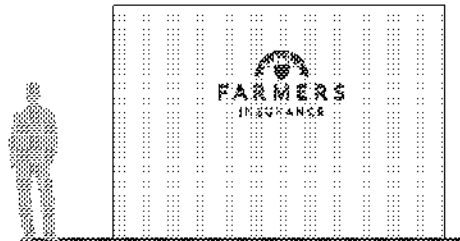
Cabinet style 40



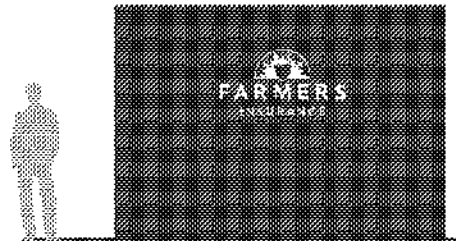
Cabinet style 70

## Office interiors

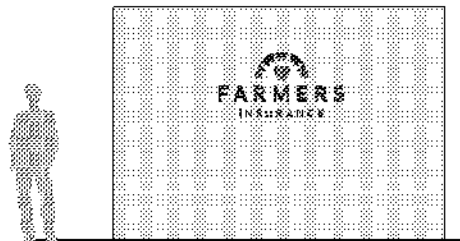
Using interior colors that are consistent with the Farmers color palette will help tie an individual agency to the Farmers brand. A flexible palette of interior wall colors has been specified to enhance the Farmers Insurance identity and create a consistent yet modulated presentation of our brand.



**Light blue wall**  
Sherwin Williams<sup>2</sup> SW6806 Rhythmic Blue (matte, eggshell, or satin finish)



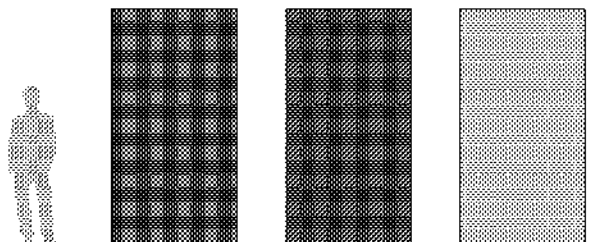
**Farmers Blue wall**  
Sherwin Williams<sup>2</sup> SW6811 Honorable Blue (matte, eggshell, or satin finish)



**Gray wall**  
Sherwin Williams<sup>2</sup> SW6254 Lazy Gray (matte, eggshell, or satin finish)



**White wall**  
Sherwin Williams<sup>2</sup> SW7135 Twinkle (matte, eggshell, or satin finish)



**Accent wall (not logo background)**

Sherwin Williams<sup>2</sup>  
SW6868 Real Red  
(matte, eggshell,  
or satin finish)

Sherwin Williams<sup>2</sup>  
SW6594 Poinsettia  
(matte, eggshell,  
or satin finish)

Sherwin Williams<sup>2</sup>  
SW6255 Morning Fog  
(matte, eggshell,  
or satin finish)

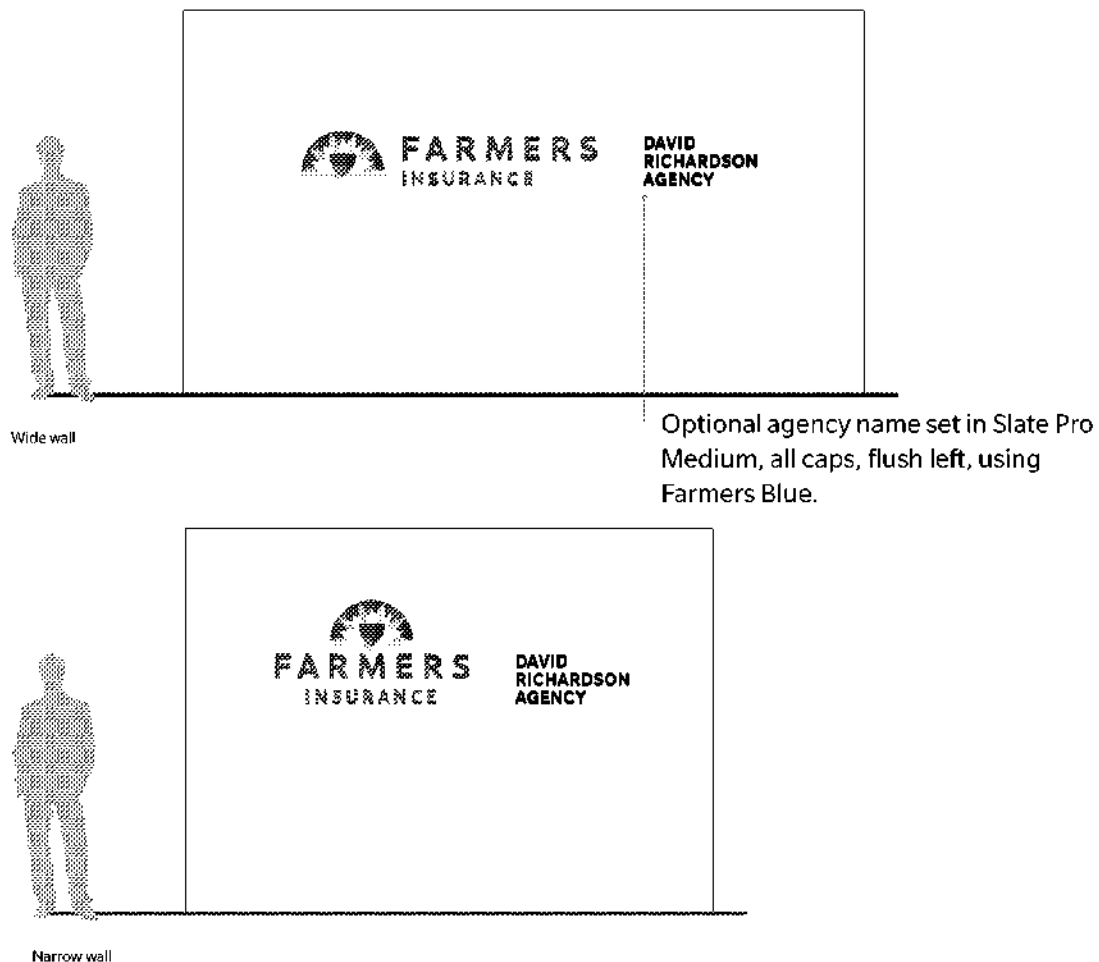
Note: Always place the interior logo sign on one of the four specified wall colors — never place it on an accent wall color.



## Interior cut-out letter layout

The interior wall sign layouts have been developed to provide maximum prominence to both the agency name and the Farmers brand. The sign size will depend on the site conditions at a particular location. To ensure proper visibility, place the logo at least five feet from the ground. Horizontal clear space between logo and agent name must be set to at least 200% cap "F" height from "FARMERS."

For interior signage, the logo can be fabricated in a three-dimensional form. In this form the logo can be in full color (red, white and blue), or silver. These signs can be ordered from the preferred vendors listed on the Agency Marketing page and also from the Agency Marketing Store. If needed, specifications can be requested through Agency Marketing Customer Service. These interior signs should only be used with the interior wall colors specified.

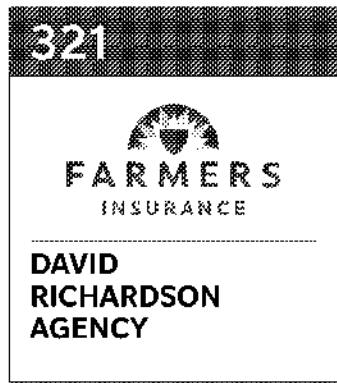


## Interior suite signs for multi-tenant buildings

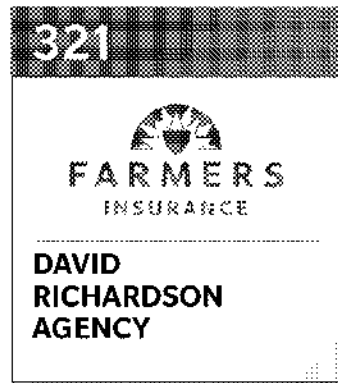
Multi-tenant building interior signs are designed to clearly identify agent office locations and help direct people. Using these signs will ensure that the “look and feel” of our signs is consistent and fresh.

Make sure the logo is prominently displayed, centered horizontally on the panel. Use the cap “F” from “Farmers” as minimum clear space around the logo.

Agency name

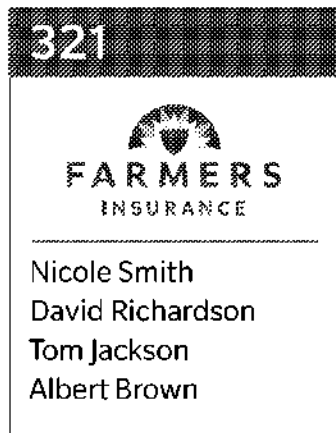


Farmers colors

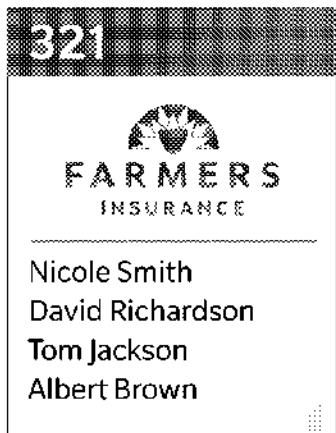


Neutral

Agent names



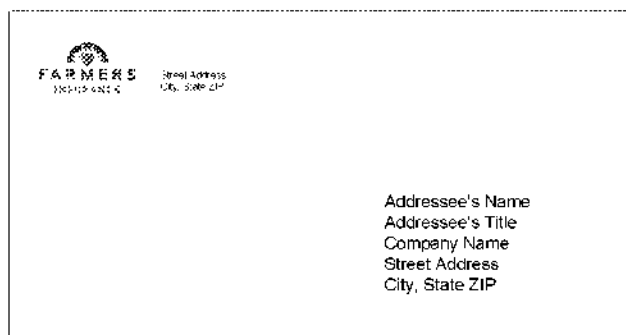
Farmers colors



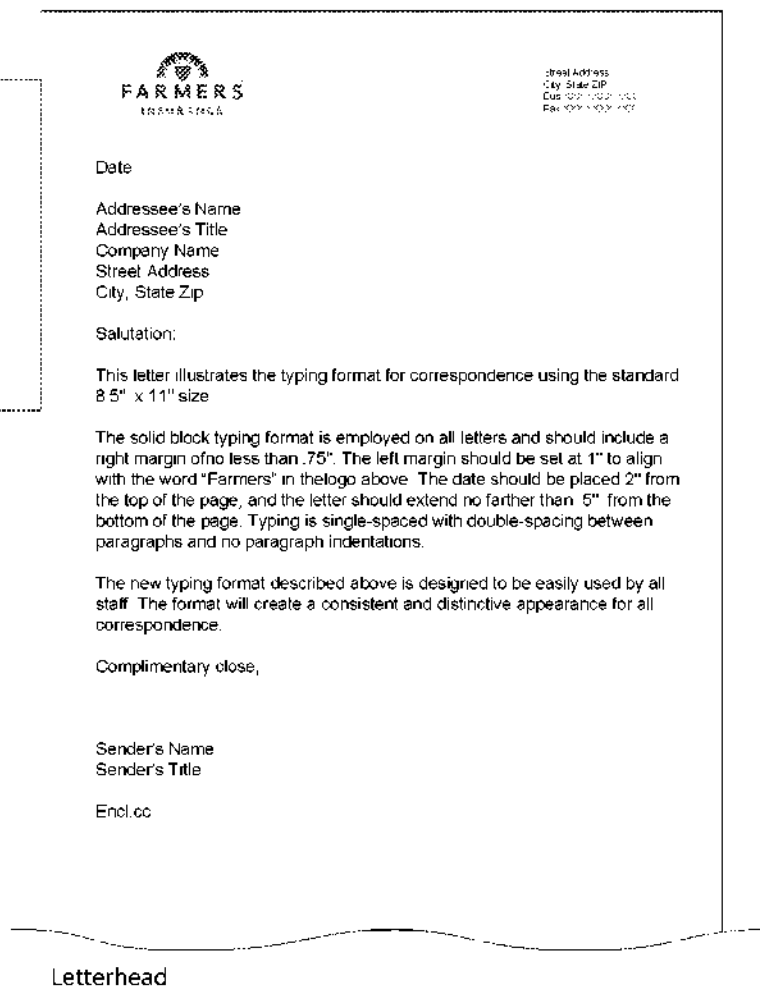
Neutral

# STATIONERY

## Letterhead



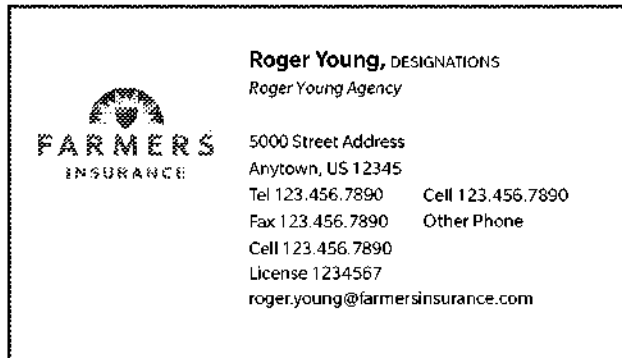
#10 envelope



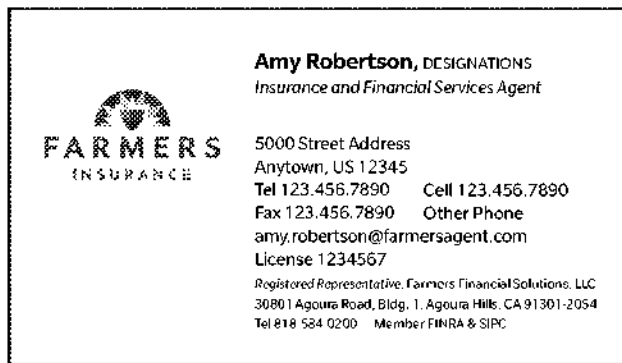
Our stationery is one of our most widespread forms of contact for business and corporate communication. It is clean, simple and confident. It is designed in a unified and functional way to communicate that the correspondence is from Farmers Insurance.

Note: Electronic templates are available in the asset library of the Ad Builder.

## Business cards



Agent card





Financial Services card

## Memo and fax sheet

Our stationery is one of our most widespread forms of contact for business and corporate communication. It is clean, simple and confident. It is designed in a unified and functional way to communicate that the correspondence is from Farmers Insurance.

Note: Electronic templates are available in the asset library of the Ad Builder.

 <p>123 Street Address City, ST 12345 Tel: 123 456 7890 Fax: 123 456 7890</p> <h1>MEMO</h1> <p>Date: Month, Day, Year To: Recipient Name Department: Department Name From: Name Expenses: Recipient Name Subject: Subject goes here</p> <p>Salutation:</p> <p>This letter illustrates the typing format for correspondence using the standard 8.5" x 11" size.</p> <p>The solid block typing format is employed on all letters and should include a right margin of no less than .75". The left margin should be set at 1" to align with the word "Farmers" in the logo above. The date should be placed 2" from the top of the page, and the letter should extend no farther than .5" from the bottom of the page. Typing is single-spaced with double-spacing between paragraphs and no paragraph indentations.</p> <p>The new typing format described above is designed to be easily used by all staff. The format will create a consistent and distinctive appearance for all correspondence.</p> <p>Complimentary close,</p> <p>Sender's Name Sender's Title</p> <p>Encl cc</p>	 <p>123 Street Address City, ST 12345 Tel: 123 456 7890 Fax: 123 456 7890</p> <h1>FAX</h1> <table border="0"><tr><td>To:</td><td>Recipient Name</td><td>From:</td><td>Sender Name</td></tr><tr><td>Company:</td><td>Company name</td><td>Company:</td><td>Company name</td></tr><tr><td>Fax:</td><td>123 456 7890</td><td>Fax:</td><td>123 456 7890</td></tr><tr><td>Total pages:</td><td>1</td><td>Phone:</td><td>123 456 7890</td></tr><tr><td>Subject:</td><td>Subject goes here</td><td></td><td></td></tr></table> <p>Salutation:</p> <p>This letter illustrates the typing format for correspondence using the standard 8.5" x 11" size.</p> <p>The solid block typing format is employed on all letters and should include a right margin of no less than .75". The left margin should be set at 1" to align with the word "Farmers" in the logo above. The date should be placed 2" from the top of the page, and the letter should extend no farther than .5" from the bottom of the page. Typing is single-spaced with double-spacing between paragraphs and no paragraph indentations.</p> <p>The new typing format described above is designed to be easily used by all staff. The format will create a consistent and distinctive appearance for all correspondence.</p> <p>Complimentary close,</p> <p>Sender's Name Sender's Title</p> <p>Encl cc</p>	To:	Recipient Name	From:	Sender Name	Company:	Company name	Company:	Company name	Fax:	123 456 7890	Fax:	123 456 7890	Total pages:	1	Phone:	123 456 7890	Subject:	Subject goes here		
To:	Recipient Name	From:	Sender Name																		
Company:	Company name	Company:	Company name																		
Fax:	123 456 7890	Fax:	123 456 7890																		
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Subject:	Subject goes here																				

Memo

Fax

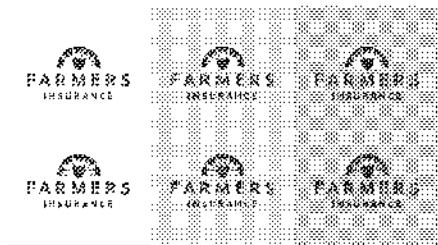
## PROMOTIONAL PRODUCTS

The selection and quality of promotional items say a lot about our brand. Therefore, it is important to select items that align with our brand positioning and personality. Items should be relevant, modern, authentic and of quality. When applying the Farmers Insurance logo to promotional items, please follow these rules:

- ✦ Always apply the logo in one of the approved logo versions
- ✦ Maintain the quality and resolution of the logo regardless of the production method (e.g., printing, embroidery)
- ✦ Never place the logo in a shape or on a patterned background
- ✦ Size the logo appropriately in relation to the item for maximum visibility
- ✦ Always use material colors according to our color palette (e.g., avoid khaki or gold)



Recommended light material colors



Recommended dark material colors



Avoid use of red and white

Note: The registered trademark symbol (®) can be omitted from promotional products.

# **EXHIBIT Q**

# SMART OFFICE 2.0

*Survey guide*





# TABLE OF CONTENTS

INTRODUCTION ..... 3

HOURS OF OPERATION ..... 4

LICENSED AND APPOINTED STAFF ..... 5

VOICEMAIL ..... 6

OUT-OF-OFFICE E-MAIL ..... 7

OFFICE APPEARANCE ..... 10

EXTERIOR SIGNAGE ..... 13

NON-FARMERS® BRANDING (EXTERIOR) ..... 14

INTERIOR BRANDING ..... 15

NON-FARMERS® BRANDING (INTERIOR) ..... 16



# SMART OFFICE 2.0

## Introduction

Smart Office Standards are designed to help improve our customer experience. This guide is designed to help the surveyor properly answer each question in the Smart Office survey.

## Average Smart agency

- \$60,000 greater annual commissions
- 2x average premium per household
- 73% higher lifetime commissions

## SMART OFFICE STANDARDS

1. Hours of operation
2. Licensed and appointed staff
3. Operations
4. Office appearance
5. Exterior signage
6. Interior branding



# HOURS OF OPERATION

## STANDARD #1

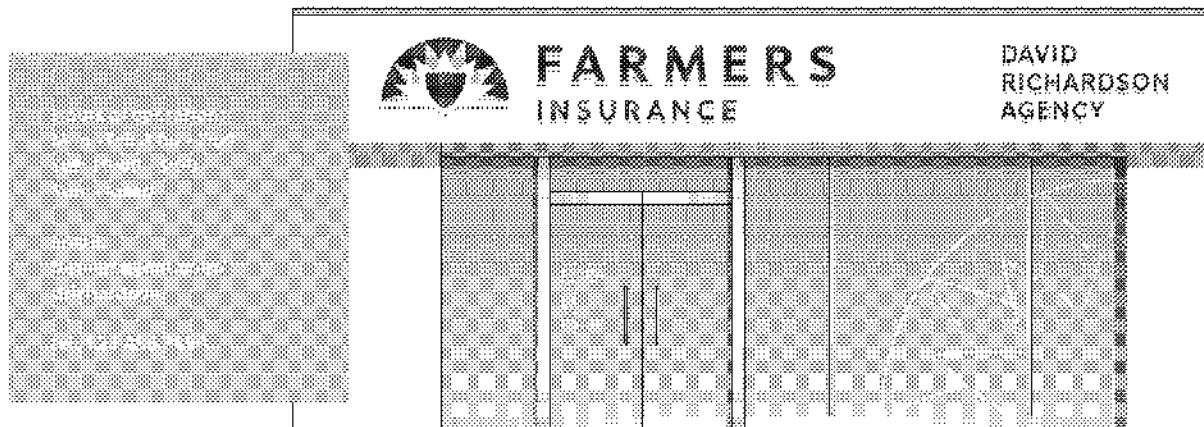
Farmers' agencies should be open during normal business hours, Monday through Friday, and at least 45 hours per week.

Consumers place a great emphasis on customer service and being able to talk to someone when they need their questions answered.

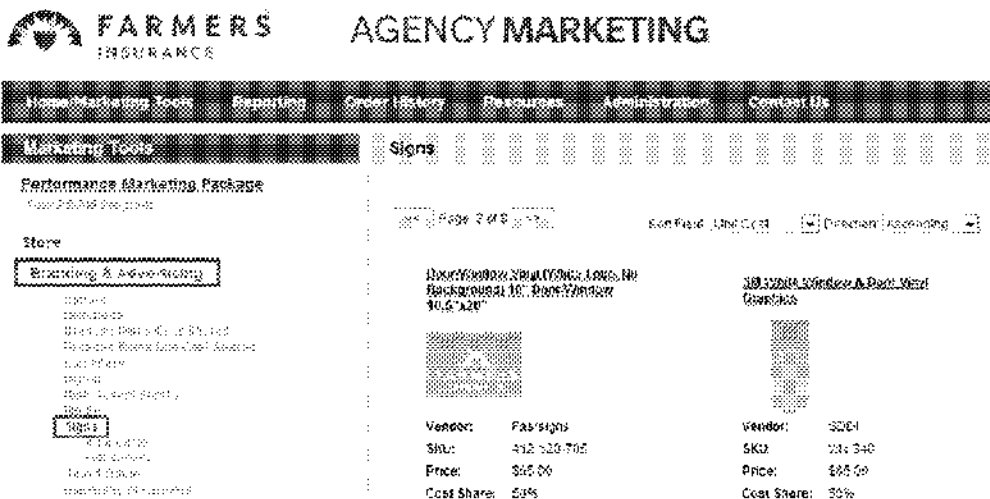
A licensed and appointed representative should be available in the office during all normal business hours. Agents may want to consider staggering their staff members' lunch hours to maximize their ability to respond to customer inquiries.

Agents can be considered compliant with the hours-of-operation requirement if their posted hours of operation are at least 45 hours per week.

Agents should post their office hours on their door and/or window and adhere to those hours.



Window and door graphics can be purchased through the Agency Marketing Store under: *Branding & Advertising > Signs*



# LICENSED AND APPOINTED STAFF

## STANDARD #2

All staff requiring a license (e.g., those who sell or solicit the Companies' products) are properly licensed and appointed with the Companies.

Customers and potential customers appreciate having access to a knowledgeable and capable person who can fulfill all of their requests, including quoting and binding new business. This is why it is important to have a licensed and appointed staff member available during all office hours.

### Smart Office survey time!

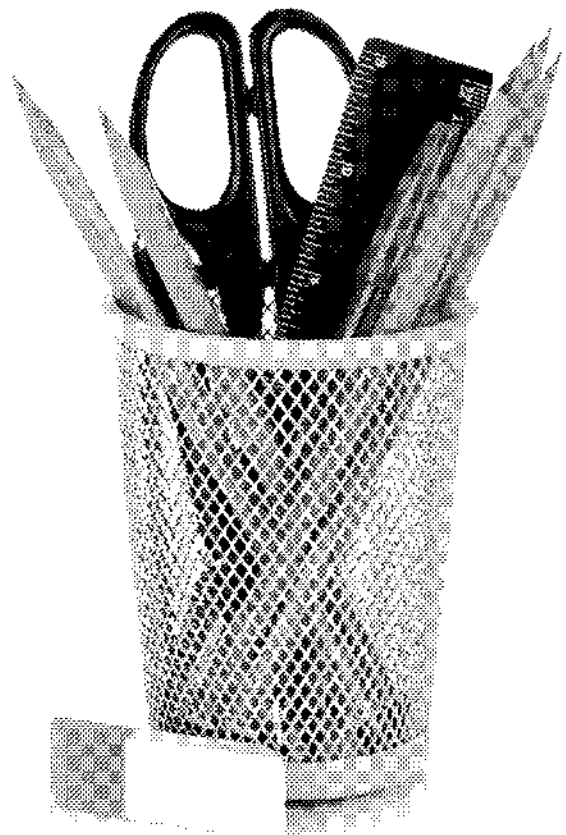
Prior to conducting your Smart Office visit, please look up the agent in "ACE" to verify which staff members are licensed and appointed with the Companies. When you conduct your Smart Office visit, be sure to account for any additional staff members requiring a license and appointment who are not listed in ACE. If necessary, help the agent understand the steps to getting their staff licensed and/or appointed. Information on how to help agency staff members become licensed and/or appointed can be found on the Smart Office page of the Agency Dashboard.

### Who should be licensed and appointed?

1. Customer Service Representatives – CSRs typically are agency staff members who sell or solicit the Companies' products, handle customer service and sales inquiries on billing, coverage and products.
2. Agency Producers – APs typically are agency staff members who primarily focus on marketing and generating new sales.
3. Any other staff who perform work requiring a license, including staff members who sell or solicit the Companies' products.

### What licenses are required?

- All staff requiring a license (e.g. those who sell or solicit the Companies' products) should maintain the following licenses:
  - Property/Casualty
  - Life/Health
- It is important for agents to check with their state department of insurance to determine all licenses that are required.



# VOICEMAIL

## STANDARD #3

Farmers' agencies should always communicate with customers in a professional manner, including through the use of appropriate voicemail and out-of-office email messages.

From a customer's perspective, it is important to have the ability to speak directly with a representative of the Companies, even after normal business hours. Emergency situations can arise at any time, and customers will not want to wait until the next business day to speak to their agent. Complying with the Smart Office standards for voicemail provides a better customer experience, which in turn contributes to higher customer satisfaction and increased retention.

### Voicemail requirements

Per the Agency Operations Manual, Farmers agencies should always communicate with customers in a professional manner, including through the use of an appropriate voicemail message.

- ❖ The agency voicemail message should include a reference to Farmers and the agency name.
- ❖ The agency voicemail should help customers access the 24-hour claims center and after-hours customer service.

– The 1-800-FARMERS number is an acceptable number to reference in the voicemail and will help the customer access both the claims center and after-hours customer service.

- ❖ If the agency voicemail does not reference 1-800-FARMERS, then the claims center and the after-hours customer service numbers should be referenced:

– The 24-hour Claims Center number is (800)-435-7764.

– The after-hours customer service number is (877)-327-6394.

In addition to a professional voicemail message, the agency may want to add Farmers-branded messaging for customers who are on hold. Captive Audience, an approved vendor, can provide this type of support.

### Tips for achieving a compliant voicemail

1. Record a message similar to the sample below. Please note that this is a recommended sample script that meets minimum brand standards. Following the script verbatim is not mandatory for Smart Office compliance.

– “Thank you for calling Farmers Insurance (and Financial Services, if applicable), the \_\_\_\_\_ (agent name) agency. We're sorry we are not available at this time. If you need immediate assistance regarding your insurance policy or help reporting a claim, please call 1-800-FARMERS. For all other matters, please leave your name, telephone number and a brief message and we will get back to you as soon as possible. Please note that coverage may not be bound, altered, or cancelled through a voicemail message. Thank you and have a great day!”

2. Consider contracting with an after-hours answering service for your agency that will give customers the experience of speaking to a live representative 24/7.

# OUT-OF-OFFICE EMAIL

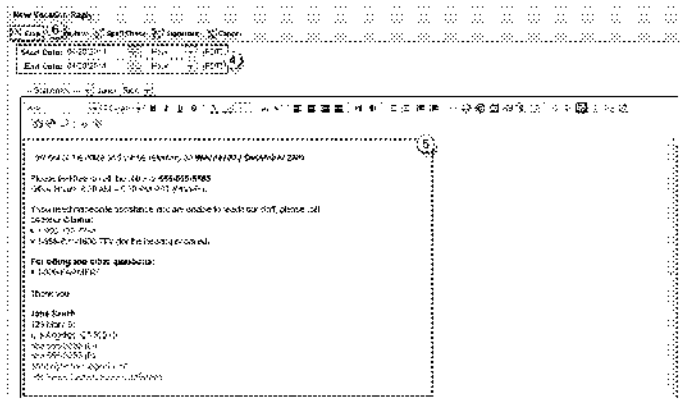
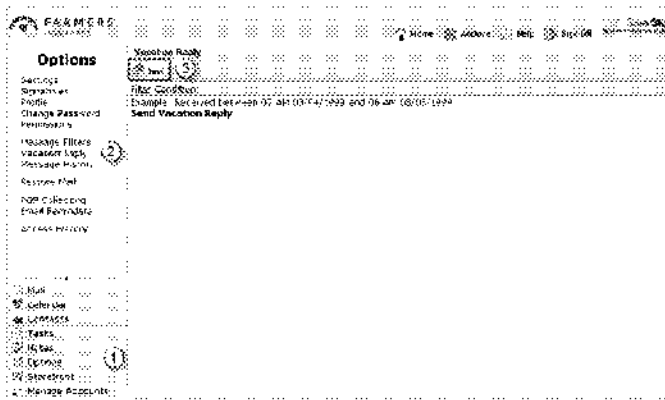
## Setting up an out-of-office reply

### When agents should set up an out of office reply

An agent should have an out-of-office reply set up if they are going to be out of the office for more than 24 hours and do not have any staff to handle incoming emails to the agency. If the agency has their email set up to automatically be handled by agency staff members, then you can select "N/A – Agent or agency staff monitors e-mail during normal business hours" on the Smart Office survey.

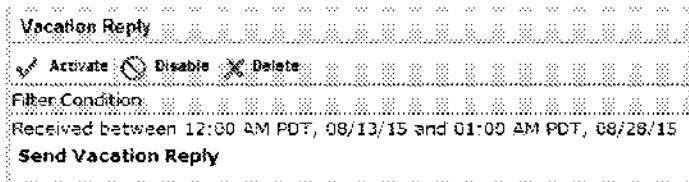
### How to set up an out-of-office reply:

1. Go to your email & click on Options
2. Click on Vacation Reply
3. Click on New
4. Enter Start & End Date/time
5. Type out-of-office message
6. Click Save



Disable, Delete & Activate options will be visible when there is an existing out-of-office message.

Double click existing message to modify.



# OUT-OF-OFFICE E-MAIL

## *Suggested content*

### **Out-of-office – for agents without staff**

I am out of the office and will be returning on **Wednesday December 26<sup>th</sup>**.

If you need immediate assistance, please call:

**24 Hour Claims:**

- ✱ 1-800-435-7764
- ✱ 1-888-891-1660 TTY (for the hearing impaired)

**For billing and other questions:**

- ✱ 1-800-FARMERS

Thank you,

Jane Smith  
123 Main St.  
Los Angeles, CA 90010  
555-555-5555 (O)  
555-555-3333 (F)  
[jsmith@farmersagent.com](mailto:jsmith@farmersagent.com)  
<http://www.farmersagent.com/jsmith>

### **Out-of-office – for agents with staff**

I am out of the office and will be returning on **Wednesday December 26<sup>th</sup>**.

Please feel free to call our office at **555-555-5555**.

Office Hours: 8:30 AM – 5:30 PM PST (Mon – Fri).

If you need immediate assistance and are unable to reach our staff, please call:

**24 Hour Claims:**

- ✱ 1-800-435-7764
- ✱ 1-888-891-1660 TTY (for the hearing impaired)

**For billing and other questions:**

- ✱ 1-800-FARMERS

Thank you,

Jane Smith  
123 Main St.  
Los Angeles, CA 90010  
555-555-5555 (O)  
555-555-3333 (F)  
[jsmith@farmersagent.com](mailto:jsmith@farmersagent.com)  
<http://www.farmersagent.com/jsmith>



# OFFICE APPEARANCE

## *Rating scale and examples*

### **STANDARD #4**

Agency maintains a professional office environment, including appearance, equipment, and furniture that is suitable for providing excellent customer service.

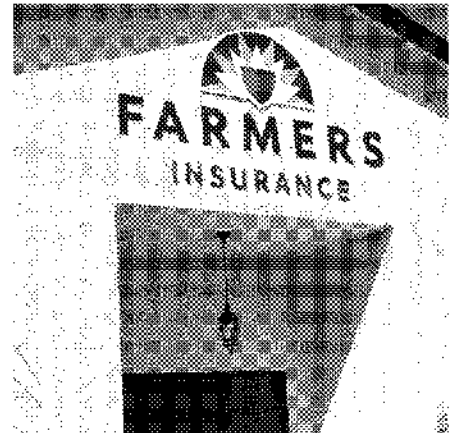
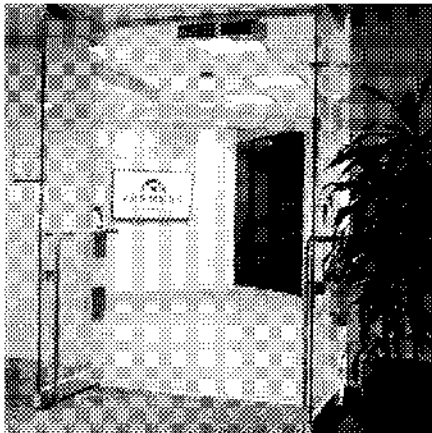
The agent's office is often the first impression a customer has of their agency and can have a powerful impact, both positive and negative. A professional office appearance that is suitable for providing excellent customer service can also lead to stronger business results for the agency! That is why the office appearance section on the Smart Office 2.0 survey has been expanded to focus on more than just the overall appearance of the office. You will now be asked to rate on a scale from one to five the appearance of the office exterior, interior, furniture, and walls/floors. Use the rating scale and pictures on the next three pages to help you answer each office appearance question accordingly.

### **Rating scale**

- 5** – Excellent condition (like new, gold standard for a Farmers agency) – **1.5 points**
- 4** – Good condition (no maintenance needed) – **1.5 points**
- 3** – Average condition (normal wear and tear) – **1.5 points**
- 2** – Less than average condition (at least one major improvement needed) – **0 points**
- 1** – Poor condition and requires immediate attention – **0 points**

### **Examples of a "5" for office exterior, interior, furniture, and carpets/floors**

A "5" means that this is the ideal look for a Farmers agency.



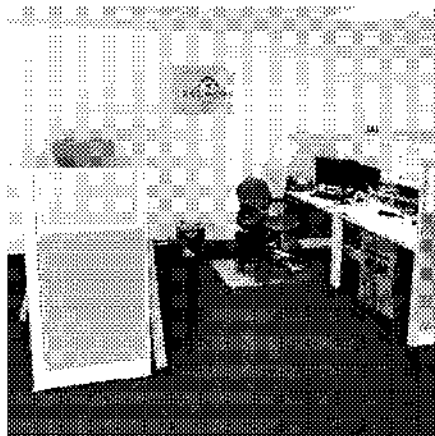


# OFFICE APPEARANCE

## Examples

### Examples of a "4" for office exterior, interior, furniture, and carpets/floors

A "4" means that the office is in good condition and does not require any maintenance or updates. It is a professional office but not the gold standard for a Farmers agency.



### Examples of a "3" for office exterior, interior, furniture, and carpets/floors

A "3" means that the office is in average condition with normal wear and tear. It may need some updates, or it may be an office that is not in an ideal location (such as an office that precludes any branding).

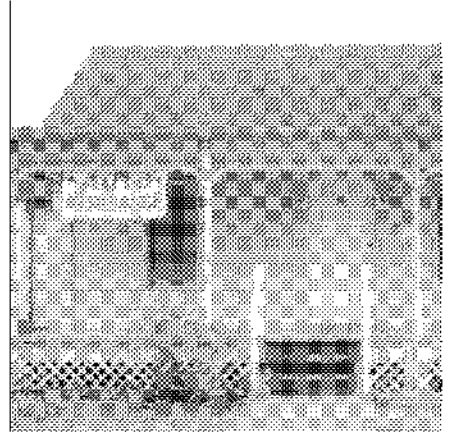
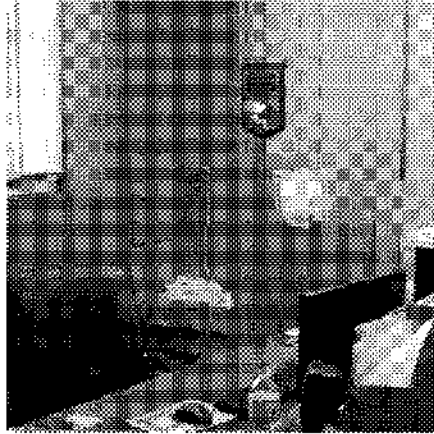


# OFFICE APPEARANCE

## Examples

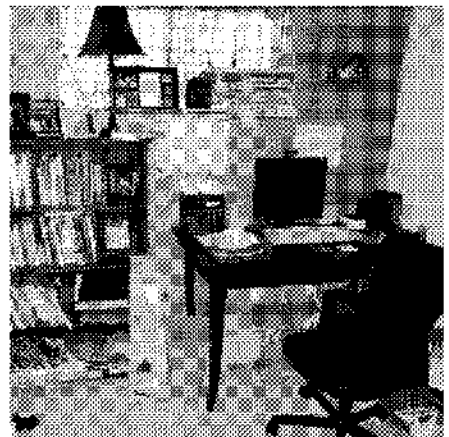
### Examples of a "2" for office exterior, interior, furniture, and carpets/floors

A "2" means that the office is in below average condition and needs at least one major improvement.



### Examples of a "1" for office exterior, interior, furniture, and carpets/floors

A "1" means that the office is in poor condition and is in need of immediate attention. This will be considered an urgent follow-up item.



# EXTERIOR SIGNAGE

## STANDARD #5

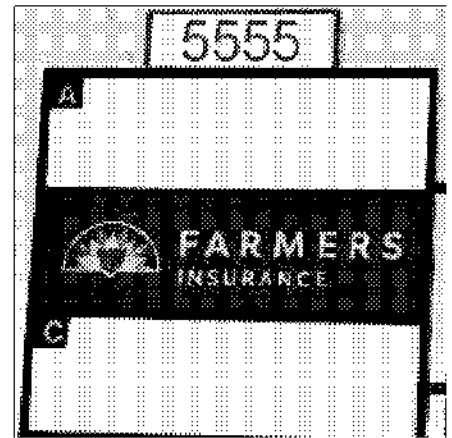
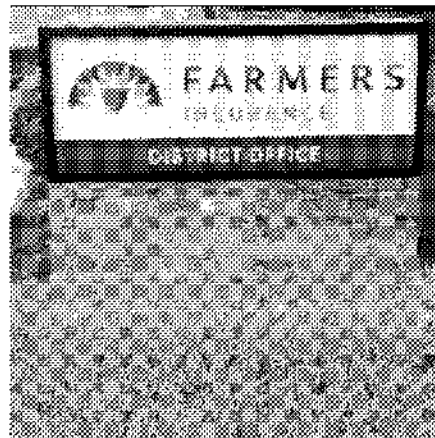
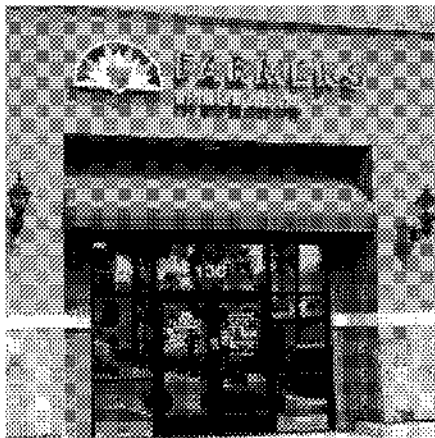
Agency maintains exterior signage that contains the Farmers logo consistent with the *Trademark and Logo Guidelines*. To the extent an outdoor Farmers sign is precluded by lease or ordinance, the agency should maintain a window sign that contains the Farmers logo consistent with the *Trademark and Logo Guidelines*.

All exterior signs are to be professionally built, well maintained and follow the Farmers Trademark and Logo Guidelines. Exterior signs must be permanent in nature. Banners and posters are considered temporary and cannot be used long term. For window graphics, white graphics are to be used. The only exception is when an office does not have any sign space other than on its windows. In these instances, approval may be obtained to use a color emblem with white text.

Approval must be obtained for exterior signs prior to production, unless the signs are being ordered through the [Agency Marketing Store](#) or through Coast Sign or Icon. Approval can be obtained through the Agency Marketing site, under the Administration > Pre Approvals tab.

- Exceptions to the guidelines can be made, with approval, when architectural restrictions exist.

### Common things to look for in exterior signage or window signage:



- There is enough clear space around the logo and it is properly aligned.
- The sign is professional and permanent in nature.
- Window graphics are white, Slate Pro font and left aligned.
- Window graphics are kept to a minimum and are limited to only logo, agency name, hours of operation, and contact information. (Specific lines of business should not be listed.)
- If a sign is to display the agency name or district office, then it should be two tones using the cabinet style sign.
- Exterior signs and window signs should always exhibit a separation between the agency name and logo through the use of a two-tone cabinet signs or a keyline.
- Multi-tenant signage has the full color reverse logo on the honorable blue background.
- Only the logo is on the multi-tenant signage for maximum visibility.

# NON-FARMERS BUSINESSES, BRANDS, AND SERVICES

## Exterior branding

### Exterior signs

Farmers agents should not display or associate the Farmers brand with other company brands in either the insurance industry or a non-insurance industry. A Farmers agency will not be able to achieve Smart Office compliance if a third-party brand is advertised on the agency's external tenant signs, windows, doors, awning or other places that can be associated with the Farmers brand and agency. The Farmers brand should be the only brand represented on the office exterior. Examples of third-party brands can include but are not limited to:

- ✦ Border insurance
- ✦ Health insurance carriers
- ✦ Mortgage companies
- ✦ Real estate companies
- ✦ Tax or accounting services

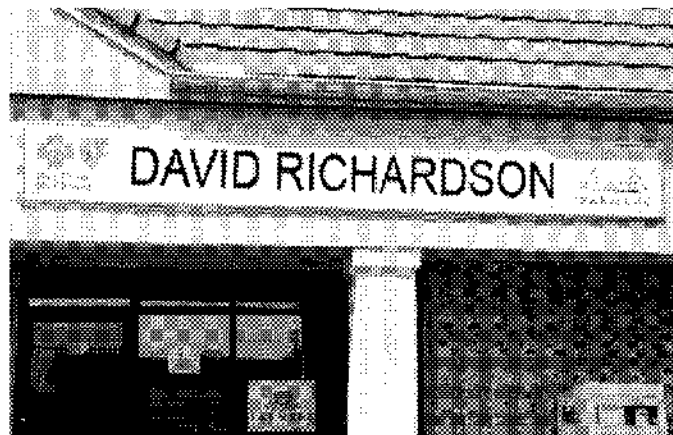
### Conflict of interest

When soliciting or servicing business for the Companies, members of the agency force have a clear duty to place the interests of the Companies ahead of their personal interests. A conflict of interest may occur in a case where Farmers is not the primary business displayed. Examples of other third party businesses or services the agency may associate with that could lead to a conflict of interest include but are not limited to:

- ✦ Financial services
- ✦ Immediate family members who sell competing insurance products
- ✦ Legal services
- ✦ Other insurance carriers that sell related products

For more information on agent responsibilities please refer to the *Agency Operations Manual*. Section 3 of the guide reviews conflict of interest.

**These are examples of third-party branding that will be unacceptable:**

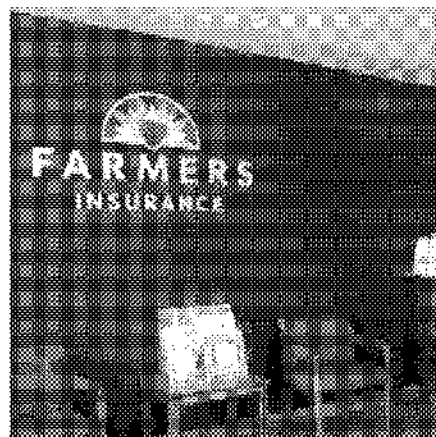
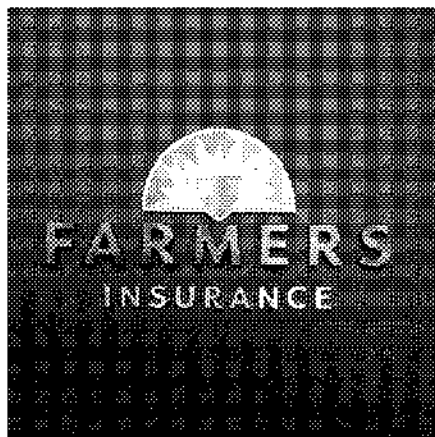
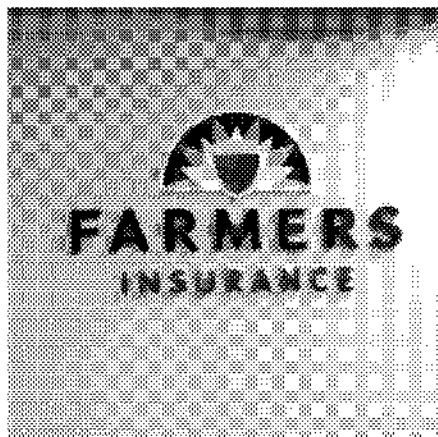


# INTERIOR BRANDING

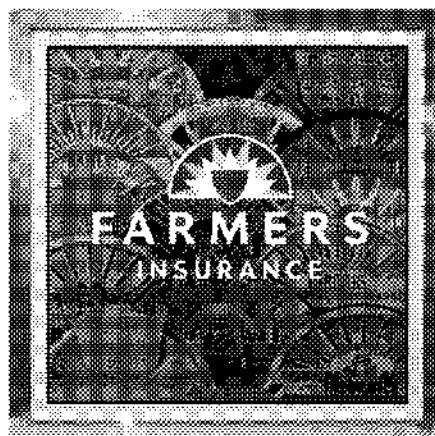
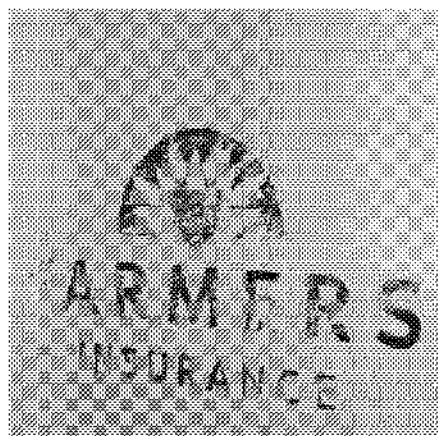
## STANDARD #6

Agency prominently displays the Farmers brand with at least one interior wall sign that is visible upon entry to the office. All Farmers branded material utilizes the Farmers logo consistent with the *Trademark and Logo Guidelines*.

The following signs are all examples of compliant and prominent interior wall signs:



- ✦ Interior cut out letters are a compliant and prominent display of the brand.
- ✦ Large window vinyl graphics are a compliant and prominent display of the brand.
- ✦ Professional mounted plaques that are permanent in nature are a compliant and prominent display of the brand.



These signs should be at minimum 18 x 24 inches.



# NON-FARMERS BUSINESSES, BRANDS, AND SERVICES

## *Interior branding*

### **Interior signs**

Farmers agents can provide additional professional services, such as notarization of documents, to customers; however, advertisement of these services is discouraged alongside the Farmers brand. The outside services the agency offers can be displayed in the office interior; however, not in direct proximity of the Farmers brand. Farmers should be the primary brand displayed. Some of these services may include:

- ✦ Health insurance
- ✦ Language translation
- ✦ Notary
- ✦ Printing or copier services

### **Conflict of interest**

When soliciting or servicing business for the Companies, members of the agency force have a clear duty to place the interests of the Companies ahead of their personal interests. A conflict of interest may occur in a case where Farmers is not the primary business displayed. Examples of third party businesses or services the agency may associate with that could lead to a conflict of interest include but are not limited to:

- ✦ Financial services
- ✦ Immediate family members who sell competing insurance products
- ✦ Legal services
- ✦ Other insurance carriers that sell related products

For more information on agent responsibilities please refer to the *Agency Operations Manual*. Section 3 of the guide reviews conflict of interest.



### **Non-compliant display**

Third party brands should not be displayed directly next to the Farmers brand.

### **Compliant display of a non-Farmers brand**

Blue Cross Blue Shield is a health insurance company that does not present a conflict of interest. This is a compliant display of a third-party brand since it is not in direct proximity of the Farmers brand.

# **EXHIBIT R**



# SMART OFFICE 3.0

Survey guide



Proprietary and confidential ID 12

# TABLE OF CONTENTS

Introduction .....	3
Hours of operation .....	4
licensed and appointed staff .....	5
Voicemail .....	6
Out-of-office e-mail .....	7
Office Appearance .....	10
Exterior signage .....	13
Non-Farmers® branding (exterior) .....	14
Interior branding .....	15
Non-Farmers® branding (interior) .....	16
Digital standards .....	17
Breaking down the website report card grading .....	20



# SMART OFFICE

## Introduction

Smart Office Standards are designed to help improve our customer experience. This guide is designed to help the surveyor properly answer each question in the Smart Office survey.

## Average Smart agency

- \$60,000 greater annual commissions
- 2x average premium per household
- 73% higher lifetime commissions

## SMART OFFICE STANDARDS

1. Hours of operation
2. Licensed and appointed staff
3. Operations
4. Office appearance
5. Exterior signage
6. Interior branding
7. Digital



# HOURS OF OPERATION

## Standard #1

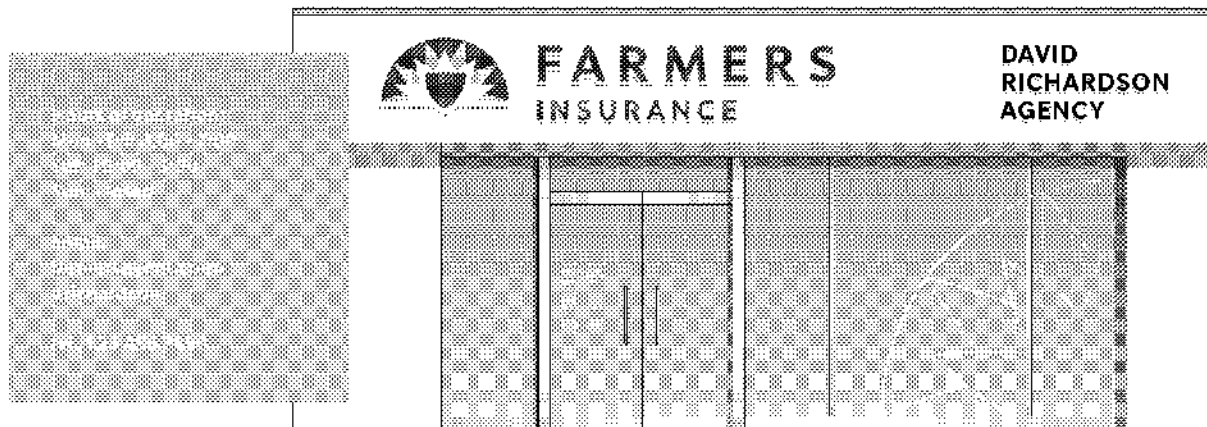
Farmers® agencies should be open during normal business hours, Monday through Friday, and at least 45 hours per week.

Consumers place a great emphasis on customer service and being able to talk to someone when they need their questions answered.

A licensed and appointed representative should be available in the office during all normal business hours. Agents may want to consider staggering their staff members' lunch hours to maximize their ability to respond to customer inquiries.

Agents can be considered compliant with the hours-of-operation requirement if their posted hours of operation are at least 45 hours per week.

Agents should post their office hours on their door and/or window and adhere to those hours.



Window and door graphics can be purchased through the Agency Marketing Store under: *Store > Office > Signs*



# LICENSED AND APPOINTED STAFF

## Standard #2

All staff requiring a license (e.g., those who sell or solicit the Companies' products) are properly licensed and have executed an appointment agreement with the companies.

Customers and potential customers appreciate having access to a knowledgeable and capable person who can fulfill all of their requests, including quoting and binding new business. This is why it is important to have a licensed and appointed staff member available during all office hours.

### Smart Office survey time!

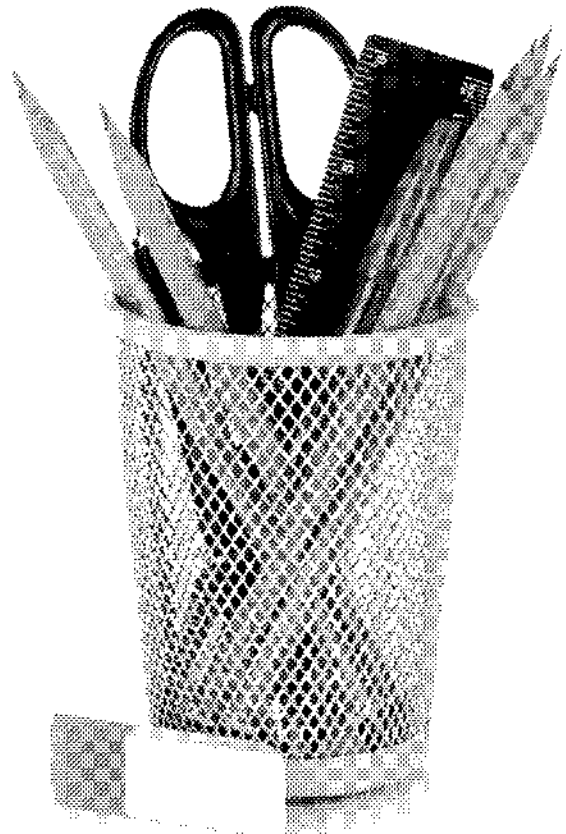
Prior to conducting your Smart Office visit, please look up the agent in "ACE" to verify which staff members are licensed and appointed with the Companies. When you conduct your Smart Office visit, be sure to account for any additional staff members requiring a license and appointment agreement who are not listed in ACE. If necessary, help the agent understand the steps to getting their staff licensed and/or appointed. Information on how agents can help their staff members become licensed and/or appointed can be found on the Smart Office page of the Agency Dashboard.

### Who should be licensed and appointed?

1. Customer Service Representatives – CSRs typically are agency staff members who sell or solicit the Companies' products, handle customer service and sales inquiries on billing, coverage and products.
2. Agency Producers – APs typically are agency staff members who primarily focus on marketing and generating new sales.
3. Any other staff who perform work requiring a license, including staff members who sell or solicit the Companies' products.

### What licenses are required?

- All staff requiring a license (e.g. those who sell or solicit the Companies' products) should maintain the following licenses:
  - Property/Casualty
  - Life/Health
- It is important for agents to check with their state department of insurance to determine all licenses that are required.



# VOICEMAIL

## Standard #3

Farmers<sup>®</sup> agencies should always communicate with customers in a professional manner, including through the use of appropriate voicemail and out-of-office email messages.

From a customer's perspective, it is important to have the ability to speak directly with a representative of the Companies, even after normal business hours. Emergency situations can arise at any time, and customers will not want to wait until the next business day to speak to their agent. Complying with the Smart Office standards for voicemail provides a better customer experience, which in turn contributes to higher customer satisfaction and increased retention.

### Voicemail requirements

Per the Agency Operations Manual, Farmers agencies should always communicate with customers in a professional manner, including through the use of an appropriate voicemail message.

- The agency voicemail message should include a reference to Farmers and the agency name.
- The agency voicemail should help customers access the 24-hour claims center and after-hours customer service.
  - Customers can report a claim at farmers.com or via the Farmers mobile app.
  - The 1-800-FARMERS number is an acceptable number to reference in the voicemail and will help the customer access both the claims center and after-hours customer service.
- If the agency voicemail does not reference farmers.com or 1-800-FARMERS, then the claims center and the after-hours customer service numbers should be referenced:
  - The 24-hour claims center number is (800)-435-7764.
  - The after-hours customer service number is (877)-327-6394.

In addition to a professional voicemail message, the agency may want to add Farmers-branded messaging for customers who are on hold. Captive Audience, an approved vendor, can provide this type of support.

### Tips for achieving a compliant voicemail

1. Record a message similar to the sample below. Please note that this is a recommended sample script that meets minimum brand standards. Following the script verbatim is not mandatory for Smart Office compliance.
  - “Thank you for calling Farmers Insurance (and Financial Services, if applicable), the \_\_\_\_\_ (agent name) agency. We're sorry we are not available at this time. If you need immediate assistance regarding your insurance policy or help reporting a claim, please call 1-800-FARMERS. You may also file a claim online at farmers.com. For all other matters, please leave your name, telephone number and a brief message and we will get back to you as soon as possible. Please note that coverage may not be bound, altered, or cancelled through a voicemail message. Thank you and have a great day!”
2. Consider contracting with an after-hours answering service for your agency that will give customers the experience of speaking to a live representative 24/7.

# OUT-OF-OFFICE EMAIL

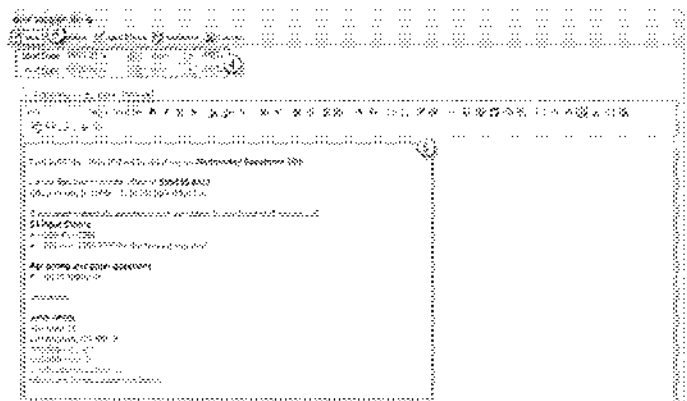
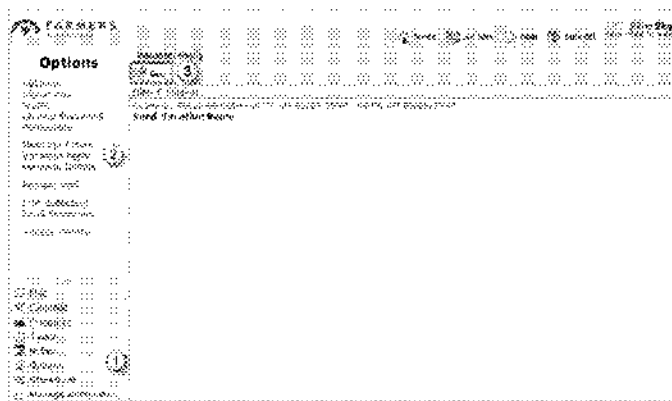
## Setting up an out-of-office reply

### When agents should set up an out of office reply

An agent should have an out-of-office reply set up if they are going to be out of the office for more than 24 hours and do not have any staff to handle incoming emails to the agency. If the agency has their email set up to automatically be handled by agency staff members, then you can select "N/A - Agent or agency staff monitors e-mail during normal business hours" on the Smart Office survey.

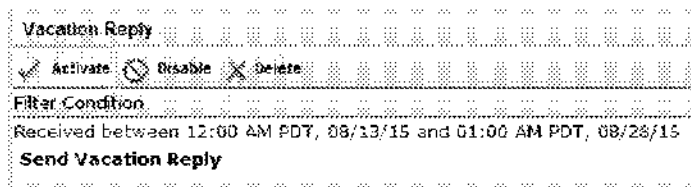
### How to set up an out-of-office reply:

1. Go to your email & click on Options
2. Click on Vacation Reply
3. Click on New
4. Enter Start & End Date/time
5. Type out-of-office message
6. Click Save



Disable, Delete & Activate options will be visible when there is an existing out-of-office message.

Double click existing message to modify.



# OUT-OF-OFFICE E-MAIL

## Suggested content

### Out-of-office – for agents without staff

I am out of the office and will be returning on **Wednesday December 26<sup>th</sup>**.

If you need immediate assistance:

#### 24 Hour Claims:

- Report a claim at [farmers.com](http://farmers.com) or via the Farmers mobile app
- 1-800-435-7764
- 1-888-891-1660 TTY (for the hearing impaired)

#### For billing and other questions:

- 1-800-FARMERS

Thank you,

Jane Smith  
123 Main St.  
Los Angeles, CA 90010  
555-555-5555 (O)  
555-555-3333 (F)  
[jsmith@farmersagent.com](mailto:jsmith@farmersagent.com)  
[farmersagent.com/jsmith](http://farmersagent.com/jsmith)

### Out-of-office – for agents with staff

I am out of the office and will be returning on **Wednesday December 26<sup>th</sup>**.

Please feel free to call our office at **555-555-5555**.

Office Hours: 8:30 AM – 5:30 PM PST (Mon – Fri).

If you need immediate assistance and are unable to reach our staff:

#### 24 Hour Claims:

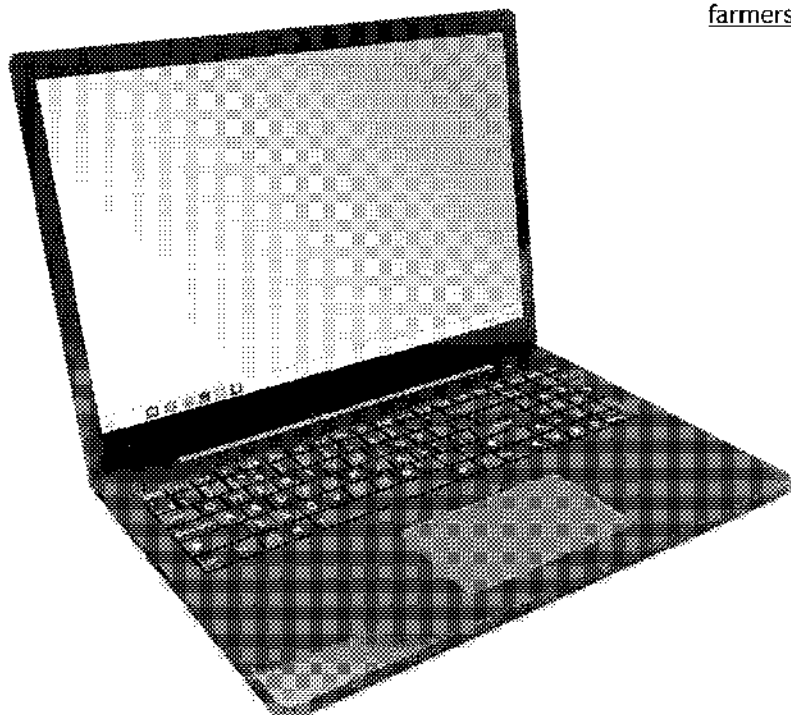
- Report a claim at [farmers.com](http://farmers.com) or via the Farmers mobile app
- 1-800-435-7764
- 1-888-891-1660 TTY (for the hearing impaired)

#### For billing and other questions:

- 1-800-FARMERS

Thank you,

Jane Smith  
123 Main St.  
Los Angeles, CA 90010  
555-555-5555 (O)  
555-555-3333 (F)  
[jsmith@farmersagent.com](mailto:jsmith@farmersagent.com)  
[farmersagent.com/jsmith](http://farmersagent.com/jsmith)





# OFFICE APPEARANCE

## Rating scale and examples

### Standard #4

Agency maintains a professional office environment, including appearance, equipment, and furniture that is suitable for providing excellent customer service.

The agent's office is often the first impression a customer has of their agency and can have a powerful impact, both positive and negative. A professional office appearance that is suitable for providing excellent customer service can also lead to stronger business results for the agency! That is why the office appearance section on the Smart Office survey has been expanded to focus on more than just the overall appearance of the office. You will now be asked to rate on a scale from one to five the appearance of the office exterior, interior, furniture, and walls/floors. Use the rating scale and pictures on the next three pages to help you answer each office appearance question accordingly.

### Rating scale

**5** – Excellent condition (like new, gold standard for a Farmers agency) – **1.5 points**

**4** – Good condition (no maintenance needed) – **1.5 points**

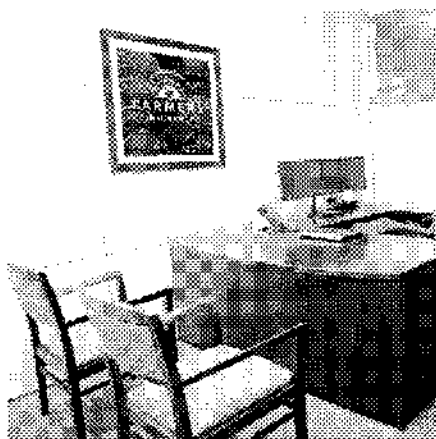
**3** – Average condition (normal wear and tear) – **1.5 points**

**2** – Less than average condition (at least one major improvement needed) – **0 points**

**1** – Poor condition and requires immediate attention – **0 points**

### Examples of a "5" for office exterior, interior, furniture, and carpets/floors

A "5" means that this is the ideal look for a Farmers agency.

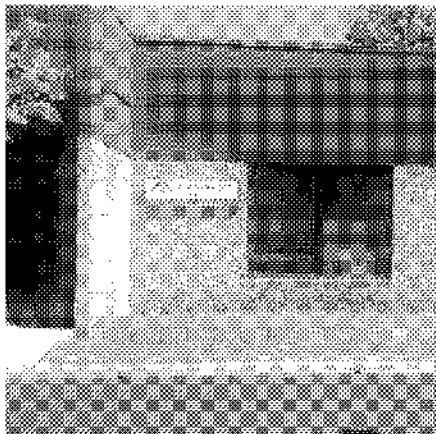


# OFFICE APPEARANCE

## Examples

### Examples of a “4” for office exterior, interior, furniture, and carpets/floors

A “4” means that the office is in good condition and does not require any maintenance or updates. It is a professional office but not the gold standard for a Farmers agency.



### Examples of a “3” for office exterior, interior, furniture, and carpets/floors

A “3” means that the office is in average condition with normal wear and tear. It may need some updates, or it may be an office that is not in an ideal location (such as an office that precludes any branding).

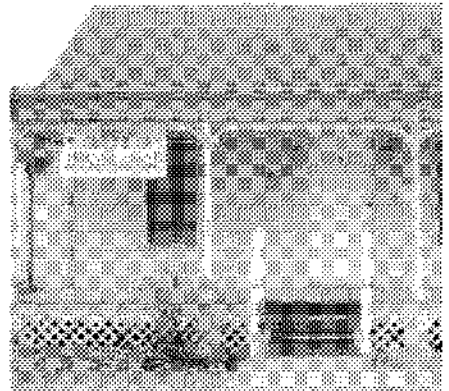
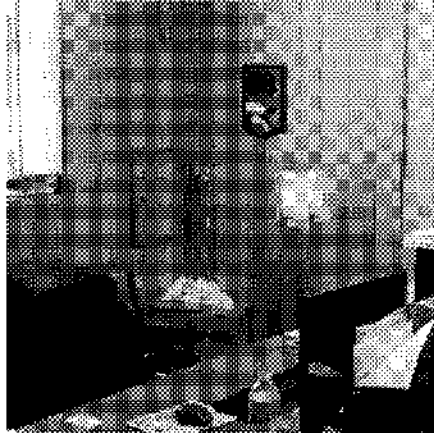
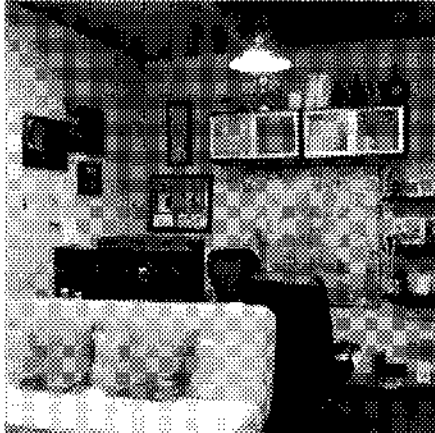


# OFFICE APPEARANCE

## Examples

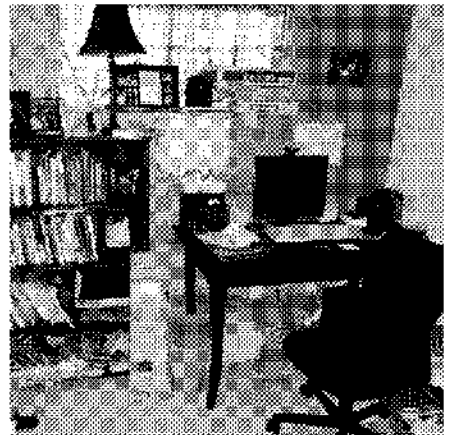
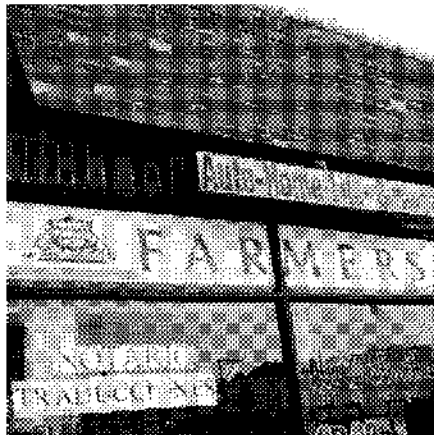
### Examples of a "2" for office exterior, interior, furniture, and carpets/floors

A "2" means that the office is in below average condition and needs at least one major improvement.



### Examples of a "1" for office exterior, interior, furniture, and carpets/floors

A "1" means that the office is in poor condition and is in need of immediate attention. This will be considered an urgent follow-up item.



# EXTERIOR SIGNAGE

## Standard #5

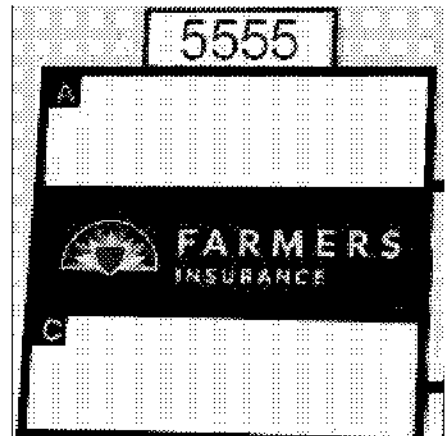
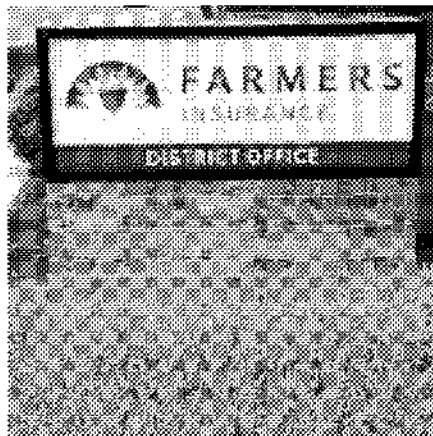
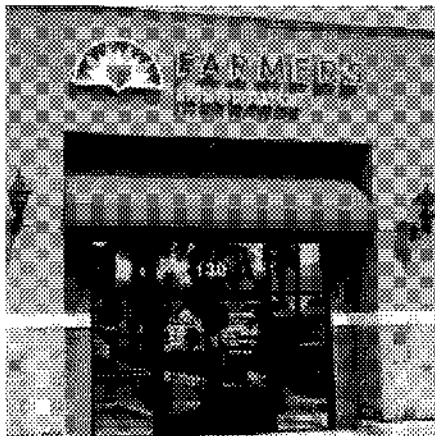
Agency maintains exterior signage that contains the Farmers logo consistent with the *Farmers brand guidelines*. To the extent an outdoor Farmers sign is precluded by lease or ordinance, the agency maintains a window sign that contains the Farmers logo consistent with the *Farmers brand guidelines*.

All exterior signs are to be professionally built, well maintained and follow the Farmers brand guidelines. Exterior signs must be permanent in nature. Banners and posters are considered temporary and cannot be used long term. For window graphics, white graphics are to be used. The only exception is when an office does not have any sign space other than on its windows. In these instances, approval may be obtained to use a color emblem with white text.

Approval must be obtained for exterior signs prior to production, unless the signs are being ordered through the Agency Marketing Store or through Coast Sign or Icon. If you purchase an exterior sign from another Farmers agent, you also must receive approval prior to installing sign at your office location. Approval can be obtained through the Agency Marketing site, under the *Mange Funds tab > Submit New Pre-approval*.

- Exceptions to the guidelines can be made, with approval, when architectural restrictions exist.

## Common things to look for in exterior signage or window signage:



- There is enough clear space around the logo and it is properly aligned.
- The sign is professional and permanent in nature.
- Window graphics are white, Slate Pro font and left aligned.
- Window graphics are kept to a minimum and are limited to only logo, agency name, hours of operation, and contact information. (Specific lines of business should not be listed.)
- If a sign is to display the agency name or district office, then it should be two tones using the cabinet style sign.
- Exterior signs and window signs should always exhibit a separation between the agency name and logo through the use of two-tone cabinet signs or a keyline.
- Multi-tenant signage has the full color reverse logo on the honorable blue background.
- Only the logo is on the multi-tenant signage for maximum visibility.

# NON-FARMERS BUSINESSES, BRANDS, AND SERVICES

## Exterior branding

### Exterior signs

Farmers agents should not display or associate the Farmers brand with other company brands in either the insurance industry or a non-insurance industry. A Farmers agency will not be able to achieve Smart Office compliance if a third-party brand is advertised on the agency's external tenant signs, windows, doors, awning or other places that can be associated with the Farmers brand and agency. The Farmers brand should be the only brand represented on the office exterior. Examples of third-party brands can include but are not limited to:

- Border insurance
- Health insurance carriers
- Mortgage companies
- Real estate companies
- Tax or accounting services

### Conflict of interest

When soliciting or servicing business for the Companies, members of the agency force have a clear duty to place the interests of the Companies ahead of their personal interests. A conflict of interest may occur in a case where Farmers is not the primary business displayed. Examples of other third party businesses or services the agency may associate with that could lead to a conflict of interest include but are not limited to:

- Financial services
- Immediate family members who sell competing insurance products
- Legal services
- Other insurance carriers that sell related products

For more information on agent responsibilities please refer to the *Agency Operations Manual*. Section 3 of the guide reviews conflict of interest.

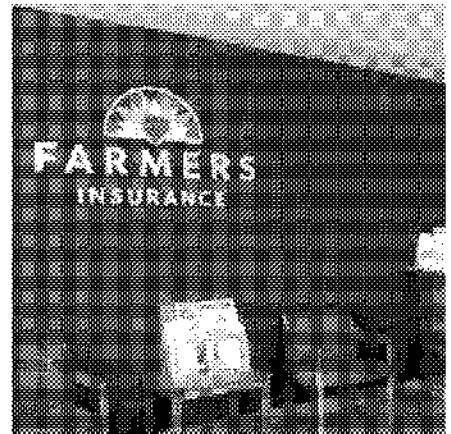
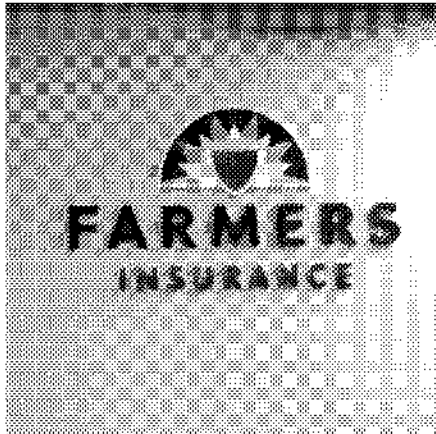
**These are examples of third-party branding that will be unacceptable:**



## Standard #6

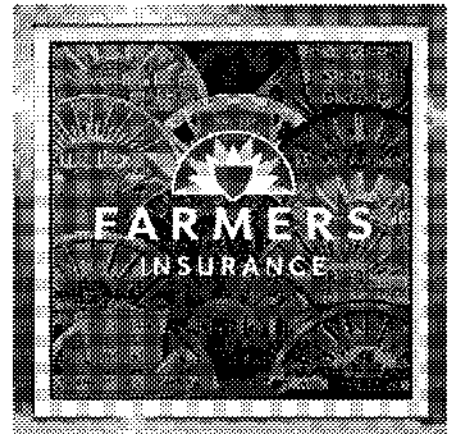
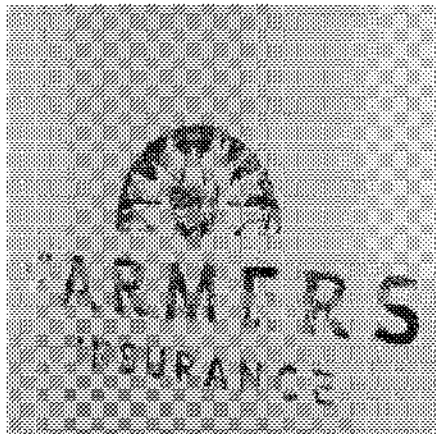
Agency prominently displays the Farmers brand with at least one interior wall sign that is visible upon entry to the office. All Farmers branded material utilizes the Farmers logo consistent with the Farmers brand guidelines.

# INTERIOR BRANDING



**The following signs are all examples of compliant and prominent interior wall signs:**

- Interior cut out letters are a compliant and prominent display of the brand.
- Large window vinyl graphics are a compliant and prominent display of the brand.
- Professional mounted plaques that are permanent in nature are a compliant and prominent display of the brand.
- Please refer to the Agency Marketing Store for details on Interior Sign compliance with various wall colors and textures.



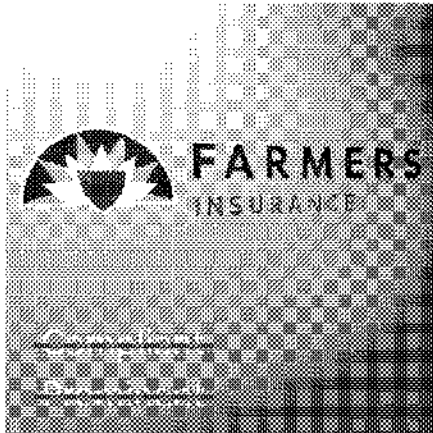
Available at [fuerstap.com/farmers](http://fuerstap.com/farmers)

**These signs should be a minimum of 23 inches wide.**

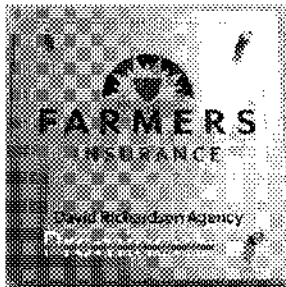
# NON-FARMERS BUSINESSES, BRANDS, AND SERVICES

## Interior branding

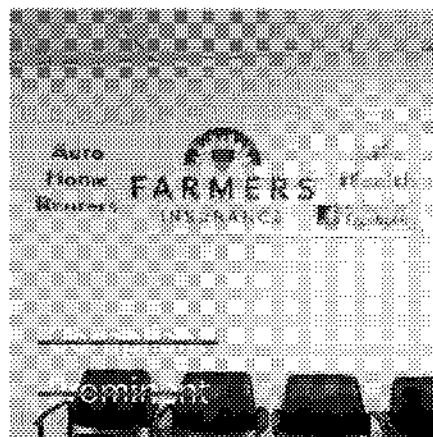
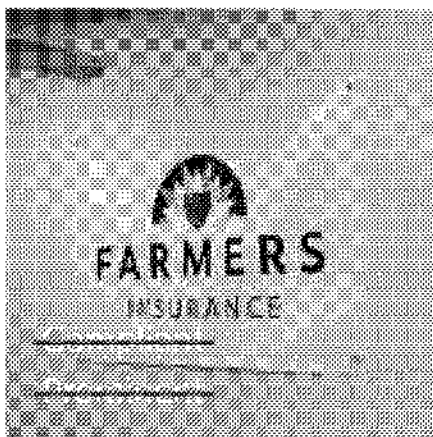
The following signs are all examples that will not be considered a “prominent interior wall sign”



Wall decals are not a **compliant** or **prominent** form of interior signage.



These small plaques are not considered **compliant** or **prominent**. Interior signage must be at least 23 inches wide to meet the interior branding requirement for Smart Office.



Banners and flags are **not a compliant** or **prominent** form of interior signage.

# NON-FARMERS BUSINESSES, BRANDS, AND SERVICES

## Interior branding

### Interior signs

Farmers agents can provide additional professional services, such as notarization of documents, to customers; however, advertisement of these services is discouraged alongside the Farmers brand. The outside services the agency offers can be displayed in the office interior; however, not in direct proximity of the Farmers brand. Farmers should be the primary brand displayed. Some of these services may include:

- Health insurance
- Language translation
- Notary
- Printing or copier services

For more information on agent responsibilities please refer to the *Agency Operations Manual*. Section 3 of the guide reviews conflict of interest.

### Non-compliant display

Third party brands should not be displayed directly next to the Farmers brand.



### Conflict of interest

When soliciting or servicing business for the Companies, members of the agency force have a clear duty to place the interests of the Companies ahead of their personal interests. A conflict of interest may occur in a case where Farmers is not the primary business displayed. Examples of third party businesses or services the agency may associate with that could lead to a conflict of interest include but are not limited to:

- Financial services
- Immediate family members who sell competing insurance products
- Legal services
- Other insurance carriers that sell related products

### Compliant display of a non-Farmers brand

Blue Cross Blue Shield is a health insurance company that does not present a conflict of interest. This is a compliant display of a third-party brand since it is not in direct proximity of the Farmers brand.



# DIGITAL STANDARDS

## Standard #7

Agency satisfies the three Digital Standards which include having a professional website photo, verified hours of operation and a website report card grade of “B” or better.

Farmers agent websites now have more functionality to help build their local brand and maintain a more competitive digital presence. Achieving the Digital Standards is a step toward strengthening their online presence with the local community, and the good news is it’s really quick and easy to achieve!

**Digital Standard 1:** Professional website photo – Maintain a professional photo on the agent website.

**Digital Standard 2:** Hours of operation – Update the hours displayed on the website from the default setting to represent correct operating hours.

**Digital Standard 3:** Website report card grade B or better – Customize the agent website by providing personalized content about the agency and the community they serve.

### Tip: Achieving the Digital Standards

Agents who are enrolled in the Performance Marketing Package through Agency Marketing<sup>3</sup>, can sign up for a White Glove Website Support session at [Yext.com/whiteglove](https://yext.com/whiteglove) or call Yext Farmers Support at 844-569-5723 at no additional cost.

The Yext support team can help agents achieve all three Digital Standards in just a few quick and easy steps!<sup>4</sup>

If agents are not enrolled in the Performance Marketing Package through Agency Marketing, they can purchase Yext website customization capability separately by logging into Agency Marketing and clicking Digital Marketing followed by Premium Website.

Encourage agents to utilize these key resources to start optimizing their site today:

- The [Agent Website Reference Guide](#) is now available to show you how agents can customize and optimize their website.
- [1 Min of Smart videos](#) are now available to help agents set up their office hours, change their photo and navigate through the vendor’s website.

# 71%

of consumers use some form of digital research before buying insurance<sup>1</sup>

# 94%

more page views for Farmers agents with customized content on their new websites<sup>2</sup>

# 140%

more quotes for Farmers agents with customized content on their new websites<sup>2</sup>

<sup>1</sup> Based on clicks on agent pages between May 2016 and January 2017

<sup>2</sup> Price Waterhouse Coopers, “Insurance 2020: Future of Insurance”

<sup>3</sup> Agents enrolled in the Performance Marketing Package receive an enhanced agent website, digital advertising and a Hearsay Social subscription. Open enrollment for the Performance Marketing Package takes place every September for the following year’s program.

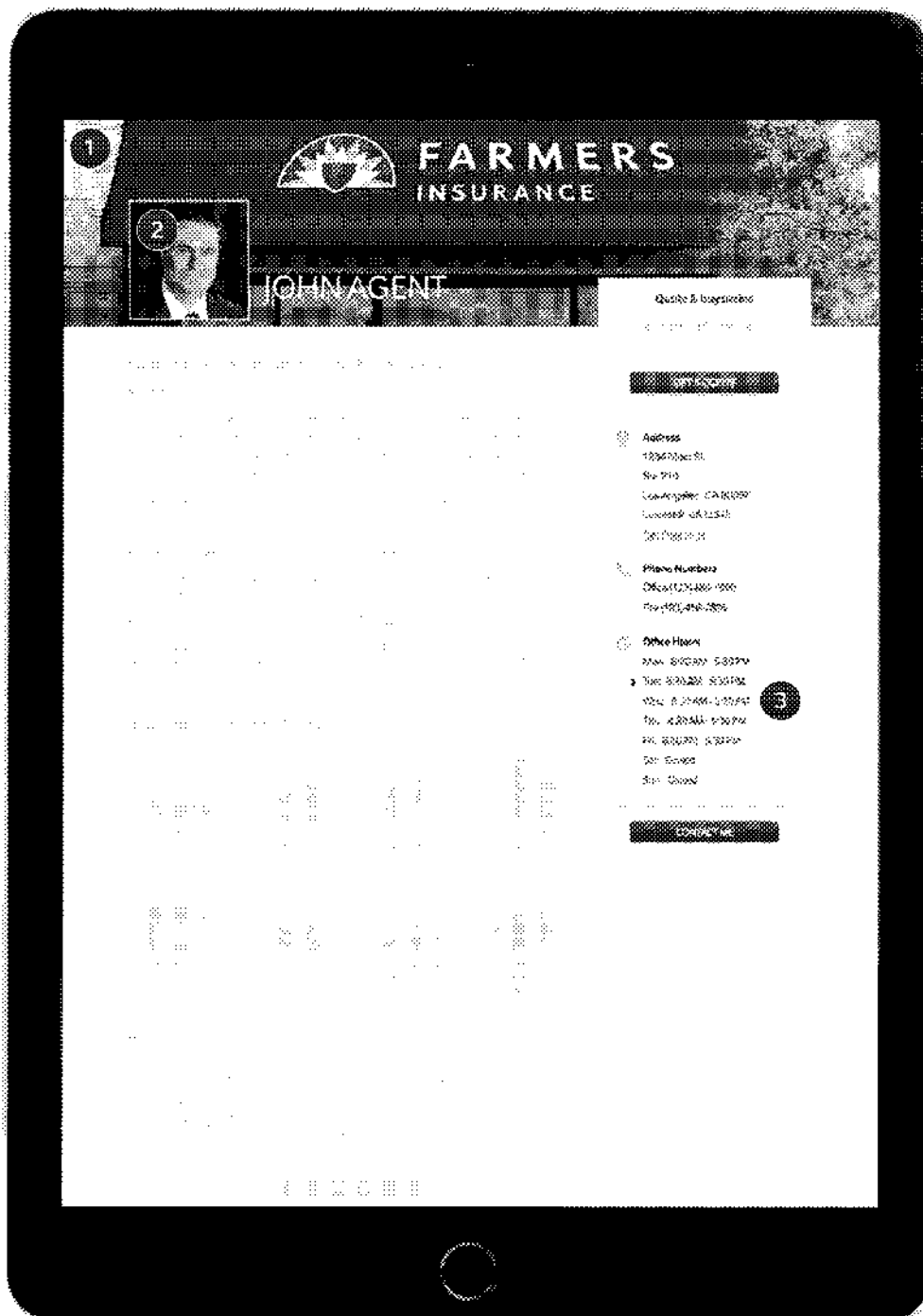
<sup>4</sup> Yext white glove service is only available for agents enrolled in the Performance Marketing Package.

# DIGITAL STANDARDS

## Storefront basics – Standards 1 and 2

### Storefront basics

1. Cover photo\* – 20%
2. Professional website photo – 40%
3. Hours of operation – 40%



\*These customizations are only possible on a Premium Website.

# DIGITAL STANDARDS

## Biography and localized content – Standard 3

### Personal biography

- 4. About Me biography\* – 45%
- 5. Years of Experience\* – 15%
- 6. About Me, Detail 1 Education\* – 15%
- 7. About Me, Detail 2 Areas Served\* – 15%
- 8. Hearsay Social links\* – 10%

### Localized content

- 9. Content spotlight 1\* – 15%
- 10. Content spotlight 2\* – 15%
- 11. Content spotlight 3\* – 15%
- 12. Content spotlight 4\* – 15%
- 13. Content spotlight 5\* – 15%
- 14. Content spotlight 6\* – 15%
- 15. Personal photo gallery\* – 10%

### Farmers Insurance Agent in Los Angeles, CA

#### About Me

As your local Farmers® agent in Woodland Hills, CA, I have customers like you identify the insurance coverage that best fits your needs. This process is straightforward and personalized to help make your coverage decisions easier. I have the knowledge and experience to help you better understand your coverage options—whether that's auto, home, umbrella, life, renters, business insurance and more.

Give me a call at (213) 456-7800 and I'll be happy to answer any questions you're having.

Languages Spoken: Spanish and English

Years of Experience



I have over 15 years of experience as a Farmers Insurance agent.

Areas Served



Los Angeles, San Fernando Valley, Orange Plus, Woodland Hills, and West Hills

Education



University of California, Irvine, 1988

Connect



#### Ask Me About:



#### Smart Insurance Discounts in California

As your local Farmers agent in Los Angeles, I can help make your smarter about insurance.

Depending on your state, you may be eligible for certain discounts. See how Farmers can save your money on insurance specific to California residents.



#### Farmers Awards Over \$1 Million Annually to Teachers

It's simple to get Farmers to give back to the women and men who have the and work support our children. Get involved and learn more by visiting [http://teachersandteachers.com](#)

#### Introducing the Farmers® Rewards Visa® Cards

#### The Farmers Mobile App

#### Farmers Friendly Review Service

#### Farmers® Business Insurance

#### My Hardworking Team



Jane Elliot  
Agency Producer  
(213) 648-2629  
Email Me



Rick Smith  
Commercial Insurance  
(714) 456-7800  
Email Me

#### My Photos



Photo caption

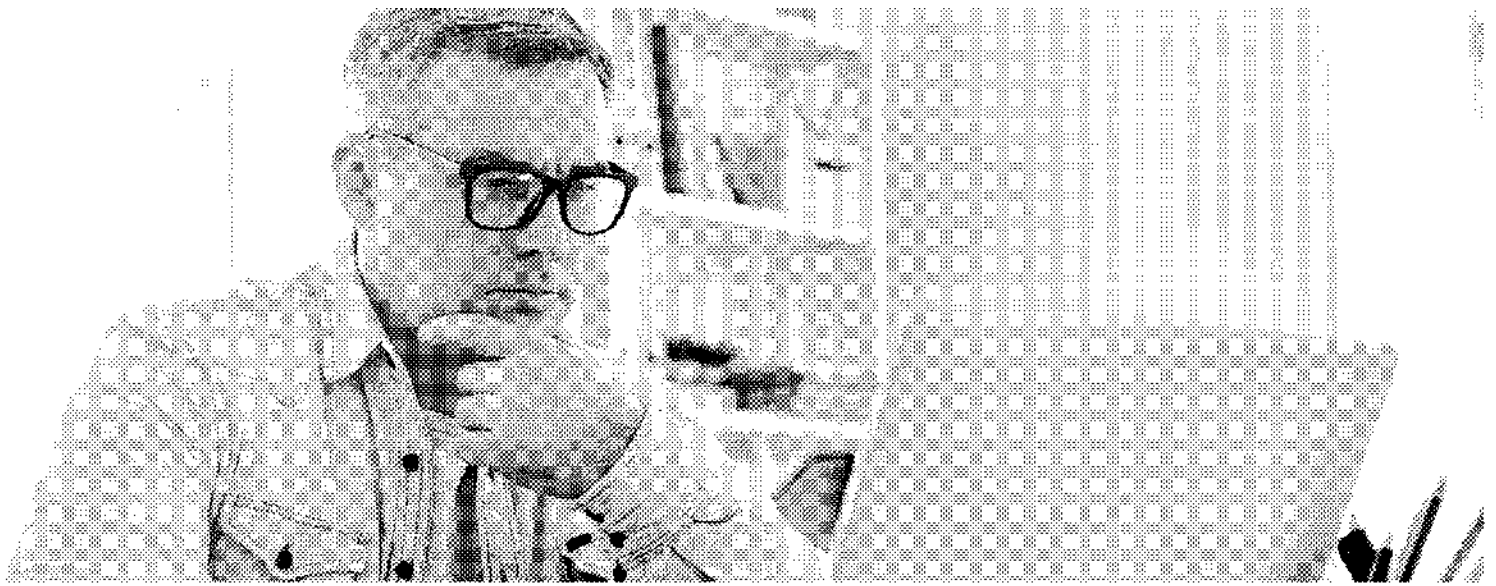


Photo caption



Photo caption

\*These customizations are only possible on a Premium Website.



# BREAKING DOWN THE WEBSITE REPORT CARD GRADING

More than ever, consumers are actively researching and shopping for insurance online. Your Farmers® agent website is a critical business tool to help these prospective and current customers interact with your agency. The third standard of Digital Standards asks you to have a website report card grade of B or better. Achieving this is a step toward strengthening your online presence with your local community. Here are additional details on how your agent website is graded.

## Sample website report card

Grading scale: A = 90%-100%, B = 80% - 89%, C <80%

**Remember**, the Yext Support team is always happy to provide insight, whether on content or simply showing you how to navigate your dashboard! Additionally, after you've finished checking out your website report card, we recommend scheduling a 1 on 1 Support Session<sup>5</sup> at [yext.com/whiteglove](http://yext.com/whiteglove). During these sessions, one of Yext's friendly and knowledgeable representatives will walk through your website with you, and give you tips on how to best build it out.

**For additional phone support you can reach Yext at 844.569.5723, from 10 am-7 pm EST, Monday through Friday!**

### YOUR SCORE

# A

At 100% the, your site is top grade. Keep up the good work, but remember there's always room for updates and improvements.

From Generated: 1/12/2016 12:11 PM PST

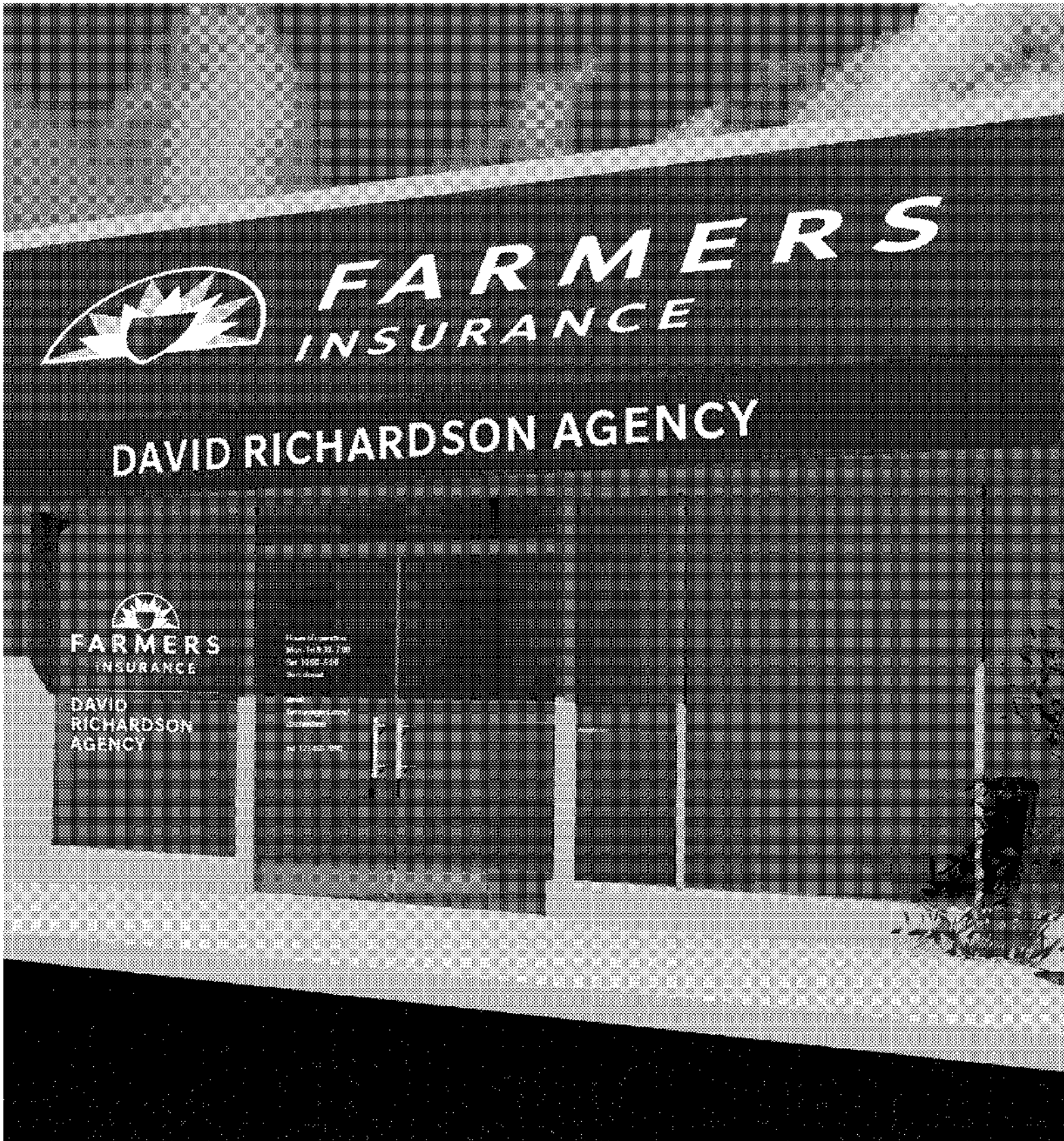
### Top Contributors to Your Score

Statement & Info	A
Personal Biography	A
Locations On Map	A

<sup>5</sup> 1 on 1 Support Sessions are only available to agents enrolled in the Performance Marketing Package through Agency Marketing.

# **EXHIBIT S**

# SMART OFFICE SIGN VENDOR INFORMATION GUIDE



As you prepare to become brand compliant before the December 31, 2016 deadline, you have several options to choose from when it comes to your office signage. The various options fall within three general categories; Turn Key – Full Service Custom Vendor, Turn Key – À La Carte Vendor and Local Vendors. The intent of this document is to provide you with a comprehensive comparison of all three options so that you can make a well informed decision to determine the option that is best for you. This guide provides a side-by-side comparison of the three sign categories, the pros and cons of each and some of the most frequently asked questions.

## VENDOR TYPES

### Turn Key – Full service custom vendor

These sign vendors handle all aspects of the process – truly a turn key experience. Farmers reimburses Agency Marketing participants \$975 to cover the site inspection, code check (municipality/city requirements), brand book (recommended design and sign proposal) and initial project management fees. The reimbursement is processed on the same folio where charges appear. The time from inquiry to installation depends on permit requirements. If local government require permits the average time to completion is 15 weeks while no-permit areas will require 12 weeks. These vendors also offer extended warranties on products and materials.

### Turn Key – À la carte vendor

These options are available in the Agency Marketing Store and are already pre-approved reducing the potential for non-compliant signs. The agent/DM is responsible for several steps of the process including site survey, code check, permits and installation. Keep in mind, since there is no pre-approval use of the logo or installation, there is a possibility the signage could still be non-compliant if not properly installed. (There is no preapproval or claim to be submitted since the purchase is directly through the Agency Marketing Store). A la carte vendors are a great option when only a vinyl or interior sign is needed.

### Local vendor

This is a labor intensive option and will require more time and involvement by the agent or District Manager. The agent/DM is responsible to manage the entire process, including submitting a preapproval and ensuring their vendor is producing brand compliant signage according to the Trademark and Logo Guidelines. There is the potential for delays with the manual preapproval process and claim reimbursement. Any issues that arise are the responsibility of the agent/DM to resolve.



## FAQ

### Q: What do I do if I ordered a sign and I find out it is not compliant?

A: If a sign was ordered from a local vendor it is the agent's/DM's responsibility to ensure that it is compliant. You will need to work with your vendor to correct your sign or replace it to be compliant. Note: a preapproval is not a guarantee that a sign will be manufactured and/or installed properly. Placement, usage and materials used for the sign are also items for compliance that cannot be tracked through preapproval. If your sign is purchased from a full service custom sign vendor and you are being asked to replace the work that was completed, please contact Agency Marketing directly.

### Q: What are the repercussions if I ordered a sign from a vendor who did not file a licensing agreement with Farmers?

A: The agent/DM is responsible to ensure the vendor they hire is properly licensed to use the Farmers logo and trademark. If the vendor installs a sign that is found to be non-compliant the agent/DM will be responsible for replacing the sign.

### Q: What are the repercussions if I ordered a sign from a vendor, with a licensing agreement but I did not get pre-approval from Agency Marketing?

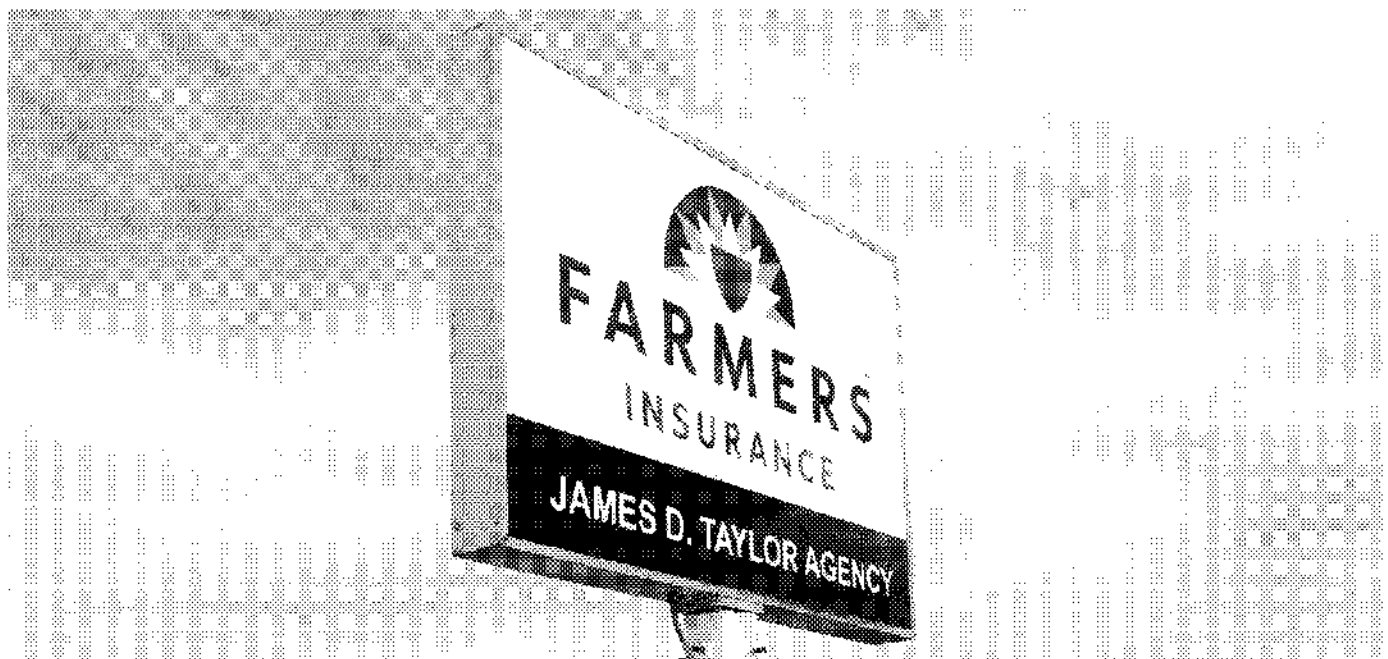
A: The agent/DM is responsible for getting a preapproval for all sign projects completed with local vendors. If the sign is not preapproved, the agent may not proceed with the vendor and may be required to have the design redone if the sign is not compliant.

### Q: Why does it take our full service custom vendors so long to produce a sign?

A: During the extensive on-boarding process of our custom sign vendors it was determined that signage does take an average of 15 weeks to be done accurately according to Farmers brand standards. If you are experiencing customer service issues please let the Agency Marketing Sign Concierge know. They can be reached at (877) 812-2732 or email at [signs@agentmarketingsupport.com](mailto:signs@agentmarketingsupport.com). Please note, the Signs Concierge does not work for the full service custom sign vendor; they will document your concern and escalate for review.

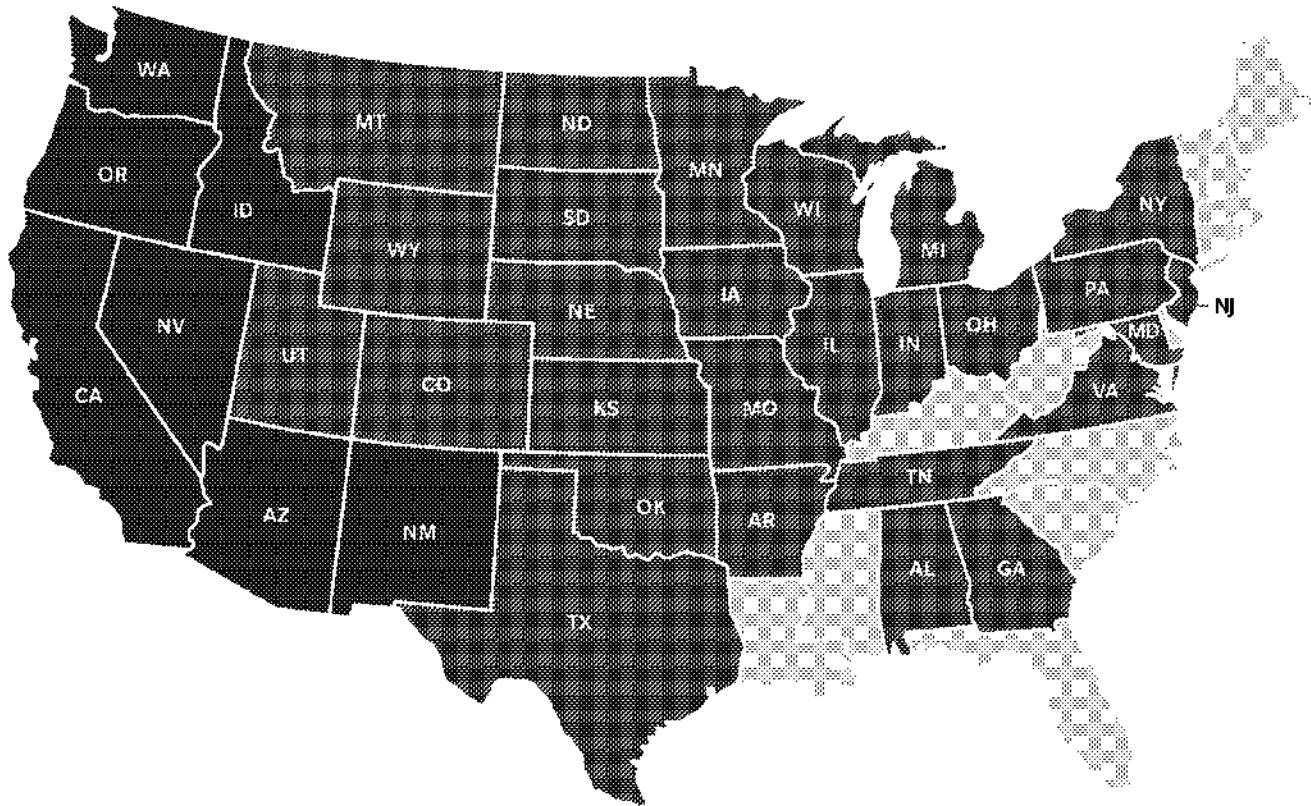
# SIGN VENDOR OPTION COMPARISON

	Full service custom – ICON and Coast	À la carte – Fast Signs National, SDDI	Local vendors – Fast Signs franchises
Turn key process	Yes	Yes	No
Trademark license and pre approval required	No	No	Yes
Site survey, code check and permits provided by vendor	Vendor provides	Agent is responsible	Agent is responsible or local vendor provides
Product selection or brand book	Vendor provides	Agent is responsible	Agent is responsible or local vendor provides
Sign shipped	Vendor provides	Vendor provides	Agent is responsible or local vendor provides
Sign installed	Vendor provides	Agent is responsible	Agent is responsible or local vendor provides
Manual Agency Marketing claim required	No	No	Yes
Issues with sign compliance	Vendor is responsible to resolve	Vendor resolves for sign. Agent resolves for improper use and/or installation.	Agent is responsible
Cost share	50% on ALL products and services (including shipping, installation, taxes, etc.)	50% on manufactured sign cost ONLY	50% on manufactured sign cost ONLY
Purchase eligible for folio deduction (folio split options available)	Yes	Yes	No





# PREFERRED FULL-SERVICE SIGN VENDORS



**Coast** (Western Zone)  
WA, OR, ID, CA, NV, AZ, NM  
Contact: [farmers@coastsign.com](mailto:farmers@coastsign.com)  
or call (714) 999-1915



**ICON** (Central, East and Eastern Expansion Zones)  
MT, WY, UT, CO, TX, ND, SD, NE, KS, OK, MN,  
IA, MO, AR, WI, IL, MI, IN, OH, TN, AL, VA, NY,  
PA, NJ, MD, GA  
Contact: [farmers@iconid.com](mailto:farmers@iconid.com)  
or call (866) 442-6643



# **EXHIBIT T**

ZOLTAN NAGY  
August 24, 2020

1

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
CITY AND COUNTY OF LOS ANGELES

IRENE PARRY, individually and  
on behalf of all others  
similarly situated, JEANETTE  
O'SULLIVAN, individually and  
on behalf of all others  
similarly situated,  
Plaintiffs,

Case No. BC683856

vs.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; and  
FIRE INSURANCE EXCHANGE,  
Defendants.

---

REMOTE VIDEO-RECORDED DEPOSITION OF ZOLTAN NAGY  
MONDAY, AUGUST 24, 2020, 9:03 A.M.  
LOCATION OF DEPONENT: FOOTHILL RANCH, CALIFORNIA

Reported Stenographically and remotely by  
Harry Alan Palter, Licensed California CSR No. 7708

1 some calculation involved in figuring out whether  
2 the owner -- whether the agent got 25 percent, zero  
3 percent or 100 percent waiver in a particular month.

4 Was there a particular method of  
5 communicating how much was waived each month?

6 A Yes. I believe there was a communication  
7 that was created that was sent to the agent. And  
8 they could also track and monitor it, I believe, on  
9 their folio. There was a section on their folio  
10 that indicated that it was part of the platform  
11 program loan.

12 Q Just so there's a notation on the folio  
13 that they -- the amount that was waived in a  
14 particular month?

15 A I believe there was, yes.

16 As I indicated, it's been a while since I  
17 reviewed it, but I do believe on their folio, they  
18 were able to look at what portion of loan was  
19 deducted from their account if they had to pay back  
20 the loan.

21 Q And did it state whether the --  
22 (Certified stenographer interruption)

23 BY MR. STOCK:

24 Q Was there any notation provided or  
25 communication provided to the agent stating whether

1 or not the amount of the waivable loan that was  
2 forgiven was intended to forgive -- to reimburse the  
3 agents for specific expenses they had incurred?

4 A It had nothing to do with expenses that  
5 agents incurred.

6 Q Okay.

7 A Nothing to do with expenses. We didn't  
8 track or monitor or expect anything. We provided  
9 the money up front. And the agent decided to do  
10 what they wanted with that money.

11 As I indicated earlier, our hope would be  
12 they invested it to grow their agency.

13 Q In Exhibit 624, there's a section  
14 about -- on page 3, I think, about consumer reports.  
15 Why would Farmers want to get a consumer report for  
16 each agent?

17 A You're asking me about section 8?

18 Q Yes.

19 A "If the agent fails in any  
20 respect to repay this waivable  
21 loan, agent hereby authorizes  
22 consumer reporting agency to  
23 furnish consumer reporting."

24 Yeah, so Farmers advised the agents that  
25 if in an indication -- or an instance that they

# **EXHIBIT U**

SHAWN KITTS  
August 4, 2020

1

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
CITY AND COUNTY OF LOS ANGELES

IRENE PARRY, individually and  
on behalf of all others  
similarly situated, JEANETTE  
O'SULLIVAN, individually and  
on behalf of all others  
similarly situated,

Case No. BC683856

Plaintiffs,

vs.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; and  
FIRE INSURANCE EXCHANGE,

Defendants.

---

REMOTE VIDEO-RECORDED DEPOSITION OF SHAWN KITTS  
TUESDAY, AUGUST 4, 2020, 9:20 A.M.  
LOCATION OF DEPONENT: MOORPARK, CALIFORNIA

Reported Stenographically and remotely by  
Harry Alan Palter, Licensed California CSR No. 7708

1 provides the native Excel spreadsheet for the  
2 estimated potential income calculator worksheet; is  
3 that correct?

4 A Yes.

5 Q Okay. And then my question is: In your  
6 position as a Market Leader, would you be able to  
7 determine whether an agent, after having submitted  
8 this as part of this process, was, in fact, making  
9 the income that had been estimated in this pro  
10 forma? Is that something you had access to or not?

11 A You mean -- I have access to folio  
12 information, an agent's folio.

13 Q Okay. Does the folio have -- so the  
14 folio would include things like the commission  
15 total. Would it include -- would it include  
16 expenses?

17 A No.

18 MS. BAISCH: Okay. I would like to take  
19 just a short break and potentially wrap up.

20 THE CERTIFIED STENOGRAPHER: Okay. Off  
21 the record.

22 THE VIDEO OPERATOR: And we're going off  
23 the record at 3:30.

24 (Off the record)

25 THE VIDEO OPERATOR: And we are back on



# **EXHIBIT V**

Gretchen M. Nelson (SBN 112566)  
Gabriel S. Barenfeld (SBN 224146)  
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Kara A. Elgersma (PHV)  
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Erin K. Dickinson, Esq. (PHV)  
Krista K. Baisch, Esq. (PHV)  
**CRUEGER DICKINSON LLC**  
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Email: cjc@cruegerdickinson.com  
Email: ekd@cruegerdickinson.com

Gregory F. Coleman, Esq. (PHV)  
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PHILLIPS GROSSMAN, PLLC**  
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Knoxville, TN 37929  
Tel.: (865) 247-0080  
Email: greg@gregcolemanlaw.com

*Attorneys for Plaintiffs and Proposed Class*

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES

IRENE PARRY, individually and on behalf  
of all others similarly situated; JEANETTE  
O’SULLIVAN, individually and on behalf  
of all others similarly situated,

Plaintiffs,  
v.

FARMERS INSURANCE EXCHANGE;  
TRUCK INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE.; FARMERS  
GROUP, INC.; and DOES 1-100,

Defendants.

Case No.: BC683856

Hon. Amy Hogue, SS Dept. 007

**DECLARATION OF GREGORY F.  
COLEMAN IN SUPPORT OF  
PLAINTIFFS’ UNOPPOSED MOTION  
FOR PRELIMINARY APPROVAL OF  
CLASS ACTION SETTLEMENT**

DATE: December 16, 2021

TIME: 10:00 a.m.

DEPT: SS 007

COMPLAINT FILED: November 16, 2017

Trial Date: Not Set

1  
2 I, Gregory F. Coleman, declare as follows:

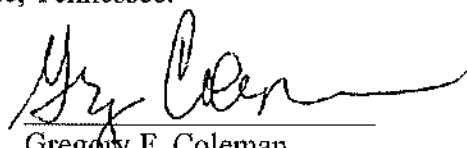
3 1. I am a senior partner at Milberg Coleman Bryson Phillips Grossman, PLLC,  
4 successor firm to Greg Coleman Law PC, and am one of the attorneys representing Plaintiffs and  
5 the Class in the above-captioned matter. I have been admitted to appear *pro hac* in this case.

6 2. This declaration is submitted in support of the Motion for Preliminary Approval of  
7 Class Settlement in this matter, and in response to this Court's Minute Order of October 27.

8 3. To the best of my knowledge following reasonable investigation, there are no  
9 conflicts between this law firm and the members of the Class in this matter.  
10

11 I declare under penalty of perjury of the laws of the State of California that the foregoing is  
12 true and correct.

13 Executed on this 23rd day of November, 2021 in Knoxville, Tennessee.  
14

15 By:   
16 Gregory F. Coleman  
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# **EXHIBIT W**

# Exhibit W

1 Gretchen M. Nelson (SBN 112566)  
 2 Gabriel S. Barenfeld (SBN 224146)  
**NELSON & FRAENKEL LLP**  
 3 601 S. Figueroa, Suite 2050  
 Los Angeles, CA 90017  
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 Email: gbarenfeld@nflawfirm.com

5 Edward A. Wallace (PHV)  
 6 **WALLACE LEGAL GROUP LLC**  
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 8 Email: eaw@wallacelegallgroupllc.com

9 Charles J. Crueger, Esq. (PHV)  
 Erin K. Dickinson, Esq. (PHV)  
 10 Krista K. Baisch, Esq. (PHV)  
**CRUEGER DICKINSON LLC**  
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 12 Tel.: (414) 210-3868  
 Email: cjc@cruegerdickinson.com  
 13 Email: ekd@cruegerdickinson.com  
 Email: kkb@cruegerdickinson.com

14 *Attorneys for Plaintiffs and Proposed Class*

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Kara A. Elgersma  
**WEXLER BOLEY & ELGERSMA LLP**  
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 Chicago, IL 60603  
 Tel.: (312) 346-2222  
 Email: kae@wbe-llp.com

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
 17 COUNTY OF LOS ANGELES

18 IRENE PARRY, individually and on behalf of )  
 all others similarly situated; JEANETTE )  
 19 O’SULLIVAN, individually and on behalf of )  
 all others similarly situated, )

20 Plaintiffs, )

21 v. )

22 FARMERS INSURANCE EXCHANGE; )  
 23 TRUCK INSURANCE EXCHANGE; FIRE )  
 24 INSURANCE EXCHANGE; FARMERS )  
 25 GROUP, INC.; and DOES 1-100, )

26 Defendants. )

Case No.: BC683856

Hon. Amy Hogue, SS Dept. 007

**DECLARATION OF EDWARD A. WALLACE IN SUPPORT OF PLAINTIFFS’ UNOPPOSED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT**

DATE: December 16, 2021

TIME: 10:00 a.m.

DEPT: SS 007

COMPLAINT FILED: November 16, 2017

TRIAL DATE: Not Set

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I, Edward A. Wallace, declare as follows:

1. I am a partner with Wallace Legal Group LLC and am one of the attorneys representing Plaintiffs and the Class in the above-captioned matter. I have been admitted to appear *Pro Hac Vice* in this case.

2. This declaration is submitted in support of the Motion for Preliminary Approval of Class Settlement in this matter, and in response to this Court’s Minute Order of October 27.

3. To the best of my knowledge following reasonable investigation, there are no conflicts between this law firm and the members of the Class in this matter.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 23rd day of November 2021 in Chicago, IL.



---

Edward A. Wallace

# **EXHIBIT X**

Gretchen M. Nelson (SBN 112566)  
Gabriel S. Barenfeld (SBN 224146)  
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Email: gbarenfeld@nflawfirm.com

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Krista K. Baisch, Esq. (PHV)  
**CRUEGER DICKINSON LLC**  
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Email: ekd@cruegerdickinson.com  
Email: kkb@cruegerdickinson.com

*Attorneys for Plaintiffs and the Class*

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Gregory F. Coleman, Esq. (PHV)  
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GROSSMAN, PLLC**  
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Knoxville, TN 37929  
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Email: greg@gregcolemanlaw.com

Kara A. Elgersma (PHV)  
**WEXLER BOLEY & ELGERSMA LLP**  
55 W. Monroe Street - Suite 3300  
Chicago, IL 60603  
Tel.: (312) 346-2222  
Email: kae@wbe-llp.com

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES

IRENE PARRY, individually and on  
behalf of all others similarly situated;  
JEANETTE O’SULLIVAN, individually  
and on behalf of all others similarly  
situated,

Plaintiffs,

v.

FARMERS INSURANCE  
EXCHANGE; TRUCK  
INSURANCE EXCHANGE; FIRE  
INSURANCE EXCHANGE;  
FARMERS GROUP, INC.; and  
DOES 1-100,

Defendants.

Case No. BC683856  
Hon. Amy Hogue, SS Dept. 007

**DECLARATION OF GABRIEL S.  
BARENFELD IN SUPPORT OF  
PLAINTIFFS’ UNOPPOSED MOTION  
FOR PRELIMINARY APPROVAL OF  
CLASS ACTIONS SETTLEMENT**

Complaint Filed: November 16, 2017  
Trial Date: Not Set



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**DECLARATION OF GABRIEL S. BARENFELD**

I, Gabriel S. Barenfeld, declare as follows:

1. I am an attorney with the law firm of Nelson & Fraenkel LLP and am one of the attorneys representing Plaintiff in the above-captioned matter.

2. I have personal knowledge of the facts stated herein, which I believe to be true.

3. This declaration is submitted in support of Plaintiffs’ Motion for Preliminary Approval of Class Action Settlement and in response to this Court’s Minute Order of October 27, 2021.

4. To o the best of my knowledge following reasonable investigation, there are no conflicts between this law firm and the members of the Class in this matter.

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct.

Executed on December 23, 2021, in Los Angeles, California.

By: *Gabriel Barenfeld*  
Gabriel S. Barenfeld

# **EXHIBIT Y**

# Exhibit Y

1 Gretchen M. Nelson (SBN 112566)  
2 Gabriel S. Barenfeld (SBN 224146)  
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10 Email: [eaw@wallacelegallgroupllc.com](mailto:eaw@wallacelegallgroupllc.com)

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16 Email: [cjc@cruegerdickinson.com](mailto:cjc@cruegerdickinson.com)  
17 Email: [ekd@cruegerdickinson.com](mailto:ekd@cruegerdickinson.com)  
18 Email: [kkb@cruegerdickinson.com](mailto:kkb@cruegerdickinson.com)

*Attorneys for Plaintiffs and Proposed Class*

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
17 COUNTY OF LOS ANGELES

18 IRENE PARRY, individually and on behalf of )  
19 all others similarly situated; JEANETTE )  
20 O'SULLIVAN, individually and on behalf of )  
21 all others similarly situated, )

22 Plaintiffs, )

23 v. )

24 FARMERS INSURANCE EXCHANGE; )  
25 TRUCK INSURANCE EXCHANGE; FIRE )  
26 INSURANCE EXCHANGE; FARMERS )  
27 GROUP, INC.; and DOES 1-100, )

28 Defendants. )

Gregory F. Coleman, Esq. (PHV)  
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Email: [kae@wbe-llp.com](mailto:kae@wbe-llp.com)

) Case No.: BC683856

) Hon. Amy Hogue, SS Dept. 007

) **DECLARATION OF KARA A.**  
) **ELGERSMA IN SUPPORT OF**  
) **PLAINTIFFS' UNOPPOSED MOTION**  
) **FOR PRELIMINARY APPROVAL OF**  
) **CLASS ACTION SETTLEMENT**

) DATE: January 21, 2022

) TIME: 3:00 p.m.

) DEPT: SS 007

) COMPLAINT FILED: November 16, 2017

) TRIAL DATE: Not Set

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I, Kara A. Elgersma, declare as follows:

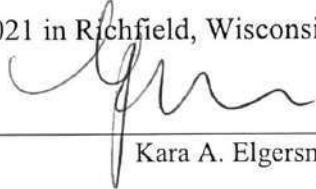
1. I am a partner with Wexler Boley & Elgersma LLP am one of the attorneys representing Plaintiffs and the Class in the above-captioned matter. I have been admitted to appear *Pro Hac Vice* in this case.

2. This declaration is submitted in support of the Motion for Preliminary Approval of Class Settlement in this matter, and in response to this Court’s Minute Order of October 27.

3. To the best of my knowledge following reasonable investigation, there are no conflicts between this law firm and the members of the Class in this matter.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 23rd day of December, 2021 in Richfield, Wisconsin.

  
\_\_\_\_\_  
Kara A. Elgersma

# **EXHIBIT Z**

**CLASS ACTION SETTLEMENT AGREEMENT**

This Class Action Settlement Agreement (“Agreement”) is made by and between plaintiffs Irene Parry and Jeanette O’Sullivan (“Class Representatives”) and the members of the certified Class which they represent (collectively with the Class Representatives, “Plaintiffs”), on the one hand, and defendants Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange (collectively, the “Exchange Defendants”) and Farmers Group, Inc. (“FGI” and collectively with Exchange Defendants, “Defendants”), on the other.

**RECITALS**

A. On November 16, 2017, the Class Representatives filed a class action complaint in the Superior Court of California, County of Los Angeles (the “Court”), styled *Irene Parry, et al. v. Farmers Insurance Exchange, et al.*, Case No. BC 683586 pending before the Honorable Amy D. Hogue (the “Action”). The Action alleges that the Exchange Defendants: (1) violated California Labor Code § 2802 by misclassifying them and other Exchange Defendants’ insurance agents (or, the class), in California as independent contractors, including by establishing certain programs during the Settlement Class Period combined with the no-cause termination provision in the Plaintiffs’ contractual agreements with Exchange Defendants, thus requiring the Class Representatives and the other agents to incur necessary business expenses without reimbursing them for such expenses; and (2) the Exchange Defendants engaged in unlawful, unfair and/or fraudulent business practices within the meaning of California Business and Professions Code § 17200 *et seq.* by: (a) failing to reimburse the Class Representatives and the class for all reasonable business expenses; (b) misrepresenting to the Class Representatives and the class that they own their Farmers’ agencies; and (c) intentionally misclassifying the Class Representatives and the class as independent contractors.

B. On October 29, 2019, the Class Representatives amended their complaint reasserting the claims in their original complaint against the Exchange Defendants and (1) alleging that FGI was also liable with the Exchange Defendants for violating California Labor Code § 2802 and California Business and Professions Code § 17200 *et seq.*; (2) alleging that FGI was liable under California Labor Code § 2753 for advising the Exchange Defendants to treat the Class as independent contractors to avoid employee status for these individuals.

C. On March 5, 2021, the Court issued its final order granting class certification of the Class Representatives’ claims against Defendants and certifying a class of all individuals who signed Farmers Agent Appointment Agreement and worked as a Farmers agent in the State of California.

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D. On May 28, 2021, the Court of Appeal for the State of California, Second Appellate District, denied Defendants' petition for a writ of mandate. (Case No. B312051.)

E. Defendants and the Released Parties (as defined below) deny that they have engaged in any unlawful activity, have failed to comply with the law in any respect, have any liability to anyone under the claims asserted in the Action, or that the claims raised in the Action are appropriate for certification. Defendants deny each and every allegation by Plaintiffs and/or the Settlement Class (defined below). Defendants contend that Plaintiffs were properly classified as independent contractors and are therefore not entitled to any benefits or statutory protections to which employees may be entitled. This Agreement is entered into solely for the purpose of compromising disputed claims. This settlement and the fact that Plaintiffs and Defendants were willing to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (other than solely in connection with effectuating this Agreement). Nothing in this Agreement is intended or shall be construed as an admission by Defendants of any liability or wrongdoing as to Plaintiffs, Settlement Class Members, or any other person, and Defendants specifically disclaim any such liability or wrongdoing. Moreover, this Agreement is not, and it should not be construed as, any admission of fact or law in this matter or any other matter that a class action is appropriate. The Parties have entered into this Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience, expenses, and risks.

F. Plaintiffs and Defendants prepared for and engaged in a formal, in-person, full-day mediation on June 1, 2021 with an experienced mediator, Randall W. Wulff, Esq. This mediation was preceded by a full-day mediation with the Honorable Louis Meisinger on August 13, 2018 and a full-day mediation with Barbara Reeves, Esq. on April 7, 2021.

G. The Parties have conducted substantial formal discovery and investigation in connection with the claims asserted in the Action. The Parties have propounded substantial written discovery, made substantial productions of documents, and researched and briefed the relevant legal and factual issues arising from all of the claims that are alleged in, or could have been alleged in, the Action. Approximately fifteen depositions have been taken in this case. Settlement Class Counsel also conducted numerous third party interviews. Each Plaintiff was deposed on two occasions and numerous current and former management level witnesses at the Defendants gave depositions. The Parties' discovery efforts and additional data that Settlement Class Counsel (defined below) obtained in advance of the mediation enabled the Parties to evaluate class wide exposure and their probability of prevailing at trial. Since the mediation, the parties have exchanged additional information about the scope of the class, data regarding the agents and programs the agents did or did not participate in, as well as other information that allowed them to further negotiate important terms of the claims process and other relief herein.

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H. It is the intention of the Parties to settle and dispose of, fully and completely, any and all claims, demands and causes of action, including all such claims arising from the alleged misclassification of Plaintiffs, that are, or could have been, set forth in the Action for the Settlement Amount and the other terms in this Settlement.

## 1. DEFINITIONS

The following terms shall have the meanings defined in this Section wherever used in this Agreement and in all of its exhibits:

- 1.1 **“Agreement”** means this settlement agreement and all exhibits attached to it.
- 1.2 **“Claim Form”** means the document substantially in the versions attached hereto as Exhibit B and Exhibit C, as approved by the Court, with modifications to be permitted for formatting or for online processing on the Settlement Website. The Claim Form shall be completed by Settlement Class Members who wish to file a claim for a Claim Payment, and it shall be available in paper and electronic format. Claim Forms in paper format that are mailed and emailed (as applicable) with the Class Notice, and Claim Forms available in electronic format on the Settlement Website, will be pre-populated with a unique individual claim identifier, and the name, street address, and email address (if available) of the Settlement Class Member available from Defendants’ records. In addition, Claim Forms will be available in electronic format on the Settlement Website that are not pre-populated.
- 1.3 **“Claims Deadline”** refers to a Settlement Class Member having until no later than one hundred (100) calendar days from the date Class Notice is mailed to submit his or her Claim Form to the Settlement Administrator, subject to any extension for re-mailed notices in section 9.6.
- 1.4 **“Claim Form Review Process”** refers to the process described in Section 10.3.
- 1.5 **“Claim Payment”** means payment to an individual Settlement Class Member who did not timely submit a valid Request for Exclusion by the Exclusion Deadline and who submits a timely and valid Claim Form.
- 1.6 **“Class Representatives”** means plaintiffs Irene Parry and Jeanette O’Sullivan.
- 1.7 **“Defendants”** means Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, and Farmers Group, Inc.

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1.8 **“Defendants’ Counsel”** means counsel of record for Defendants, Locke Lord LLP and Tharpe & Howell, LLP.

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1.9 **“Direct Payment”** means payment to individual Settlement Class Member allocated and paid without a requirement to submit a Claim Form.

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1.10 **“Effective Date”** means the date on which the following have occurred: (1) all conditions of the settlement that can be accomplished prior to the Effective Date come into existence; (2) the Court has entered the Final Approval Order and Judgment; and (c) the Court’s Judgment approving this Agreement becomes Final. Final shall mean the deadline for taking an appeal has passed, or, if there is an appeal of the Court’s Order Granting Final Approval and/or of any Order awarding or denying attorneys’ fees, costs, or service awards, the day after all appeals are fully and finally resolved in favor of final approval of the Agreement.

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1.11 **“Exchange Defendants”** means Farmers Insurance Exchange, Fire Insurance Exchange, and Truck Insurance Exchange.

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1.12 **“Exclusion Deadline”** means a date that is sixty (60) calendar days after the date that the Notice is initially mailed to Settlement Class Members and is the deadline by which Settlement Class Members’ Requests for Exclusion must be submitted electronically or postmarked in order to be timely.

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1.13 **“Final Approval Hearing”** means the hearing scheduled by the Court to consider: (a) whether to finally approve this Agreement; (b) Settlement Class Counsel’s application for Attorneys’ Fees, Expenses, and Class Representative Service Awards; and (c) the issuance of such other rulings as are contemplated by this Agreement or as modified by any subsequent mutual agreement of the Parties in writing and approved by the Court. [The Parties will request that the Court schedule the Final Approval Hearing at least thirty \(30\) days after the Claims Deadline.](#)

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1.14 **“Fees, Awards, and Expenses”** means (i) attorneys’ fees, costs, and expenses, as set forth herein and as awarded by the Court; (ii) service awards to Settlement Class Representatives as set forth herein and as awarded by the Court; and (iii) the cost of administration of the settlement, including, without limitation, the fees of the Settlement Administrator up to a maximum of one hundred and fifty thousand dollars (\$150,000.00), excluding any additional charges by the Settlement Administrator related to Defendants’ Additional Submissions in the Claim Form Review Process outlined herein, which shall be borne entirely by the Defendants.

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- 1.15 **“Order Granting Final Approval”** means the final order entered by the Court after the Final Approval Hearing.
- 1.16 **“Order Granting Preliminary Approval”** means the Order entered by the Court preliminarily approving, *inter alia*, the terms and conditions of this Agreement, the manner and timing of providing Notice, and the time period for, and the manner of, the Requests for Exclusions, objections, and Claim Form submissions.
- 1.17 **“Parties”** means the Plaintiffs and Defendants.
- 1.18 **“Plaintiffs”** means, collectively, “Class Representatives” and “Settlement Class Members.”
- 1.19 **“Request for Exclusion”** means a writing signed by the Settlement Class Member and submitted to the Settlement Administrator that includes his or her name, address, and telephone number, and expressly states the desire to be excluded from the Settlement Class.
- 1.20 **“Settlement Administrator”** means A.B. Data, Ltd., as approved by the Court.
- 1.21 **“Settlement Class”** means the class defined in Section 5.
- 1.22 **“Settlement Class Counsel”** means Charles Crueger and Erin Dickinson of Crueger Dickinson LLC and Edward A. Wallace of Wallace Legal Group LLC as Lead Class Counsel and, Milberg Coleman Bryson Phillips Grossman, PLLC, Nelson & Fraenkel LLP, and Wexler Boley & Elgersma LLP as additional Settlement Class Counsel.
- 1.23 **“Settlement Class Member”** means all persons included in the Settlement Class.
- 1.24 **“Settlement Class Representatives”** means plaintiffs Irene Parry and Jeanette O’Sullivan, as approved by the Court.

**2. MUTUAL FULL COOPERATION**

The Parties and their counsel agree to cooperate fully with each other to promptly execute all documents and take all steps necessary to effectuate the terms and conditions of this Agreement.

**3. APPOINTMENT OF SETTLEMENT ADMINISTRATOR**

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**3. APPOINTMENT OF SETTLEMENT ADMINISTRATOR**

The Parties stipulate to and seek the Court’s order appointing A.B. Data, Ltd. to act as the Settlement Administrator for purposes of this settlement, subject to the Court’s approval. The Settlement Administrator shall be responsible for, among other matters:

3.1 Mailing and emailing (as applicable) of the Notice Package (as defined in Section 9.1 below) to potential Settlement Class Members and receiving Claim Forms (as described in Section 9 below), written Requests for Exclusions and written Objections (as applicable);

3.2 After entry of the Court’s Order Granting FinalPreliminary Approval, the Settlement Administrator shall determine the timeliness and completeness of submissions of Claim Forms (as set forth in Section 9 below), resolve any dispute by any member of the Settlement Class as to any factor or issue regarding the computation of that member’s Settlement Class’s Direct Payment or Claim Payment (as defined in Section 10 below), disputed by any member of the Settlement Class or that is part of the Claim Form Review Process; and the Settlement Administrator’s decision on any such issue or dispute shall be final, binding, and non-appealable;

3.3 Resolving any disputes regarding membership in the Settlement Class as defined in Section 5 of this Agreement and the Settlement Administrator’s decision on any such issue or dispute shall be final, binding, and non-appealable;

3.4 IssuingAfter the Effective Date, issuing the Direct Payments and Claim Payments and complying with any necessary reporting as set forth in Section 10; and

3.5 Collecting any necessary tax information from members of the Settlement Class in order to comply with necessary reporting as set forth in Section 10.

**4. SETTLEMENT CLASS PERIODCLASS PERIOD**

The Settlement Class Period will be from November 16, 2013 to the date of the Court’s Order Granting Preliminary Approval.

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**THE SETTLEMENT CLASS**

**5. THE SETTLEMENT CLASS**

**5.1 Class Definition**

For purposes of this settlement only, the Parties agree that the "Settlement Class" is defined as follows:

All individuals who (i) signed a Farmers Agent Appointment Agreement or a Farmers Corporate Agent Appointment Agreement and (ii) worked as a Farmers agent or Supervising Agent for an incorporated Farmers agency in the State of California at any time between November 16, 2013 to the date that the Court grants preliminary approval of the Settlement.

**5.2 Persons Expressly Excluded From the Settlement Class**

Any individual who is not a natural, living person (i.e., an entity) shall be excluded from the definition of the Settlement Class. Also excluded from the Settlement Class is any person who during the Settlement Class period: (i) settled the claims asserted in this Action, (ii) released the claims asserted in this Action as part of a settlement of one or more claims asserted under the California Labor Code, (iii) received an adverse final judgment or order in a civil or administrative action involving the claims asserted in this Action, or (iv) received awards through civil or administrative actions for the claims asserted in this Action. Any person who excludes themselves from the Settlement Class pursuant to Section 5.4 is not a member of the Settlement Class.

The Parties agree that Defendants have the burden to timely provide Settlement Class Counsel with a list of names of persons excluded from the Settlement Class under (i) or (iv) in this Section 5.2 along with documents establishing that one or more of those conditions for exclusion are satisfied. The Parties agree that Defendants are not obliged to produce confidential settlement documents and that documents publicly filed in Court referencing a settlement (such as a Notice of Settlement or a Minute Order reflecting a settlement) would satisfy Defendants' obligations under this Section.

**5.3 Certification of the Settlement Class and Appointment of Settlement Class Representatives/Class Counsel**

Solely for the purposes of implementing this Agreement and effectuating the settlement, Defendants shall not oppose a request by the Class Representatives that the Court enter an order preliminarily certifying the Settlement Class, appointing the Class Representatives as Settlement Class Representatives, and appointing Charles Crueger and Erin Dickinson of Crueger Dickinson LLC and Edward A. Wallace of Wallace Legal Group, LLC as Lead Settlement Class Counsel and, Milberg Coleman Bryson Phillips

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Grossman, PLLC, Nelson & Fraenkel LLP, and Wexler Boley & Elgersma LLP as additional Settlement Class Counsel (all referred to herein as Settlement Class Counsel). In the event that this settlement does not receive final approval from the Court (or if a final approval order is reversed on appeal), no party shall use this provision or the certification of the Settlement Class, the appointment of Settlement Class Representatives and Settlement Class Counsel for any purpose whatsoever in the Action or in any other action or proceeding. Upon entry of final approval of the settlement, the class currently certified by the court will be modified to include the definition of the Settlement Class defined herein and as to each of the Defendants.

#### 5.4 Individuals' Right to Exclude Themselves from the Settlement Class

Potential Settlement Class Members who wish to exclude themselves from the Settlement Class and from participation in the proceeds of the settlement must submit a Request for Exclusion (via U.S. mail, email, or fax) pursuant to the instructions in the Notice and such a request must be sent, or postmarked if sent by U.S. mail, no later than the Exclusion Deadline, except that those potential Settlement Class Members who receive a re-sent Notice shall be informed (via an insert in the Notice) that their time to submit a Request for Exclusion to the Settlement Administrator shall be the longer of: (1) thirty (30) days from the date the re-sent Notice is mailed; or (2) the Exclusion Deadline. A written Request for Exclusion must be signed by the potential Settlement Class Member (if by U.S. mail or fax) and include his or her name, address, and telephone number, and expressly state the desire to be excluded. A Request for Exclusion shall not be invalid for failure to provide all the requested information so long as the Settlement Administrator can ascertain the individual's status as a Class Member and the individual's desire to exclude himself or herself from the Settlement Class.

Any Settlement Class Member who does not provide the Settlement Administrator with a timely, written Request for Exclusion waives the right to do so in the future and shall be bound by all the terms and conditions of this Agreement, including the release of identified claims set forth hereinafter, whether or not he or she submits a Claim Form. In the event a potential Settlement Class Member both purports to exclude himself or herself from the Settlement Class and submits a Claim Form, he or she will be considered to have submitted a valid Claim Form only, and will be deemed not to have excluded himself or herself from the settlement so long as the Settlement Class Member submits a written and signed withdrawal of the Request for Exclusion to the Settlement Administrator. Otherwise, the Settlement Class Member will be deemed to have excluded himself or herself from the settlement.

#### 5.5 Defendants' Right to Void Settlement Due to Number of Requests for Exclusions Received

If the number of persons that submit Requests for Exclusion to the Settlement Administrator on a timely basis is equal to or in excess of fifteen percent (15%) of the

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number of potential Settlement Class Members to whom Notices are mailed, Defendants shall have the option, in their sole and absolute discretion, to be exercised within thirty (30) calendar days of receiving notice of the total percentage of Requests for Exclusion, to void this Agreement and the Parties' settlement by notifying Settlement Class Counsel in writing of their intention to do so. The Agreement and the Parties' settlement shall become void seven (7) calendar days after the delivery of such written notification unless, during that period, the Parties agree in writing to a mutually acceptable resolution and thereafter the Court approves such resolution. In the event Defendants exercise their option to void the Agreement under this provision: (a) the Preliminary Approval Order and all of its provisions shall be vacated by its own terms; (b) the Action shall revert to the status that existed prior to the execution date of this Settlement Agreement; and (c) no term of this Settlement Agreement or any draft thereof, or of the negotiation, documentation, or other part or aspect of the Parties' settlement discussions, shall have any effect, nor shall any such matter be admissible in evidence for any purpose in the Action, or in any other proceeding.

**6. MONETARY CONSIDERATION BY DEFENDANTS**  
**6. MONETARY CONSIDERATION BY DEFENDANTS**

In consideration for the releases and other consideration set forth in this Agreement, Defendants agree to: (a) pay the individual Settlement Class Members pursuant to the payment procedure as described in Sections 10 and 11; (b) pay attorneys' fees, costs and expenses, as set forth herein and as awarded by the Court; (c) pay the Service Awards to Settlement Class Representatives as set forth herein and as awarded by the Court; (d) pay the cost of administration of the settlement, including, without limitation, the fees of the Settlement Administrator, as set forth hereinafter; and (e) implement the systemic and contract changes described in Section 7.

**6.1 Settlement Amount**

The "Settlement Amount" is the total sum of Seventy Five Million Dollars and No Cents (\$75,000,000.00), which apart from the exception for administrator expenses related to Additional Submissions by Defendants under the Claim Form Review Process, shall be the maximum amount and "all inclusive," including any payment of (i) individual Settlement Class Member payments pursuant to the payment procedure as described in Sections 10 and 11 herein; (ii) Fees, Awards, and Expenses. Under no condition will Defendants' liability exceed the Settlement Amount, except that Defendants agree to separately pay all administrator expenses the Settlement Administrator may incur related to Defendants' Additional Submissions under the Claim Form Review Process and making a final determination about a claim following Defendants' Additional Submissions. This means that no expenses the Settlement Administrator may incur related to Defendants' Additional Submissions under the Claim Form Review Process may be deducted from the Settlement Amount, but Defendants bear no additional financial responsibility for work related to Class Counsel's Additional Submissions and ordinary

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settlement administration costs, including the Settlement Administrator's costs in making its Initial Determinations and executing upon the Notice and Cure procedures that are unrelated to Defendants' Additional Submissions.

The Settlement Amount shall be distributed in the following order:

- 6.1.1 Direct Payments. Forty Million Dollars (\$40,000,000.00), net of Fees, Awards, and Expenses, shall be distributed pro rata (based on the Settlement Class Members' respective lengths of time as a California Farmers® agent/Supervising Agent during the Settlement Class Period) to Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline. Settlement Class Members need not make a claim to receive a Direct Payment.
- 6.1.2 Claim Payments. Thirty-Five Million Dollars (\$35,000,000.00), if and to the extent claimed and net of any Fees that may be deducted from any portion claimed, will be distributed to Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline and who submit a timely and valid Claim Form subject to and in accordance with the procedures described in Section 10. The amount paid to a Settlement Class Member who submits a timely and valid Claim Form shall be determined by the Settlement Administrator in accordance with the Claim Form Review Process. The Settlement Administrator has final authority to determine whether a claim is valid and payable and its decision is not subject to review or appeal. No Claim Payment made to a Settlement Class Member will exceed Ten Thousand Dollars (\$10,000.00). If the total value of the valid Claims determined to be payable by the Settlement Administrator exceeds \$35,000,000.00, the Claim Payment for each Claim will be adjusted by the percentage that the claims exceeded \$35,000,000.00 to ensure that everyone receives an equal proportional share. For example, if total claims equal \$40,000,000.00, then each person's Claim Payment would be adjusted so that they receive 87.5% of their valid and payable Claim ( $\$35M \div \$40M = 0.875$ ).
- 6.1.3 Within fifteen (15) business days of entry of an order granting Preliminary Approval of the settlement, Defendants shall cause \$40 million be paid by wire transfer into an interest-bearing escrow account established and administered by the Settlement Administrator, and which will be treated as a Qualified Settlement Fund within the meaning of 26 C.F.R. § 1.468B-1 ("Escrow Account"). If this Agreement does not receive final Court approval or Defendants elect to void the Agreement under section 5.5, and the Settlement does not reach the Effective Date, then the amount paid by Defendants into the

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Escrow Account (other than Court-approved settlement administration costs incurred by that date) shall within thirty (30) calendar days be returned to Defendants from the Escrow Account by the Settlement Administrator, along with any interest accrued thereon. For the sake of clarity, the parties agree that this means Defendants shall pay costs incurred by the Settlement Administrator even if the Court does not grant final approval or Defendants void the Agreement under section 5.5. After the Effective Date and within five (5) business days of the completion of the Claim Form Review Process, including the final determination of the amount of the Claim Payments by the Class Administrator, Defendants shall cause to be deposited into the Escrow Account an amount equal to the total amount of the valid Claims determined by the Settlement Administrator to be payable.

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6.1.4 The Settlement Class Members will each be responsible for their own tax obligations arising from their receipt of any settlement payment.

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## 6.2 Attorneys' Fees and Costs

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Defendants understand that Settlement Class Counsel will file an application for an award of attorneys' fees in an amount not to exceed 33% of the Settlement Amount. Settlement Class Counsel will in addition seek approval for reimbursement of costs and expenses of an amount not to exceed six hundred thousand dollars (\$600,000.00). Defendants agree not to object to such application up to such amounts. Settlement Class Counsel shall file their fee application at least sixty (60) calendar days before the Final Approval Hearing. For sake of clarity, the Parties agree that if the Court awards an amount of attorneys' fees that equals less than 33% of the Settlement Amount, that the difference will not revert to Defendants and will be distributed to Class Members, however, in no case shall any unclaimed portion of the Settlement Amount be reallocated or paid to the Settlement Class or to Settlement Class Counsel. Subject to Court approval, the Court will deduct the award of Costs, Service Awards, and 65% of the award of Fees from the Direct Payments and 35% of the award of Fees from the Claim Payments, however, in no case shall any such deductions or awards be taken from any unclaimed portion of the Settlement Amount.

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In the event that this settlement does not receive Final Approval from the Court (or if a final approval order is reversed on appeal), no Party shall use this provision or the award of attorneys' fees, costs, and expenses for any purpose whatsoever in the Action or in any other action or proceeding.

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## 6.3 Service Awards

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Settlement Class Counsel will file an application for approval of payment of Service Awards to the Settlement Class Representatives each in an amount not to exceed

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Forty Thousand Dollars (\$40,000.00). This award is in addition to each Settlement Class Representative's Direct Payment and Claim Payment, if any. Defendants agree not to object to such application. For sake of clarity, the Parties agree that if the Court awards Service Awards less than Forty Thousand (\$40,000), that the difference will not revert to Defendants and will be distributed to Class Members. Settlement Class Counsel shall file the petition for service awards at least sixty (60) calendar days before the Final Approval Hearing.

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## 7. SYSTEMIC AND CONTRACT CHANGES

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In addition to the monetary consideration described in Section 2.5, Defendants and Plaintiffs agree to the following systemic and contract changes in consideration of the promises and releases set forth in this Agreement and further agree with respect to their valuation of these changes:

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### 7.1 Changes to Agent Appointment Agreements and/or Corporate Agent Appointment Agreements

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Defendants agree to amend the Agent Appointment Agreement and Corporate Agent Appointment Agreement for all Settlement Class Members who do not timely submit a Request for Exclusion to:

7.1.1 eliminate the no-cause termination provision on three months' notice;

7.1.2 add a provision that the Agent/Supervising Agent may resign his or her appointment at any time with sixty (60) days written notice to the Companies (as defined in the Agent Appointment Agreement and Corporate Agent Appointment Agreement), or at an earlier date by mutual agreement of the parties;

7.1.3 add a provision allowing termination by the Companies on six (6) months' written notice if Agent/Supervising Agent fails to operate his or her agency or the corporate agency consistent with industry or professional standards *or* based on the Companies' changed business circumstances or market conditions;

7.1.4 eliminate the non-solicitation provision for the Settlement Class; and

7.1.5 add a mutual arbitration provision with a jury and class action waiver for certain claims arising from the Settlement Class Members' appointment under the Agent Appointment Agreement and/or Corporate Agent Appointment Agreement.

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The foregoing agreed-upon contract changes are set forth in the attached Addenda (Exhibit D.1 and D.2 to this Agreement). The Parties agree that the Addenda will be deemed mutually executed, binding and enforceable as of the Effective Date to any Settlement Class Member who does not submit a Request for Exclusion by the Exclusion Deadline.

7.2 Amendment of Agency Operations Manual

Defendants agree to remove the entire Customer Service Standards section (including 45 hour agency standard) from the Agency Operations Manual.

7.3 Agency Growth Model

Defendants agree to eliminate any policy that utilizes the Agency Growth Model for determining eligibility for bonuses or achievement clubs.

7.4 Independent Contractor Treatment and Complaint Procedure

Defendants agree that independent contractor insurance agents appointed in California are to be treated consistently with their independent contractor status, as set forth in the Agent Appointment Agreements and/or Corporate Agent Appointment Agreements, and to notify Defendants' personnel and district managers of this. Defendants further agree to establish a written Complaint Procedure for insurance agents to raise concerns related to independent contractor status and to identify a position independent of Farmers' territory leadership to serve as a single point of contact within the Complaint Procedure and allowing an agent to remain anonymous to her/his District Manager and/or Farmers territory leadership if she/he chooses when such issue is raised.

7.5 Agreement of Independent Contractor Status

Defendants and Settlement Class Members agree that nothing in this Settlement Agreement is intended to change, revise or alter provisions of the Agent Appointment Agreement between Defendants and Settlement Class Members that Settlement Class Members are independent contractors for all purposes, which Settlement Class Members hereby reaffirm.

**8. FILING OF MOTION TO CERTIFY SETTLEMENT CLASS**

As part of Plaintiffs' Motion for Preliminary Approval, Plaintiffs shall request the Court to certify the Settlement Class, as defined herein, for purposes of settling the Action. Defendants shall stipulate to certification of the Settlement Class for settlement purposes only. In the event that this settlement does not receive Final Approval from the Court (or if a final approval order is reversed on appeal), no party shall use this provision or the

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certification of the Settlement Class for any purpose whatsoever in the Action or in any other action or proceeding.

**9. NOTICE OF SETTLEMENT AND CLAIM FORM; TIME TO SUBMIT CLAIMS**

**9.1 Direct Notice of Settlement**

The Parties agree that within seven (7) calendar days of entry of the Court’s Order Granting Preliminary Approval: (i) Defendants will provide the potential Settlement Class Members’ contact information (mailing address, social security number, California insurance license number (if available), and current email address and telephone number, if available in Defendants’ records) to the Settlement Administrator. Within: (ii) Settlement Class Counsel will provide to the Settlement Administrator any potential Settlement Class Members’ contact information (mailing address, email address and telephone number) that potential Settlement Class Members have provided to Settlement Class Counsel; and (iii) Settlement Class Counsel will provide to the Settlement Administrator any potential Settlement Class Members’ contact information (email addresses) obtained from the United Farmers Agents’ Association. The Settlement Administrator will remove any duplicated contact information, validate the email addresses provided above (except email addresses for current agents provided by Farmers) and, within twenty-one (21) calendar days of preliminary approval of this Agreement (“Notice Date”), the Settlement Administrator will send to the potential Settlement Class Members by first class United States Mail, at their last known mailing address provided by Farmers, and by email (to the extent available and to each email address available for a potential Settlement Class Member), the following documents (collectively referred to as the “Notice Package”): (1) the Court-approved notice of the terms and conditions of this settlement in the form of a “Notice” agreed upon by the Parties (which will include instructions on how to submit a Request for Exclusion or file an objection), in substantially the same form as Exhibit “A” attached hereto; and (2) the Court-approved “Claim Form,” in substantially the same forms as Exhibit “B” or Exhibit “C” attached hereto. The Parties agree that if Notice mailed to a Settlement Class Member is returned as undeliverable, any alternative mailing address provided by Settlement Class Counsel or UFAA may be used to attempt re-delivery, along with any other mailing address the Settlement Administrator identifies in its normal skip tracing. The Parties further agree that if Notice is successfully delivered to at least one email address, Notice by email is deemed complete without need for skip tracing or additional efforts to re-email Notice.

The Notice to potential Settlement Class Members shall include:

- 9.1.1 the terms of the settlement, including the monetary components of the settlement available for Direct Payment (defined above) and the Claim Payment (defined above) and how Settlement Class Counsel’s fees will be paid;

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9.1.2 the Claims Deadline and the Exclusion Deadline as set forth in this Agreement, except as to those Settlement Class Members who receive the Notice pursuant to re-mailing, who will also have an additional thirty (30) calendar days from the date of re-mailing to submit a Request for Exclusion or a Claim Form);

9.1.3 The Settlement Administrator will send by mail and email (if available) a first reminder to all Settlement Class Members who have not submitted a Claim Form within thirty (30) calendar days after the Notice was sent, and a second reminder to all Settlement Class Members who have not submitted a Claim Form within sixty-five (65) calendar days after the Notice was sent.

9.1.4 a statement that any Claim Form or Request for Exclusion that is post-marked or submitted later than the applicable deadline will not be considered timely;

9.1.5 the name and address of the Settlement Administrator to which any Claim Form or Request for Exclusion must be submitted;

9.1.6 the deadline for submitting an objection to the settlement;

9.1.7 a pre-populated unique claim identifier assigned by the Settlement Administrator to each individual potential Settlement Class Member, which may be entered on the settlement website for access to a Claim Form; and

9.1.8 the URL for the settlement website established by the Settlement Administrator that provides further information about the settlement, including the online claim processing portal and important case documents.

## 9.2 Settlement Website

The Settlement Administrator will be create, launch, and maintain a Settlement Website, which will provide access to relevant settlement administration documents, including the Notice, relevant court filings, and the ability to submit a Claim Form online. The Settlement Website shall be live and active from the Notice Date, to at least sixty (60) calendar days after the last disbursement of settlement payments to Settlement Class Members. The URL of the Settlement Website shall be [farmersagentsettlement.com] or such other URL as the Parties may subsequently agree to.

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### 9.3 Creation and Maintenance of Telephone Support

The Settlement Administrator shall maintain a dedicated toll-free telephone number with an automated interactive voice response system from the Notice Date until sixty (60) days after the final disbursement of Claim Payments to Claiming Class Members. The voice response system will present callers with a series of choices to hear pre-recorded information concerning the settlement. If callers require further assistance, the Settlement Administrator shall provide live telephone support during business hours.

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### 9.4 Claim Form

The Claim Form shall inform such potential Settlement Class Members:

9.4.1 that the individual is believed to be a potential Settlement Class Member, based on Defendants' records;

9.4.2 that if the individual requests to be excluded from the Settlement Class, he or she will not be part of the Settlement Class and will not be allowed to submit a Claim Form;

9.4.3 that the identifying information of a Settlement Class Member contained on a submitted Claim Form will not be made known to the Defendants except for their legal department/legal counsel (internal and external). Defendants' legal department/legal counsel may disclose identifying information to designated personnel in Farmers' accounting and marketing departments who will assist with the Claims Form Review Process ("Designated Personnel") and who agree [by signing a written confidentiality agreement](#) to maintain such information in strict confidence and not to disclose such information to others working for Defendants, including Defendants' District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership. [The identities of Designated Personnel need not be disclosed to the Court or Settlement Class Counsel unless the Court orders otherwise.](#) Should Farmers need to involve others beyond Designated Personnel in the Claims Form Review Process, Farmers may seek approval from the Court, but Farmers agrees that such individuals would not include District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership;

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- 9.4.4 that to submit a valid claim, a Settlement Class Member must declare under penalty of perjury and, where applicable, provide documentary proof that he or she has paid necessary business expenses during the Settlement Class Period and meets other criteria to receive a Claim Payment, as set forth in Section 10.3, the Claim Form (Exhibit B), and the Claim Form Review Process;
- 9.4.5 that the Claim Form submitted to the Settlement Administrator must be properly completed and signed, either by hand or electronically through the settlement website;
- 9.4.6 that the failure to sign the Claim Form, to provide the requisite documentary proof, if required, or to provide accurate identifying information upon request may prevent validation of a Settlement Class Member's claim by the Settlement Administrator;
- 9.4.7 that a Settlement Class Member shall have until the Claims Deadline to submit his or her Claim Form to the Settlement Administrator; and
- 9.4.8 that a Settlement Class Member eligible for Direct Payment is not required to submit a Claim Form to receive his or her pro rata Direct Payment.

9.5 Distribution of Notice and Claim Form

The Settlement Administrator shall send the Notice Package to all potential Settlement Class Members who can reasonably be identified via first class United States Mail and email to all Settlement Class Members for whom Defendants have provided email addresses. Before the first mailing, the Settlement Administrator will perform a National Change of Address ("NCOA") search on the addresses for former agents who are part of the Settlement Class. The Settlement Administrator shall perform one skip trace as to any Notices (and accompanying documents) that are returned by the post office for invalid addresses within five (5) calendar days of its receipt of such returned Notice. For Notice Packets returned as undeliverable by the United States Postal Service without any forwarding addresses, the Settlement Administrator will attempt to obtain updated addresses using proprietary database resources to which it subscribes, as well as contact each Class Member by telephone to obtain updated mail and email addresses, and, in instances where updated addresses are found or obtained, will re-mail or email the Notice. Those potential Settlement Class Members who receive Notice pursuant to telephone contact or the skip trace or proprietary database resources shall be informed (via an insert in the Notice) that his or her time to submit a Claim Form or Request for Exclusion to the Settlement Administrator shall be the longer of: (1) thirty (30) calendar days from the date Notice is mailed to the updated address, (2) the Claims Deadline, for submission of a Claim Form; or (3) the Exclusion Deadline, for submission of a Request for Exclusion.

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The Settlement Administrator shall notify Settlement Class Counsel and Defendants' counsel of the identity of all potential Settlement Class Members who were sent Notice pursuant to a skip trace, or reference to the Settlement Administrator's proprietary database resources, and whose Notice was again returned. The Settlement Administrator shall provide such notification within seven (7) calendar days of its receipt of such returned Notice.

9.6 Time for Submission of Claim Forms

9.6.1 An individual Settlement Class Member who submits a timely and properly completed Claim Form shall be a "Claiming Class Member."

9.6.2 To be considered timely, a Claim Form must be received by the Settlement Administrator and electronically submitted or post-marked on or before the Claims Deadline, except as to those Settlement Class Members who receive Notice pursuant to the one skip trace or receive a Deficiency Notice but timely respond to such Deficiency Notice as defined and described below.

9.6.3 The Settlement Class Members who receive Notice pursuant to the one skip trace shall have until the longer of: (a) thirty (30) calendar days from the date Notice is re-mailed or (b) the Claims Deadline to submit a Claim Form.

9.6.4 The submission of a Claim Form will be deemed completed on the earlier of the date of electronic or mailed receipt by the Settlement Administrator or the postmark date on the envelope containing the Claim Form.

9.7 Defective Claim Forms

A Claim Form shall be defective if a Settlement Class Member fails to (1) make the required declaration/certification, (2) provide the requisite documentary proof to substantiate a claim, if required, as set forth in Section 10.3, (3) sign the form as required, and/or (4) provide accurate identifying information upon request.

If the Settlement Administrator receives a defective Claim Form, the Settlement Administrator shall return such form to the Settlement Class Member via first class mail (*i.e.*, provide a "Deficiency Notice") and email (if available) and instruct the Settlement Class Member as to the basis of the deficiency, and that he or she has until the later of (1) thirty (30) calendar days, plus three calendar days if the notice is provided by mail, or (2) the Claims Deadline, within which to correct, complete, supplement, and/or sign such form and return it to the Settlement Administrator via first class mail or electronically (by email or through the Settlement Website) and/or to provide the requested information to the Settlement Administrator. The Settlement Administrator will send only one

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Deficiency Notice per member of the Settlement Class. If a completed Claim Form, or the requested information is not received within said time frame or remains defective, the Claim Form shall be considered defective and invalid for purposes of this settlement, and the Administrator will deny the Claim without further review. The Settlement Administrator will provide the identity of Settlement Class Members who submitted defective Claim Forms to Settlement Class Counsel and Defendants' counsel at the same time a Settlement Class Member is provided a Deficiency Notice.

#### 9.8 Reports by Settlement Administrator

No later than sixty (60) calendar days prior to the Final Approval Hearing, the Settlement Administrator shall provide the Parties with a declaration (the "Claims Administration Declaration") setting forth the steps taken by the Settlement Administrator to provide notice to potential Settlement Class Members and send reminders, the number of undeliverable Notice Packages, the number of Requests for Exclusion, the number of Claims, and the Settlement Administrator's Initial and Final Determinations to date for each Claim, including the reasoning for any recalculation of amounts payable after the Initial Determination. The Claims Administration Declaration shall be filed in the public record, although information in the Claims Administration Declaration specific to each Claim, including the Initial and Final Determinations and the reasoning for any recalculation of the amounts payable after the Initial Determination, will be filed under seal.

No later than sixteen (16) calendar days prior to the Final Approval Hearing, Settlement Administrator shall provide the Parties with an updated Claims Administration Declaration that provides its Final Determinations for all Claims that shall, for each Claim, state the Settlement Administrator's Initial Determination of the amount payable, its Final Determination, and the reasoning for any recalculation of amounts payable after the Initial Determination. The Settlement Administrator shall also either update other information provided in the earlier Claims Administrator Declaration or state that the information has not changed. The Parties shall file the updated Claims Administration Declaration in the public record no later than sixteen (16) calendar days before the Final Approval Hearing, although information in the Claims Administration Declaration specific to each Claim, including the Initial and Final Determinations and the reasoning for any recalculation of the amounts payable after the Initial Determination, will be filed under seal.

Information included the original and updated Claims Administration Declarations that is filed under seal shall be disclosed only to Defendants' legal counsel/legal department (internal and external) and shall not be disclosed to any other person working for Defendants, including its District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership, unless authorized by the Court under section 9.4.3.

#### 9.9 Retention of Claim Forms and Requests for Exclusion

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The Settlement Administrator shall make available copies of Claim Forms received before or on the Claims Deadline to Class Counsel and counsel for Defendants on a rolling basis as they are received. The Settlement Administrator shall maintain the completed Claim Forms and Requests for Exclusion throughout the administration of the settlement. The Settlement Administrator shall make the completed Claim Forms and Requests for Exclusion available to the Parties upon a reasonable request for such forms.

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## 10. PAYMENT TO SETTLEMENT CLASS MEMBERS

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### 10.1 Settlement Administrator's Role

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The Settlement Administrator will calculate amounts to be paid to Settlement Class Members as provided below.

### 10.2 Direct Payment

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Each Settlement Class Member will receive a Direct Payment, including any Settlement Class Member whose Notice or re-sent Notice is returned as undelivered. All Direct Payments will be reported to the IRS as income on Form 1099.

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### 10.3 Claim Payment and Claim Form Review Process

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Each Settlement Class Member who submits a valid Claim Form acceptable to the Settlement Administrator is eligible to receive a Claim Payment, in addition to the Direct Payment, of up to \$10,000. Claim Forms submitted or postmarked after the Claim Deadline will be rejected. The Settlement Administrator shall make available copies of Claim Forms received before or on the Claims Deadline to Class Counsel and counsel for Defendants on a rolling basis as they are received.

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To submit a valid claim, the Settlement Class Member must, by the Claims Deadline, submit a valid Claims Form, supported by documentary proof, if applicable, that is completed and signed by hand or electronically. The Settlement Administrator will then follow the Claim Form Review Process set out in this section to make an initial determination and then a final determination on each claim.

The Settlement Administrator will promptly evaluate each timely submitted Claim Form it receives to make an Initial Determination using the following process:

1. For any claim on the Claim Form that the Settlement Class Member attests is supported by documentary proof by checking the applicable box, the Administrator will determine whether the documents submitted by the Settlement Class Member support the amount claimed and whether the Claim Form is completed and signed.

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- a. If yes, the Settlement Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member.
  - b. If no, the Settlement Administrator will follow the notice & cure procedure forth in Section 9.7 of the Settlement Agreement, which is to provide notice to the Settlement Class Member of the deficiency and allow the Settlement Class Member until the later of (1) thirty (30) calendar days, plus three calendar days if the notice is provided by mail, or (2) the Claims Deadline, to cure the deficiency ("Notice & Cure Procedure").
  - c. If the documentation submitted by the Settlement Class Member supports an amount less than the amount claimed by the Settlement Class Member, then the Settlement Administrator will initially approve the lesser amount and follow the Notice & Cure Procedure.
  - d. If as a result of the Notice & Cure Procedure, the Settlement Class Member provides documentation to support the claimed amount, the Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member. If the Settlement Class Member does not provide the necessary documentation after the Notice & Cure Procedure or does not cure other deficiencies, the Settlement Administrator will deny that claimed amount without further review.
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2. For any claim on the Claim Form that the Settlement Class Member attests he or she paid by deduction from folio by checking the applicable box, the Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member, provided the Claim Form is completed and signed. If the Claim Form is not completed and signed, the Settlement Administrator will follow the Notice & Cure Procedure and initially approve the claimed amount if the deficiencies in the Claim Form are cured.
  3. For any claim on the Claim Form where the Settlement Class Member does not provide supporting documentation or attest that he or she paid by deduction from folio by checking the applicable box, the Settlement Administrator will follow the Notice & Cure Procedure. If the Settlement Class Member does not cure the deficiency as part of the Notice & Cure Procedure, the Settlement Administrator will deny that claimed amount without further review.
  4. In making an Initial Determination, the Settlement Administrator shall also apply the following rules:
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a. Except as set out in subsection (ii), below, a Settlement Class Member may only claim reimbursement for expenses paid for **one** full-time Licensed & Appointed staff (or one or more part-time Licensed & Appointed Staff who were the equivalent of one full-time Licensed & Appointed Staff) hired on or before December 31, 2020. If a Settlement Class Member submits a claim for expenses paid for one or more part-time Licensed & Appointed staff, the Settlement Class Member must submit documentation showing that the part-time staff were the equivalent of one full-time Licensed & Appointed staff and in total those part-time staff worked no more than 45-hours per week. If the Settlement Class Member does not initially submit the required documentation, the Settlement Administrator will follow the Notice & Cure Procedure to allow or disallow claims related to the additional Licensed & Appointed staff.

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i. Expenses paid for the Licensed and Appointed Staff not only include the wages or salary paid but the costs of licensing and appointment including: Property, Casualty, and Life licensing with DOI; Online training for insurance licensing exams (ExamFC, TesTeachers, Securities Training Corp.); and background check fee.

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ii. A Settlement Class Member is ineligible to claim reimbursement for Licensed & Appointed staff if the Settlement Class Member was appointed as a Farmers agent through any of the following three programs: External Acquisition (after 1/1/2019), SEED, or Retail.

b. A Settlement Class Member may only claim one-time expenses for Exterior Signage and Interior Signage and Branding categories identified on the claim form. Notwithstanding the forgoing:

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i. A Settlement Class Member may claim reimbursement for a second item listed in the Exterior Signage category and Interior Signage and Branding category if they moved offices during the Settlement Class Period. If the Settlement Class Member does not provide documentation showing that he/she moved offices and supporting the expense paid for the second item(s) after the move, the Settlement Administrator will follow the Notice & Cure Procedure. For purposes of this rule, sufficient documentation includes a statement by the Settlement Class Member submitted under penalty of perjury stating that he/she moved offices.

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- c. Except as provided in subsection (d) below, a Settlement Class Member may submit claims on the Claim Form only for expenses they paid between the start of the Settlement Class Period to and including December 31, 2020. The Settlement Administrator will deny any claim for expenses paid after December 31, 2020, without a right to cure. Notwithstanding the forgoing, any Settlement Class Member appointed during the month of December 2020 may submit claims for Smart Office expenses paid after December 31, 2020, to the end of the Settlement Class Period.
- d. A Settlement Class Member may submit claims on the Claim Form for paid website customization and/or website photo expenses only if incurred during the period when digital storefront became part of Smart Office Standards (1/1/2018 to 12/31/2020), and will be paid for the claimed expense up to a maximum of \$30 per month for the website customization plus the documented cost of the website photo, if applicable.

Every two weeks during the claims process, the Settlement Administrator will provide to Class Counsel and counsel for Defendants a list identifying all Settlement Class Claims and its Initial Determinations (“Initial Determinations List”) from the previous two weeks. The Administrator will provide the final Initial Determinations List no later than 30 calendar days after the Claims Deadline or cure deadline for deficient claims (whichever is later).

The Settlement Administrator will then make a Final Determination using the following process:

1. Within 30 calendar days of the distribution of an Initial Determinations List, counsel for Defendants or Class Counsel may provide to the Settlement Administrator additional materials for the Administrator to consider (“Additional Submissions”). The Additional Submissions may address one or more of the following topics:
  - a. Whether any claim on the Claim Form that the Settlement Class Member attests he or she paid by deduction from folio does not match the information in Farmers’ records. Farmers shall provide the Administrator with the relevant information for the Settlement Class Member as part of its Additional Submission. If Farmers has no evidence of a folio deduction for one or more of the claims on a Claim Form that a Settlement Class Member attests he or she paid by deduction from folio, then Farmers shall also provide a statement to that effect under penalty of perjury as part of its Additional Submission.

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- b. Whether Farmers paid or reimbursed, in whole or part, any expense that a Settlement Class Member claims in the Claim Form. Farmers shall provide the Administrator with documentation showing that Farmers paid or reimbursed the claimed expenses in whole or part as part of its Additional Submission.
  - c. Whether any claim the Administrator allowed should have been disallowed, or any claim the Administrator disallowed should have been allowed, under the rules set forth above for the Initial Determination (section 1.4). Farmers or Class Counsel shall provide the Administrator with documentation as necessary as part of its Additional Submission, except that no party shall be permitted to submit new documents/information that were not timely submitted in accordance with the Notice & Cure Procedure.
  - d. Whether a claim for expenses for a person in the role of as a Licensed & Appointed staff is not, in fact, for a person licensed and appointed by Farmers or who was not licensed and appointed by Farmers during time-frame claimed by the Settlement Class Member. If Farmers has no evidence that the person was licensed and appointed by Farmers as claimed by the Settlement Class Member, then Farmers shall provide a statement to that effect under penalty of perjury as part of its Additional Submission.
  - e. Whether a Settlement Class Member is or was appointed as a Farmers agent through any of the following three programs, External Acquisition (after 1/1/2019), SEED, or Retail, to determine eligibility for a claim for expenses paid for Licensed & Appointed staff.
  - f. Whether a claim is fraudulent.
2. The Settlement Administrator will provide the Additional Submissions to the non-submitting party (either Class Counsel or counsel for Defendants), who will have 30 calendar days to provide any document contesting or otherwise disputing the documents submitted with the Additional Submission. Unless a Class Member refuses to cooperate, Class Counsel will work with the Class Member to prepare and submit either an Additional Submission or any response to the Additional Submission.
  3. The Administrator shall make its Final Determination after the deadline for either Class Counsel or counsel for Defendants, to provide any responsive documentation has passed. The Claim Form Review Process will be deemed completed upon delivery of the Final Determinations to Class

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Counsel and counsel for Defendants under Section 9.8 (Reports by Settlement Administrator).

4. For each entry on the Initial Determinations List for which neither counsel for Defendants nor Class Counsel submitted Additional Submissions within the 4530-day period, the Settlement Administrator shall consider its Initial Determination as its Final Determination.

Ex parte communications with the Settlement Administrator regarding its Initial Determinations, the Additional Submissions and Responses to Additional Submissions, or its Final Determinations are prohibited. A Party's communication with the Settlement Administrator on these topics shall include the other Parties, and the Settlement Administrator's communications on these topics shall include all Parties. The Settlement Administrator shall have final authority to determine whether a claim is valid and payable and its decision is not subject to review or appeal.

Defendants agree that they shall send payment to reimburse all additional expenses as provided in Section 6.1 within 30 calendar days of the receiving the invoice from the Settlement Administrator. Defendants further agree that they shall remain obligated to reimburse all additional expenses as provided in Section 6.1 regardless of the Settlement Administrator's Initial or Final Determinations and regardless of whether the Court grants Final Approval.

Any Settlement Class Member who does not become a Claiming Class Member shall not receive any Claim Payment. All Claim Payments will be reported to the IRS as income on Form 1099.

#### 10.4 Tax Liability and Net Payments

Settlement Class Members shall be responsible for remitting to State and/or Federal taxing authorities any applicable other taxes due.

#### 10.6 Circular 230 Disclaimer

10.6.1 no provision of this agreement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of the United States Treasury Department Circular 230 (31 CFR Part 10, as amended);

10.6.2 the Parties, including each Settlement Class Member (A) should rely exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this agreement, (B) has not entered into this agreement based upon the recommendation of any

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other party or any attorney or advisor to any other party, and (C) is not entitled to rely upon any communication or disclosure by any attorney or advisor to any other party to avoid tax penalty that may be imposed on the party; and

10.6.3 no attorney or advisor to any other party has imposed any limitation that protects the confidentiality of any such attorneys' or advisers tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the acknowledging party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this agreement.

#### 10.7 Applicability of Section 384 of the California Code of Civil Procedure

The Parties agree that this settlement is not subject to Section 384 of the California Code of Civil Procedure.

### 11. ADMINISTRATION OF SETTLEMENT AMOUNT

11.1 The Settlement Administrator will calculate the settlement payments to be made to the Settlement Class Members in accordance with the terms and provisions of this Agreement. Defendants' counsel and Settlement Class Counsel will be provided access to all calculations and all data forming the basis for such determinations. The fees, costs, and expenses of the Settlement Administrator in connection with said verification and/or performance shall be considered settlement administration expenses, except for the expenses solely borne by Defendants relating to Defendants' Additional Submissions in the Claim Form Review Process. The Court shall retain jurisdiction over the correctness of such calculations and the amount of payments due, and the Parties shall submit any disagreements regarding these issues to the Court for determination.

11.2 No person shall have any claim against Defendants, Defendants' counsel, Plaintiffs, the Settlement Class, Settlement Class Counsel, or the Settlement Administrator based on distributions and payments made in accordance with this Agreement.

### 12. PRELIMINARY APPROVAL OF SETTLEMENT

Plaintiffs shall seek preliminary approval of this settlement by the Court for entry of a Preliminary Approval Order. As part of the preliminary approval process, the Court shall be asked to approve, among other matters, the terms of the settlement, the method of providing notice, the Notice Package, the procedure for the calculation of settlement distributions, and scheduling of a hearing on final approval of the settlement and on

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Settlement Class Counsel's application for payment of attorneys' fees, costs, and expenses, and service awards, as set forth herein.

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### 13. FINAL APPROVAL HEARING

The Notice shall contain a date, time, and location for a "Final Approval Hearing." The Final Approval Hearing shall be held on a date approved by the Court no earlier than Seventy-Five (75) calendar days after the Claim Deadline. The exact date, time, and location of the Final Approval Hearing shall be set forth in the Notice. At the Final Approval Hearing, Settlement Class Counsel shall request the Court to grant approval of the applications for attorneys' fees, costs, expenses, and service award referred to in Section 6 of this Agreement.

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### 14. PROCEDURE FOR OBJECTIONS TO SETTLEMENT

The Notice shall provide that Settlement Class Members who wish to object to the settlement, or any portion thereof, may do so either: (1) in writing; and (2) verbally at the Final Approval Hearing. A written objection should be sent to the Settlement Administrator (via U.S. mail, email or fax) no later than thirty (30) calendar days before the Final Approval Hearing. The Settlement Administrator will provide all written objections to Class Counsel and Defendants' counsel, who will then file them with the Court. The Court may at its discretion refuse to consider untimely written objections. Settlement Class Members who wish to verbally object to the Settlement may do so by appearing (or having his or her attorney appear) at the Final Approval Hearing, either in person or remotely. No notice of appearance is required. Settlement Class Members who do not object, either in writing before the Final Approval Hearing or verbally at the Final Approval Hearing, shall be forever foreclosed from making any objection (whether by appeal or otherwise) to the Settlement, or any aspect of the Settlement, including, without limitation, the fairness, reasonableness or adequacy of the proposed Settlement.

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### 15. [PROPOSED] FINAL APPROVAL ORDER, FINAL JUDGMENT AND ORDER OF DISMISSAL

Upon final approval of the settlement, the Court shall be requested to issue a [Proposed] Final Approval Order and Final Judgment ("Proposed Final Judgment") in substantially the same form as Exhibits F and G attached hereto, respectively, which shall, *inter alia*:

- 15.1 Grant final approval to the settlement as fair, reasonable, adequate, in good faith and in the best interests of the Settlement Class, as a whole, and order the Parties to carry out the provisions of this Agreement.

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15.2 Adjudge that all Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline are conclusively deemed to have released Defendants and the Released Parties (as defined below), of and from any and all rights, claims, demands, liabilities, causes of action, liens and judgments arising out of or in any way related to the matters set forth, or that could have been set forth, in the Complaint.

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15.3 Affirm that nothing in the Settlement Agreement shall change or alter the classification of Settlement Class Members as independent contractors during the Settlement Class Period, which Settlement Class Members who do not timely submit a Request for Exclusion reaffirm.

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15.4 Bar and permanently enjoin each Settlement Class Member who did not timely submit a Request for Exclusion by the Exclusion Deadline from prosecuting against the Defendants and the Released Parties (as defined below), any and all of the settled and released claims.

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15.5 Reserve continuing jurisdiction as provided herein above.

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16. ~~APPROVAL AND ADOPTION OF [PROPOSED] FINAL JUDGMENT AND FINAL APPROVAL ORDER~~ APPROVAL AND ADOPTION OF [PROPOSED] FINAL JUDGMENT AND FINAL APPROVAL ORDER

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Plaintiffs shall seek final approval of this settlement by the Court and for entry of the [Proposed] Final Judgment and the Final Approval Order, as well as an Attorneys' Fee Order and Service Awards Order.

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17. PAYMENT OF SETTLEMENT PROCEEDS

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17.1 Timing of Payments

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~~Direct Payments to Settlement Class Members who do not timely submit a Request for exclusion and who do not submit Claim Forms;~~ Settlement Class Members who do not timely submit a Request for exclusion shall receive one check as Payment for (i) their portion of the Direct Payment, and (ii) if they also submitted a timely Claim, a Claim Payment for any Claim that has completed the Claim Form Review Process as of the Effective Date, and the Settlement Administrator has up to ten (10) calendar days after the Effective Date to send payment. Settlement Class Members who do not timely submit a valid Request for Exclusion and who timely submit a Claim, but whose Claim has not yet completed the Claim Form Review Process as of the Effective Date, shall receive one check for their share of the Direct Payment after the Effective Date and a second check for any Claim Payment after the completion of the Claim Form Review Process for their Claim, and the Settlement Administrator has up to ten (10) calendar days after the Effective

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Date to send the Direct Payment and up to ten (10) calendar days after the completion of the Claim Form Review Process to send the Claim Payment.

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Payment to the Settlement Administrator for all Court-approved settlement administration expenses, Court-approved service awards to the Class Representatives, and payment to Settlement Class Counsel for Court-approved attorneys' fees, costs and expenses, shall be made only after the Effective Date and can be made up to ten (10) calendar days after the Effective Date. ~~Payments to Settlement Class Members who do not timely submit a valid Request for Exclusion and who timely submit a Claim shall be made only after the passage of both the Effective Date and the completion of the Claim Form Review Process and can be made up to ten (10) calendar days after the passage of both the Effective Date and the completion of the Claim Form Review Process for all Settlement Class Members' claims.~~

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#### 17.2 Method of Payment

Defendants will fund a qualified settlement fund established by the Settlement Administrator. The expiration date on ~~the Direct Payment and Claim Payment~~ settlement checks will be 180 calendar days from the date the settlement checks are issued, unless otherwise extended by agreement of the parties, and the expiration date shall be printed on the front of settlement checks. Un-cashed settlement checks may be reissued where appropriate, including where the Settlement Class Member states that he or she never received the check, in which case the Settlement Administrator will stop payment on the uncashed check and re-issue the check, up to and including the final settlement accounting hearing with the Court. Any funds remaining after the final settlement accounting hearing because of un-cashed ~~Direct Payment or un-cashed Claim Payment~~ checks shall escheat to the State of California as unclaimed funds pursuant to California Code of Civil Procedure section 1510, et seq.

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### ~~18. RELEASED PARTIES AND CLAIMS~~ 18. RELEASED PARTIES AND CLAIMS

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#### 18.1 Released Parties

"Released Parties" means the collective of Defendants, each of their subsidiaries or affiliates, including Mid-Century Insurance Company and Farmers New World Life Insurance Company, and each of their present and former predecessors, successors, assigns, parent companies, divisions, members, owners, executives, officers, directors, governors, shareholders, policyholders, representatives, employees, agents, attorneys, attorneys-in-fact, consultants, contractors, servants, vendors, managers, and their trustees, administrators, fiduciaries, co-defendants, administrators, related individuals and/or entities, insurers, and/or any and all individuals and/or entities acting by, through, under, or in concert with any of them or otherwise affiliated with them.

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#### 18.2 Released Claims

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“Released Claims” means any and all claims, demands, debts, liabilities, actions, obligations, damages, losses, costs, and causes of action of every kind and nature, whether at common law, pursuant to statute, ordinance, or regulation, in equity or otherwise, whether arising under federal, state, or other applicable law, whether known or unknown, actual or potential, suspected or unsuspected, direct or indirect, or contingent or fixed that have been alleged, could have been alleged, or in the future might be alleged, that reasonably arise out of or reasonably relate to the facts and/or claims set forth in the First Amended Complaint during the Class Period, including Plaintiffs’ claims that they were misclassified as independent contractors rather than employees, both on behalf of the Settlement Class Representatives and on behalf of the Settlement Class Members (individually and on behalf of any corporation for which they are/were the Supervising Agent, if applicable), including without limitation claims and theories based on the California Labor Code.

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### 18.3 Release

In exchange for the consideration set forth in this Settlement Agreement, and upon Final Approval of this Settlement Agreement and Defendants’ compliance with section 6.1.2 and 6.1.3, all Settlement Class Members who did not timely exclude himself or herself from this Settlement Agreement by filing a timely and valid Request for Exclusion, and each of their respective executors, administrators, representatives, agents, heirs, successors, assigns, trustees, guardians, corporations, and all those who claim through them or assert claims on their behalf, shall be deemed to have fully and forever released the Released Parties from any and all Released Claims. By granting preliminary and final approval of the settlement, the Court will have reviewed this Agreement and concluded that the Settlement is fair, reasonable and adequate.

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### 18.4 California Civil Code Section 1542 Waiver

With respect to the Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs Irene Parry and Jeanette O’Sullivan (individually and on behalf of any corporation for which they are/were the Supervising Agent, if applicable) shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished as to the Released Claims, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law that purports to limit the scope of a general release. Section 1542 provides:

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**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF**

EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

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#### 19. NO ADMISSION

Defendants and the other Released Parties deny any and all claims alleged in the Action and deny all wrongdoing whatsoever. Defendants continue to assert, *inter alia*, that the Settlement Class Members were properly classified as independent contractors. This Agreement is neither a concession nor an admission, and shall not be used against Defendants or any of the Released Parties as an admission or indication with respect to any claim of any fault, concession or omission by Defendants or any of the Released Parties. Whether or not the settlement is finally approved, neither the settlement, nor any document, statement, proceeding or conduct related to this Agreement, nor any reports or accounts thereof, shall in any event be:

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19.1 construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Defendants or the Released Parties, including, but not limited to, evidence of a presumption, concession, indication or admission by Defendants or any of the Released Parties of any liability, fault, wrongdoing, omission, concession or damage; or

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19.2 disclosed, referred to or offered or received in evidence against Defendants or any of the Released Parties, or its/her counsel, personnel or supervisors, in any further proceeding in the Action, or any other civil, criminal or administrative action or proceeding, except for purposes of settling the Action pursuant to this Agreement.

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#### 20. COMMUNICATIONS ABOUT THE SETTLEMENT

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20.1 The Parties and their counsel agree not to contact any media organization about the settlement and further agree that if they are contacted by a media organization, then they will only state that this matter has settled, and may direct the organization to the Settlement Website and court filings for further information.

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20.2 No Party or its/her counsel, personnel or supervisors will discourage Settlement Class Members from making claims under the settlement. The Parties and their counsel agree that they will not misrepresent this Agreement, the Class Notice, and the Claim Form. Nothing herein shall prevent Settlement

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Class Counsel from communicating with the Settlement Class regarding settlement, claims or matters related to the settlement or claims process.

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20.3 Defendants shall instruct their District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership that they shall not discuss the Settlement Agreement with a potential Settlement Class Member.

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**21. NULLIFICATION OF AGREEMENT**  
**21. NULLIFICATION OF AGREEMENT**

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In the event: (a) the Court does not enter the Preliminary Approval Order specified herein in substantially the same form as Exhibit D attached hereto; (b) the Court does not finally approve the settlement as provided herein; (c) the Court does not issue a [Proposed] Final Judgment (as provided herein and in substantially the same form as Exhibit G attached hereto) which becomes final and not subject to any appeals; or (d) the settlement does not become final for any other reason, this Agreement shall be null and void and any order or judgment entered by the Court in furtherance of this settlement shall be treated as void *ab initio*. In such event, the Parties hereto and any funds to be awarded under this settlement shall be returned to their respective statuses as of the date and time immediately prior to the execution of this Agreement, and the Parties shall proceed in all respects as if this Agreement had not been executed.

**22. RETURN OF DOCUMENTS AND INFORMATION**  
**22. RETURN OF DOCUMENTS AND INFORMATION**

The Parties agree that none of the documents and information provided to them by the opposing Party and marked as confidential under the protective order shall be used for any purpose other than prosecution of the Action. No later than ten (10) calendar days after the Effective Date, the Parties shall destroy or return to the opposing Party the original and all copies of any documents that opposing Party produced or provided and marked as confidential under the protective order. Should a Party elect to destroy those documents, the Party shall certify under penalty of perjury that such documents have been destroyed.

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Nothing in the previous paragraph shall be interpreted to require the destruction of, or bar outside counsel for either party from retaining in their files, (i) one copy of all deposition transcripts, including exhibits, in this matter, consistent with the Protective Order, and (ii) a copy of all documents filed with the court, including any exhibits.

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**23. REPRESENTATIONS AND WARRANTIES**  
**23. REPRESENTATIONS AND WARRANTIES**

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Each party to this Agreement represents and warrants that he, she or it has not heretofore assigned or transferred, or purported to assign or transfer, any of the claims

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released pursuant to this Agreement to any other person and that he, she or it is fully entitled to compromise and settle same.

**24. CALIFORNIA LAW**

**24. CALIFORNIA LAW**

All questions with respect to the construction of this Agreement and the rights and liabilities of the Parties hereto shall be governed by the laws of the State of California applicable to agreements to be wholly performed within the State of California.

**27. OWN COUNSEL**

**27. OWN COUNSEL**

Each party hereto acknowledges that he, she or it has been represented by counsel of his, her or its own choice throughout all of the negotiations which preceded the execution of this Agreement and in connection with the preparation and execution of this Agreement.

**28. FURTHER ACTS AND DOCUMENTS**

**28. FURTHER ACTS AND DOCUMENTS**

The Parties and counsel for the Parties hereto agree to do such acts and execute all such documents necessary to effectuate the intent of this Agreement.

**29. COUNTERPARTS**

**29. COUNTERPARTS**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and will be effective upon execution by all Parties. Facsimile signatures shall be deemed original signatures for all purposes.

**30. HEADINGS**

**30. HEADINGS**

The headings contained in this Agreement are for reference only and are not to be construed in any way as a part of the Agreement.

**31. ENTIRE AGREEMENT**

**31. ENTIRE AGREEMENT**

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This Agreement represents the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior oral and written agreements and discussions. Each of the Parties covenants that he, she or it has not entered into this Agreement as a result of any representation, agreement, inducement, or coercion, except to the extent specifically provided herein. Each party further covenants that the consideration recited herein is the only consideration for entering into this Agreement and that no promises or representations of another or further consideration have been made by any person. This Agreement may be amended only by an agreement in writing duly executed by all Parties hereto and approved by the Court.

### 32. BINDING EFFECT

### 32. BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and to their respective heirs, assigns and successors-in-interest.

### 33. DRAFTING

### 33. DRAFTING

Each party hereto has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party as drafter of this Agreement.

### 34. SEVERABILITY

### 34. SEVERABILITY

In the event any covenant or other provision herein is held to be invalid, void or illegal, the same shall be deemed severed from the remainder of this Agreement and shall in no way affect, impair or invalidate any other covenant, condition or other provision herein. If any covenant, condition or other provision herein is held to be invalid due to its scope or breadth, such covenant, condition or other provision shall be deemed valid to the extent of the scope or breadth permitted by law.

### 34. INCORPORATION OF EXHIBITS

### 34. INCORPORATION OF EXHIBITS

All exhibits attached to this Agreement are hereby incorporated by reference as though set forth fully herein and are a material part of this Agreement. Any notice, order, judgment or other exhibit that requires approval of the Court must be approved without material alteration from its current form in order for this Agreement to become effective.

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Notwithstanding this paragraph, insubstantial changes to the attached exhibits shall not invalidate the Agreement.

**35. AUTHORITY**

**35. AUTHORITY**

Each party hereto warrants and represents that each of the persons or entities executing this Agreement is duly empowered and authorized to do so.

**36. ADMINISTRATION OF SETTLEMENT AND COMPLIANCE**

**36. ADMINISTRATION OF SETTLEMENT AND COMPLIANCE**

The Court shall have continuing jurisdiction to resolve any dispute which may arise with regard to the terms and conditions of this Agreement as set forth herein.

**37. NOTICES**

**37. NOTICES**

All notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement (other than the Notice to Settlement Class Members, Claim Form submissions, and Requests for Exclusion) shall be in writing and shall be delivered personally, telecopied, or mailed postage pre-paid by first class mail to the following persons at their addresses set forth as follows:

**Settlement Class Counsel:**

Charles J. Crueger, Esq.  
**CRUEGER DICKINSON LLC**  
4532 North Oakland Avenue  
Whitefish Bay, WI 53211

Edward A. Wallace, Esq.  
**WALLACE LEGAL GROUP LLC**  
111 W Jackson Blvd. Suite 1700  
Chicago, IL 60604

**Defendants' Counsel:**

*For Defendants Farmers Insurance Exchange, Truck Insurance Exchange and Fire Insurance Exchange:*

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Nina Huerta, Esq.  
Jordon R. Ferguson, Esq.  
Jonevin Sabado, Esq.  
~~LOCKE LORD~~LOCKE LORD LLP  
300 South Grand Avenue, Suite 2600  
Los Angeles, CA 90071

*For Defendant Farmers Group, Inc.:*

Christopher S. Maile, Esq.  
Gerald M. Siegel, Esq.  
~~THARPE & HOWELL, LLP~~  
15250 Ventura Boulevard, Ninth Floor  
Sherman Oaks, California 91403

**WHEREFORE**, Plaintiffs, on their own behalf and on behalf of the Settlement Class, and Defendants, by their respective duly authorized agents or counsel, have executed this Agreement as of the dates set forth below.

**Farmers Insurance Exchange, Truck Insurance Exchange and Fire Insurance Exchange**

**Plaintiffs**

\_\_\_\_\_  
[insert name]  
\_\_\_\_\_  
[insert title]

\_\_\_\_\_  
Irene Parry  
\_\_\_\_\_  
Plaintiff and Class Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Farmers Group, Inc**

\_\_\_\_\_  
[insert name]  
\_\_\_\_\_  
[insert title]

\_\_\_\_\_  
Jeanette O’Sullivan  
\_\_\_\_\_  
Plaintiff and Class Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

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Nina Huerta  
Jordon R. Ferguson  
Jonevin Sabado.

*Attorneys for Defendants Farmers Insurance Exchange, Truck Insurance Exchange and Fire Insurance Exchange*

December \_\_\_\_, 2021 February \_\_\_\_, 2022, THARPE & HOWELL, LLP

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Christopher S. Maile  
Gerald M. Siegel

*Attorneys for Defendant Farmers Group, Inc.*

December \_\_\_\_, 2021 February \_\_\_\_, 2022, CRUEGER DICKINSON LLC

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Charles J. Crueger  
Erin K. Dickinson  
Krista K. Baisch

*Attorneys for Plaintiffs and the Class*

December \_\_\_\_, 2021 February \_\_\_\_, 2022, WALLACE LEGAL GROUP LLC

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Edward A. Wallace

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*Attorneys for Plaintiffs and the Class*

December \_\_\_\_, 2021 February \_\_\_\_, 2022

WEXLER BOLEY & ELGERSMA LLP

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Kara A. Elgersma

*Attorneys for Plaintiffs and the Class*

December \_\_\_\_, 2021 February \_\_\_\_, 2022

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PHILLIPS GROSSMAN, PLLC

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Greg F. Coleman  
Arthur Stock

*Attorneys for Plaintiffs and the Class*

December \_\_\_\_, 2021 February \_\_\_\_, 2022

NELSON & FRAENKEL LLP

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Gretchen M. Nelson  
Gabriel S. Barenfeld

*Attorneys for Plaintiffs and the Class*

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# **EXHIBIT Z.1**



**CLASS ACTION SETTLEMENT AGREEMENT**

This Class Action Settlement Agreement (“Agreement”) is made by and between plaintiffs Irene Parry and Jeanette O’Sullivan (“Class Representatives”) and the members of the certified Class which they represent (collectively with the Class Representatives, “Plaintiffs”), on the one hand, and defendants Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange (collectively, the “Exchange Defendants”) and Farmers Group, Inc. (“FGI” and collectively with Exchange Defendants, “Defendants”), on the other.

**RECITALS**

A. On November 16, 2017, the Class Representatives filed a class action complaint in the Superior Court of California, County of Los Angeles (the “Court”), styled *Irene Parry, et al. v. Farmers Insurance Exchange, et al.*, Case No. BC 683586 pending before the Honorable Amy D. Hogue (the “Action”). The Action alleges that the Exchange Defendants: (1) violated California Labor Code § 2802 by misclassifying them and other Exchange Defendants’ insurance agents (or, the class), in California as independent contractors, including by establishing certain programs during the Settlement Class Period combined with the no-cause termination provision in the Plaintiffs’ contractual agreements with Exchange Defendants, thus requiring the Class Representatives and the other agents to incur necessary business expenses without reimbursing them for such expenses; and (2) the Exchange Defendants engaged in unlawful, unfair and/or fraudulent business practices within the meaning of California Business and Professions Code § 17200 *et seq.* by: (a) failing to reimburse the Class Representatives and the class for all reasonable business expenses; (b) misrepresenting to the Class Representatives and the class that they own their Farmers’ agencies; and (c) intentionally misclassifying the Class Representatives and the class as independent contractors.

B. On October 29, 2019, the Class Representatives amended their complaint reasserting the claims in their original complaint against the Exchange Defendants and (1) alleging that FGI was also liable with the Exchange Defendants for violating California Labor Code § 2802 and California Business and Professions Code § 17200 *et seq.*; (2) alleging that FGI was liable under California Labor Code § 2753 for advising the Exchange Defendants to treat the Class as independent contractors to avoid employee status for these individuals.

C. On March 5, 2021, the Court issued its final order granting class certification of the Class Representatives’ claims against Defendants and certifying a class of all individuals who signed Farmers Agent Appointment Agreement and worked as a Farmers agent in the State of California.

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D. On May 28, 2021, the Court of Appeal for the State of California, Second Appellate District, denied Defendants' petition for a writ of mandate. (Case No. B312051.)

E. Defendants and the Released Parties (as defined below) deny that they have engaged in any unlawful activity, have failed to comply with the law in any respect, have any liability to anyone under the claims asserted in the Action, or that the claims raised in the Action are appropriate for certification. Defendants deny each and every allegation by Plaintiffs and/or the Settlement Class (defined below). Defendants contend that Plaintiffs were properly classified as independent contractors and are therefore not entitled to any benefits or statutory protections to which employees may be entitled. This Agreement is entered into solely for the purpose of compromising disputed claims. This settlement and the fact that Plaintiffs and Defendants were willing to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (other than solely in connection with effectuating this Agreement). Nothing in this Agreement is intended or shall be construed as an admission by Defendants of any liability or wrongdoing as to Plaintiffs, Settlement Class Members, or any other person, and Defendants specifically disclaim any such liability or wrongdoing. Moreover, this Agreement is not, and it should not be construed as, any admission of fact or law in this matter or any other matter that a class action is appropriate. The Parties have entered into this Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience, expenses, and risks.

F. Plaintiffs and Defendants prepared for and engaged in a formal, in-person, full-day mediation on June 1, 2021 with an experienced mediator, Randall W. Wulff, Esq. This mediation was preceded by a full-day mediation with the Honorable Louis Meisinger on August 13, 2018 and a full-day mediation with Barbara Reeves, Esq. on April 7, 2021.

G. The Parties have conducted substantial formal discovery and investigation in connection with the claims asserted in the Action. The Parties have propounded substantial written discovery, made substantial productions of documents, and researched and briefed the relevant legal and factual issues arising from all of the claims that are alleged in, or could have been alleged in, the Action. Approximately fifteen depositions have been taken in this case. Settlement Class Counsel also conducted numerous third party interviews. Each Plaintiff was deposed on two occasions and numerous current and former management level witnesses at the Defendants gave depositions. The Parties' discovery efforts and additional data that Settlement Class Counsel (defined below) obtained in advance of the mediation enabled the Parties to evaluate class wide exposure and their probability of prevailing at trial. Since the mediation, the parties have exchanged additional information about the scope of the class, data regarding the agents and programs the agents did or did not participate in, as well as other information that allowed them to further negotiate important terms of the claims process and other relief herein.

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H. It is the intention of the Parties to settle and dispose of, fully and completely, any and all claims, demands and causes of action, including all such claims arising from the alleged misclassification of Plaintiffs, that are, or could have been, set forth in the Action for the Settlement Amount and the other terms in this Settlement.

## 1. DEFINITIONS

The following terms shall have the meanings defined in this Section wherever used in this Agreement and in all of its exhibits:

- 1.1 **“Agreement”** means this settlement agreement and all exhibits attached to it.
- 1.2 **“Claim Form”** means the document substantially in the versions attached hereto as Exhibit B and Exhibit C, as approved by the Court, with modifications to be permitted for formatting or for online processing on the Settlement Website. The Claim Form shall be completed by Settlement Class Members who wish to file a claim for a [ClaimsClaim](#) Payment, and it shall be available in paper and electronic format. Claim Forms [in paper format that are mailed and emailed \(as applicable\) with the Class Notice, and Claim Forms available in electronic format on the Settlement Website](#), will be pre-populated with a unique individual claim identifier, and the name, street address, and email address (if available) of the Settlement Class Member available from Defendants’ records. [In addition, Claim Forms will be available in electronic format on the Settlement Website that are not pre-populated.](#)
- 1.3 **“Claims Deadline”** refers to a Settlement Class Member having until no later than ~~sixty (60)~~ [one hundred \(100\)](#) calendar days ~~after~~ [from](#) the date ~~of entry of the Court’s order granting Final Approval~~ [Class Notice is mailed](#) to submit his or her Claim Form to the Settlement Administrator, ~~subject to any extension for re-mailed notices in section 9.6.~~
- 1.4 **“Claim Form Review Process”** refers to the process described in Section 10.3.
- 1.5 **“[ClaimsClaim](#) Payment”** means payment to an individual Settlement Class Member who did not timely submit a valid Request for Exclusion by the Exclusion Deadline and who submits a timely and valid Claim Form.
- 1.6 **“Class Representatives”** means plaintiffs Irene Parry and Jeanette O’Sullivan.
- 1.7 **“Defendants”** means Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, and Farmers Group, Inc.

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1.15 **“Order Granting Final Approval”** means the final order entered by the Court after the [FairnessFinal Approval](#) Hearing.

1.16 **“Order Granting Preliminary Approval”** means the Order entered by the Court preliminarily approving, *inter alia*, the terms and conditions of this Agreement, the manner and timing of providing Notice, and the time period for, and the manner of, the Requests for Exclusions, objections, and Claim Form submissions.

1.17 **“Parties”** means the Plaintiffs and Defendants.

1.18 **“Plaintiffs”** means, collectively, “Class Representatives” and “Settlement Class Members.”

1.19 **“Request for Exclusion”** means a writing signed by the Settlement Class Member and submitted to the Settlement Administrator that includes his or her name, address, and telephone number, and expressly states the desire to be excluded from the Settlement Class.

1.20 **“Settlement Administrator”** means A.B. Data, Ltd., as approved by the Court.

1.21 **“Settlement Class”** means the class defined in Section 5.

1.22 **“Settlement Class Counsel”** means [Charles Crueger and Erin Dickinson of Crueger Dickinson LLC](#) and [Edward A. Wallace of Wexler Wallace LLP](#) as Lead Class Counsel and, [Milberg Coleman Bryson Phillips Grossman, PLLC](#) and, [Nelson & Fraenkel LLP, and Wexler Boley & Elgersma LLP](#) as additional Settlement Class Counsel.

1.23 **“Settlement Class Member”** means all persons included in the Settlement Class.

1.24 **“Settlement Class Representatives”** means plaintiffs Irene Parry and Jeanette O’Sullivan, as approved by the Court.

**2. MUTUAL FULL COOPERATION**

The Parties and their counsel agree to cooperate fully with each other to promptly execute all documents and take all steps necessary to effectuate the terms and conditions of this Agreement.

**3. APPOINTMENT OF SETTLEMENT ADMINISTRATOR**

**3. APPOINTMENT OF SETTLEMENT ADMINISTRATOR**

The Parties stipulate to and seek the Court’s order appointing A.B. Data, Ltd. to act as the Settlement Administrator for purposes of this settlement, subject to the Court’s approval. The Settlement Administrator shall be responsible for, among other matters:

3.1 Mailing and emailing (as applicable) of the Notice Package (as defined in Section 9.1 below) to potential Settlement Class Members and receiving Claim Forms (as described in Section 9 below) and written Requests for Exclusions; and written Objections (as applicable);

3.2 After entry of the Court’s Order Granting Final Preliminary Approval, the Settlement Administrator shall determine the timeliness and completeness of submissions of Claim Forms (as set forth in Section 9 below), resolve any dispute by any member of the Settlement Class as to any factor or issue regarding the computation of that member’s Settlement Class’s Direct Payment or Claims Claim Payment (as defined in Section 10 below), disputed by any member of the Settlement Class or that is part of the Claim Form Review Process; and the Settlement Administrator’s decision on any such issue or dispute shall be final, binding, and non-appealable;

3.3 Resolving any disputes regarding membership in the Settlement Class as defined in Section 5 of this Agreement and the Settlement Administrator’s decision on any such issue or dispute shall be final, binding, and non-appealable;

3.4 Issuing After the Effective Date, issuing the Direct Payments and Claims Claim Payments and complying with any necessary reporting as set forth in Section 10; and

3.5 Collecting any necessary tax information from members of the Settlement Class in order to comply with necessary reporting as set forth in Section 10.

**4. SETTLEMENT CLASS PERIOD CLASS PERIOD**

The Settlement Class Period will be from November 16, 2013 to the date of the Court’s Order Granting Preliminary Approval.

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**THE SETTLEMENT CLASS**

**5. THE SETTLEMENT CLASS**

**5.1 Class Definition**

For purposes of this settlement only, the Parties agree that the "Settlement Class" is defined as follows:

All individuals who (i) signed a Farmers Agent Appointment Agreement or a Farmers Corporate Agent Appointment Agreement and (ii) worked as a Farmers agent or Supervising Agent for an incorporated Farmers agency in the State of California at any time between November 16, 2013 to the date that the Court grants preliminary approval of the Settlement.

**5.2 Persons Expressly Excluded From the Settlement Class**

Any individual who is not a natural, living person (i.e., an entity) shall be excluded from the definition of the Settlement Class. Also excluded from the Settlement Class is any person who during the Settlement Class period: (i) settled the claims asserted in this Action, (ii) released the claims asserted in this Action as part of a settlement of one or more claims asserted under the California Labor Code, (iii) received an adverse final judgment or order in a civil or administrative action involving the claims asserted in this Action, or (iv) received awards through civil or administrative actions for the claims asserted in this Action. Any person who excludes themselves from the Settlement Class pursuant to Section 5.4 is not a member of the Settlement Class.

The Parties agree that Defendants have the burden to timely provide Settlement Class Counsel with a list of names of persons excluded from the Settlement Class under (i) or (iv) in this Section 5.2 along with documents establishing that one or more of those conditions for exclusion are satisfied. The Parties agree that Defendants are not obliged to produce confidential settlement documents and that documents publicly filed in Court referencing a settlement (such as a Notice of Settlement or a Minute Order reflecting a settlement) would satisfy Defendants' obligations under this Section.

**5.3 Certification of the Settlement Class and Appointment of Settlement Class Representatives/Class Counsel**

Solely for the purposes of implementing this Agreement and effectuating the settlement, Defendants shall not oppose a request by the Class Representatives that the Court enter an order preliminarily certifying the Settlement Class, appointing the Class Representatives as Settlement Class Representatives, and appointing Charles Crueger and Erin Dickinson of Crueger Dickinson LLC and Edward A. Wallace of [Wexler Wallace, LLP](#) as Lead Settlement Class Counsel and, Milberg Coleman Bryson

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Phillips Grossman, PLLC ~~and~~, Nelson & Fraenkel LLP, and Wexler Boley & Elgersma LLP as additional Settlement Class Counsel (all referred to herein as Settlement Class Counsel). In the event that this settlement does not receive final approval from the Court (or if a final approval order is reversed on appeal), no party shall use this provision or the certification of the Settlement Class, the appointment of Settlement Class Representatives and Settlement Class Counsel for any purpose whatsoever in the Action or in any other action or proceeding. Upon entry of final approval of the settlement, the class currently certified by the court will be modified to include the definition of the Settlement Class defined herein and as to each of the Defendants.

#### 5.4 Individuals' Right to Exclude Themselves from the Settlement Class

Potential Settlement Class Members who wish to exclude themselves from the Settlement Class and from participation in the proceeds of the settlement must submit a Request for Exclusion (via U.S. mail, email, or fax) pursuant to the instructions in the Notice and such a request must be sent, or postmarked if sent by U.S. mail, no later than thirty (30) calendar days after the Notice (as defined below) is first mailed to potential Settlement Class Members as set forth hereinafter Exclusion Deadline, except that those potential Settlement Class Members who receive the Notice pursuant to the skip trace (described in Section 9.5) a re-sent Notice shall be informed (via an insert in the Notice) that their time to submit a Request for Exclusion to the Settlement Administrator shall be the longer of: (1) thirty (30) days from the date the Notice is mailed to the updated address obtained as a result of the skip trace or the Settlement Administrator's reference to a proprietary database re-sent Notice is mailed; or (2) the Exclusion Deadline. A written Request for Exclusion must be signed by the potential Settlement Class Member (if by U.S. mail or fax) and include his or her name, address, and telephone number, and expressly state the desire to be excluded. A Request for Exclusion shall not be invalid for failure to provide all the requested information so long as the Settlement Administrator can ascertain the individual's status as a Class Member and the individual's desire to exclude himself or herself from the Settlement Class.

Any Settlement Class Member who does not provide the Settlement Administrator with a timely, written Request for Exclusion waives the right to do so in the future and shall be bound by all the terms and conditions of this Agreement, including the release of identified claims set forth hereinafter, whether or not he or she submits a Claim Form. In the event a potential Settlement Class Member both purports to exclude himself or herself from the Settlement Class and submits a Claim Form, he or she will be considered to have submitted a valid Claim Form only, and will be deemed not to have excluded himself or herself from the settlement so long as the Settlement Class Member submits a written and signed withdrawal of the Request for Exclusion to the Settlement Administrator. Otherwise, the Settlement Class Member will be deemed to have excluded himself or herself from the settlement.

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5.5 Defendants' Right to Void Settlement Due to Number of Requests for Exclusions Received

If the number of persons that submit Requests for Exclusion to the Settlement Administrator on a timely basis is equal to or in excess of fifteen percent (15%) of the number of potential Settlement Class Members to whom Notices are mailed, Defendants shall have the option, in their sole and absolute discretion, to be exercised within thirty (30) calendar days of receiving notice of the total percentage of Requests for Exclusion, to void this Agreement and the Parties' settlement by notifying Settlement Class Counsel in writing of their intention to do so. The Agreement and the Parties' settlement shall become void seven (7) calendar days after the delivery of such written notification unless, during that period, the Parties agree in writing to a mutually acceptable resolution and thereafter the Court approves such resolution. In the event Defendants exercise their option to void the Agreement under this provision: (a) the Preliminary Approval Order and all of its provisions shall be vacated by its own terms; (b) the Action shall revert to the status that existed prior to the execution date of this Settlement Agreement; and (c) no term of this Settlement Agreement or any draft thereof, or of the negotiation, documentation, or other part or aspect of the Parties' settlement discussions, shall have any effect, nor shall any such matter be admissible in evidence for any purpose in the Action, or in any other proceeding.

~~1. MONETARY CONSIDERATION BY DEFENDANTS~~  
~~6. MONETARY CONSIDERATION BY DEFENDANTS~~

In consideration for the releases and other consideration set forth in this Agreement, Defendants agree to: (a) pay the individual Settlement Class Members pursuant to the payment procedure as described in Sections 10 and 11; (b) pay attorneys' fees, costs and expenses, as set forth herein and as awarded by the Court; (c) pay the Service Awards to Settlement Class Representatives as set forth herein and as awarded by the Court; (d) pay the cost of administration of the settlement, including, without limitation, the fees of the Settlement Administrator, as set forth hereinafter; and (e) implement the systemic and contract changes described in Section 7.

6.1 Settlement Amount

The "Settlement Amount" is the total sum of Seventy Five Million Dollars and No Cents (\$75,000,000.00), which apart from the exception for administrator expenses related to Additional Submissions by Defendants under the Claim Form Review Process, shall be the maximum amount and "all inclusive," including any payment of (i) individual Settlement Class Member payments pursuant to the payment procedure as described in Sections 10 and 11 herein; (ii) Fees, Awards, and Expenses. Under no condition will Defendants' liability exceed the Settlement Amount, except that Defendants agree to separately pay all administrator expenses the Settlement Administrator may incur related to Defendants' Additional Submissions under the Claim Form Review Process and

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making a final determination about a claim following Defendants' Additional Submissions. This means that no expenses the Settlement Administrator may incur related to Defendants' Additional Submissions under the Claim Form Review Process may be deducted from the Settlement Amount, but Defendants bear no additional financial responsibility for work related to Class Counsel's Additional Submissions and ordinary settlement administration costs, including the Settlement Administrator's costs in making its Initial Determinations and executing upon the Notice and Cure procedures that are unrelated to Defendants' Additional Submissions.

The Settlement Amount shall be distributed in the following order:

5.1.16.1.1 Direct Payments. Forty Million Dollars (\$40,000,000.00), net of Fees, Awards, and Expenses, shall be distributed pro rata (based on the Settlement Class Members' respective lengths of time as a California Farmers' agent/Supervising Agent during the Settlement Class Period) to Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline. Settlement Class Members need not make a claim to receive a Direct Payment.

5.1.26.1.2 ClaimsClaim Payments. Thirty-Five Million Dollars (\$35,000,000.00), if and to the extent claimed and net of any Fees that may be deducted from any portion claimed, will be distributed to Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline and who submit a timely and valid Claim Form subject to and in accordance with the procedures described in Section 10. The amount paid to a Settlement Class Member who submits a timely and valid Claim Form shall be determined by the Settlement Administrator in accordance with the Claim Form Review Process. No Claims Payment made to a Settlement Class Member will exceed Ten Thousand Dollars (\$10,000.00). The Settlement Administrator has final authority to determine whether a claim is valid and payable and its decision is not subject to review or appeal. No Claim Payment made to a Settlement Class Member will exceed Ten Thousand Dollars (\$10,000.00). If the total value of the valid Claims determined to be payable by the Settlement Administrator exceeds \$35,000,000.00, the Claim Payment for each Claim will be adjusted by the percentage that the claims exceeded \$35,000,000.00 to ensure that everyone receives an equal proportional share. For example, if total claims equal \$40,000,000.00, then each person's Claim Payment would be adjusted so that they receive 87.5% of their valid and payable Claim ( $\$35M \div \$40M = 0.875$ ).

5.1.36.1.3 Within fifteen (15) business days of entry of an order granting Preliminary Approval of the settlement, Defendants shall cause \$40

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million be paid by wire transfer into an interest-bearing escrow account established and administered by the Settlement Administrator, and which will be treated as a Qualified Settlement Fund within the meaning of 26 C.F.R. § 1.468B-1 (“Escrow Account”). If this Agreement does not receive final Court approval or Defendants elect to void the Agreement under section 5.5, and the Settlement does not reach the Effective Date, then the amount paid by Defendants into the Escrow Account (other than Court-approved settlement administration costs incurred by that date) shall within thirty (30) calendar days be returned to Defendants from the Escrow Account by the Settlement Administrator, along with any interest accrued thereon. ~~After the Effective Date and within fifteen (15)~~ For the sake of clarity, the parties agree that this means Defendants shall pay costs incurred by the Settlement Administrator even if the Court does not grant final approval or Defendants void the Agreement under section 5.5. After the Effective Date and within five (5) business days of the completion of the Claim Form Review Process, including the final determination of the amount of the ~~Claims~~ Claim Payments by the Class Administrator, Defendants shall cause to be deposited into the Escrow Account an amount equal to the total amount of the valid Claims determined by the Settlement Administrator to be payable.

5.1.46.1.4 The Settlement Class Members will each be responsible for their own tax obligations arising from their receipt of any settlement payment.

#### 5.26.2 Attorneys’ Fees and Costs

Defendants understand that Settlement Class Counsel will file an application for an award of attorneys’ fees in an amount not to exceed 33% of the Settlement Amount. Settlement Class Counsel will in addition seek approval for reimbursement of costs and expenses of an amount not to exceed six hundred thousand dollars (\$600,000.00). Defendants agree not to object to such application up to such amounts. Settlement Class Counsel shall file their fee application at least ~~forty-five (45) calendar days before the Final Approval Hearing~~ sixty (60) calendar days before the Final Approval Hearing. For sake of clarity, the Parties agree that if the Court awards an amount of attorneys’ fees that equals less than 33% of the Settlement Amount, that the difference will not revert to Defendants and will be distributed to Class Members, however, in no case shall any unclaimed portion of the Settlement Amount be reallocated or paid to the Settlement Class or to Settlement Class Counsel. Subject to Court approval, the Court will deduct the award of Costs, Service Awards, and 65% of the award of Fees from the Direct Payments and 35% of the award of Fees from the Claim Payments, however, in no case shall any such deductions or awards be taken from any unclaimed portion of the Settlement Amount.

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In the event that this settlement does not receive Final Approval from the Court (or if a final approval order is reversed on appeal), no Party shall use this provision or the award of attorneys' fees, costs, and expenses for any purpose whatsoever in the Action or in any other action or proceeding.

### 5-36.3 Service Awards

Settlement Class Counsel will file an application for approval of payment of Service Awards to the Settlement Class Representatives each in an amount not to exceed Forty Thousand Dollars (\$40,000.00). This award is in addition to each Settlement Class Representative's Direct Payment and Claims Claim Payment, if any. Defendants agree not to object to such application. For sake of clarity, the Parties agree that if the Court awards Service Awards less than Forty Thousand (\$40,000), that the difference will not revert to Defendants and will be distributed to Class Members. Settlement Class Counsel shall file the petition for service awards at least ~~forty-five (45)~~ sixty (60) calendar days before the Final Approval Hearing.

## 6-7. SYSTEMIC AND CONTRACT CHANGES

In addition to the monetary consideration described in Section 2.5, Defendants and Plaintiffs agree to the following systemic and contract changes in consideration of the promises and releases set forth in this Agreement and further agree with respect to their valuation of these changes:

### 7.1 Changes to Agent Appointment Agreements and/or Corporate Agent Appointment Agreements

Defendants agree to amend the Agent Appointment Agreement and Corporate Agent Appointment Agreement for all Settlement Class Members who do not timely submit a Request for Exclusion to:

- 7.1.1 eliminate the no-cause termination provision on three months' notice;
- 7.1.2 add a provision that the Agent/Supervising Agent may resign his or her appointment at any time with sixty (60) days written notice to the Companies (as defined in the Agent Appointment Agreement and Corporate Agent Appointment Agreement), or at an earlier date by mutual agreement of the parties;
- 7.1.3 add a provision allowing termination by the Companies on six (6) months' written notice if Agent/Supervising Agent fails to operate his or her agency or the corporate agency consistent with industry or professional

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standards *or* based on the Companies' changed business circumstances or market conditions;

7.1.4 eliminate the non-solicitation provision for the Settlement Class; and

7.1.5 add a mutual arbitration provision with a jury and class action waiver for certain claims arising from the Settlement Class Members' appointment under the Agent Appointment Agreement and/or Corporate Agent Appointment Agreement.

The foregoing agreed-upon contract changes are set forth in the attached Addenda (Exhibit D.1 and D.2 to this Agreement). The Parties agree that the Addenda will be deemed mutually executed, binding and enforceable as of the Effective Date to any Settlement Class Member who does not submit a Request for Exclusion by the Exclusion Deadline.

#### 7.2 Amendment of Agency Operations Manual

Defendants agree to remove the entire Customer Service Standards section (including 45 hour agency standard) from the Agency Operations Manual.

#### 7.3 Agency Growth Model

Defendants agree to eliminate any policy that utilizes the Agency Growth Model for determining eligibility for bonuses or achievement clubs.

#### 7.4 Independent Contractor Treatment and Complaint Procedure

Defendants agree that independent contractor insurance agents appointed in California are to be treated consistently with their independent contractor status, as set forth in the Agent Appointment Agreements and/or Corporate Agent Appointment Agreements, and to notify Defendants' personnel and district managers of this. Defendants further agree to establish a written Complaint Procedure for insurance agents to raise concerns related to independent contractor status and to identify a position independent of Farmers' territory leadership to serve as a single point of contact within the Complaint Procedure and allowing an agent to remain anonymous to her/his District Manager and/or Farmers territory leadership if she/he chooses when such issue is raised.

#### 7.5 Agreement of Independent Contractor Status

Defendants and Settlement Class Members agree that nothing in this Settlement Agreement is intended to change, revise or alter provisions of the Agent Appointment Agreement between Defendants and Settlement Class Members that Settlement Class

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Members are independent contractors for all purposes, which Settlement Class Members hereby reaffirm.

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**7.8. FILING OF MOTION TO CERTIFY SETTLEMENT CLASS**

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As part of Plaintiffs' Motion for Preliminary Approval, Plaintiffs shall request the Court to certify the Settlement Class, as defined herein, for purposes of settling the Action. Defendants shall stipulate to certification of the Settlement Class for settlement purposes only. In the event that this settlement does not receive Final Approval from the Court (or if a final approval order is reversed on appeal), no party shall use this provision or the certification of the Settlement Class for any purpose whatsoever in the Action or in any other action or proceeding.

**8.9. NOTICE OF SETTLEMENT AND CLAIM FORM; TIME TO SUBMIT CLAIMS**

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**9.1 Direct Notice of Settlement**

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The Parties agree that within seven (7) calendar days of entry of the Court's Order Granting Preliminary Approval: (i) Defendants will provide the potential Settlement Class Members' contact information (mailing address ~~and current email address, if available in Defendants' records~~) to the Settlement Administrator. Within ~~social security number, California insurance license number (if available), and current email address and telephone number, if available in Defendants' records~~) to the Settlement Administrator; (ii) Settlement Class Counsel will provide to the Settlement Administrator any potential Settlement Class Members' contact information (mailing address, email address and telephone number) that potential Settlement Class Members have provided to Settlement Class Counsel; and (iii) Settlement Class Counsel will provide to the Settlement Administrator any potential Settlement Class Members' contact information (email addresses) obtained from the United Farmers Agents' Association. The Settlement Administrator will remove any duplicated contact information, validate the email addresses provided above (except email addresses for current agents provided by Farmers) and, within twenty-one (21) calendar days of preliminary approval of this Agreement ("Notice Date"), the Settlement Administrator will send to the potential Settlement Class Members by first class United States Mail, at their last known mailing address provided by Farmers, and by email (to the extent available and to each email address available for a potential Settlement Class Member), the following documents: (collectively referred to as the "Notice Package"); (1) the Court-approved notice of the terms and conditions of this settlement in the form of a "Notice" agreed upon by the Parties (which will include instructions on how to submit a Request for Exclusion or file an objection), in substantially the same form as Exhibit "A" attached hereto; and (2) the Court-approved "Claim Form," in substantially the same forms as Exhibit "B" and Exhibit "C" attached hereto. Exhibits "A" through "C" shall be collectively referred to as the "Notice Package." or Exhibit "C" attached hereto. The Parties agree that if Notice mailed to a Settlement Class Member is

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returned as undeliverable, any alternative mailing address provided by Settlement Class Counsel or UFAA may be used to attempt re-delivery, along with any other mailing address the Settlement Administrator identifies in its normal skip tracing. The Parties further agree that if Notice is successfully delivered to at least one email address, Notice by email is deemed complete without need for skip tracing or additional efforts to re-email Notice.

The Notice to potential Settlement Class Members shall include:

8.1.19.1.1 the terms of the settlement, including the monetary components of the settlement available for Direct Payment (defined above) and the Claims Payment (defined above); and how Settlement Class Counsel's fees will be paid;

8.1.29.1.2 the deadlines for submitting a Claim Form or Request for Exclusion to the Settlement Administrator (i.e., thirty (30) calendar days after the Notice Date to submit a request for exclusion [the "Exclusion Deadline"] and sixty (60) calendar days following final approval of the settlement to submit a Claim Form [the "Claims Deadline"]; the Claims Deadline and the Exclusion Deadline as set forth in this Agreement, except as to those Settlement Class Members who receive the Notice pursuant to re-mailing, who will also have an additional thirty (30) calendar days from the date of re-mailing to submit a Request for Exclusion or a Claim Form);

9.1.3 The Settlement Administrator will send by mail and email (if available) a first reminder to all Settlement Class Members who have not submitted a Claim Form within thirty (30) calendar days after the Notice was sent, and a second reminder to all Settlement Class Members who have not submitted a Claim Form within sixty-five (65) calendar days after the Notice was sent.

8.1.39.1.4 a statement that any Claim Form or Request for Exclusion that is post-marked or submitted later than the applicable deadline will not be considered timely;

8.1.49.1.5 the name and address of the Settlement Administrator to which any Claim Form or Request for Exclusion must be submitted;

8.1.59.1.6 the deadline for filing and serving submitting an objection to the settlement;

8.1.69.1.7 a pre-populated unique claim identifier assigned by the Settlement Administrator to each individual potential Settlement Class Member,

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which may be entered on the settlement website for access to a Claim Form; and

8.1.79.1.8 the URL for the settlement website established by the Settlement Administrator that provides further information about the settlement, including the online claim processing portal and important case documents.

9.2 Settlement Website

The Settlement Administrator will be create, launch, and maintain a Settlement Website, which will provide access to relevant settlement administration documents, including the Notice, relevant court filings, and the ability to submit a Claim Form online. The Settlement Website shall be live and active from the Notice Date, to at least sixty (60) calendar days after the last disbursement of settlement payments to Settlement Class Members. The URL of the Settlement Website shall be [farmersagentsettlement.com] or such other URL as the Parties may subsequently agree to.

9.3 Creation and Maintenance of Telephone Support

The Settlement Administrator shall maintain a dedicated toll-free telephone number with an automated interactive voice response system from the Notice Date until sixty (60) days after the final disbursement of ~~settlement payments to claimants~~ Claim Payments to Claiming Class Members. The voice response system will present callers with a series of choices to hear pre-recorded information concerning the settlement. If callers require further assistance, the Settlement Administrator shall provide live telephone support during business hours.

9.4 Claim Form

The Claim Form shall inform such potential Settlement Class Members:

9.4.1 that the individual is believed to be a potential Settlement Class Member, based on Defendants' records;

9.4.2 that if the individual requests to be excluded from the Settlement Class, he or she will not be part of the Settlement Class and will not be allowed to submit a Claim Form;

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- 9.4.3 that the identifying information of a Settlement Class Member contained on a submitted Claim Form will not be made known to the Defendants except for their legal department/legal counsel (internal and external) and Defendants' legal department/legal counsel may disclose identifying information to designated personnel (other than District Managers, Area Sales Managers or any members of Territory Leadership) in Farmers' accounting and marketing departments who may will assist, as necessary, with the Claims Form Review Process so long as each agrees to keep ("Designated Personnel") and who agree by signing a written confidentiality agreement to maintain such information in strict confidence in the Claims Form Review Process and and not to disclose such information to others working for Defendants, including Defendants' District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership. The identities of Designated Personnel need not be disclosed to the Court or Settlement Class Counsel unless the Court orders otherwise. Should Farmers need to involve others beyond Designated Personnel in the Claims Form Review Process, Farmers may seek approval from the Court, but Farmers agrees that such individuals would not include District Managers, Area Sales Managers or any members of Territory Leadership; or Executive Leadership;
- 9.4.4 that to submit a valid claim, a Settlement Class Member must declare under penalty of perjury and, where applicable, provide documentary proof that he or she has paid necessary business expenses during the Settlement Class Period and meets other criteria to receive a Claims Claim Payment, as set forth in Section 10.3, the Claim Form (Exhibit B), and the Claim Form Review Process;
- 9.4.5 that the Claim Form submitted to the Settlement Administrator must be properly completed and signed, either by hand or electronically through the settlement website;
- 9.4.6 that the failure to sign the Claim Form, to provide the requisite documentary proof, if required, or to provide accurate identifying information upon request may prevent validation of a Settlement Class Member's claim by the Settlement Administrator;
- 9.4.7 that a Settlement Class Member shall have until the Claims Deadline of no later than sixty (60) days after the date of entry of the Court's order granting Final Approval to submit his or her Claim Form to the Settlement Administrator; and

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9.4.8 that a Settlement Class Member eligible for Direct Payment is not required to submit a Claim Form to receive his or her pro rata Direct Payment.

9.5 Distribution of Notice and Claim Form

The Settlement Administrator shall send the Notice Package to all potential Settlement Class Members who can reasonably be identified via first class United States Mail and email to all Settlement Class Members for whom Defendants have provided email addresses. Before the first mailing, the Settlement Administrator will perform a National Change of Address (“NCOA”) search on the addresses for former agents who are part of the Settlement Class. The Settlement Administrator shall perform one skip trace as to any Notices (and accompanying documents) that are returned by the post office for invalid addresses within five (5) calendar days of its receipt of such returned Notice. For Notice Packets returned as undeliverable by the United States Postal Service without any forwarding addresses, the Settlement Administrator will attempt to obtain updated addresses using proprietary database resources to which it subscribes, as well as contact each Class Member by telephone to obtain updated mail and email addresses, and, in instances where updated addresses are found or obtained, will re-mail or email the Notice. Those potential Settlement Class Members who receive Notice pursuant to telephone contact or the skip trace or proprietary database resources shall be informed (via an insert in the Notice) that his or her time to submit a Claim Form or Request for Exclusion to the Settlement Administrator shall be the longer of: (1) thirty (30) calendar days from the date Notice is mailed to the updated address, (2) the Claims Deadline, for submission of a Claim Form; or (3) the Exclusion Deadline, for submission of a Request for Exclusion. The Settlement Administrator shall notify Settlement Class Counsel and Defendants’ counsel of the identity of all potential Settlement Class Members who were sent Notice pursuant to a skip trace, or reference to the Settlement Administrator’s proprietary database resources, and whose Notice was again returned. The Settlement Administrator shall provide such notification within seven (7) calendar days of its receipt of such returned Notice.

9.6 Time for Submission of Claim Forms

9.6.1 An individual Settlement Class Member who submits a timely and properly completed Claim Form shall be a “Claiming Class Member.”

9.6.2 To be considered timely, a Claim Form must be received by the Settlement Administrator and electronically submitted or post-marked on or before the Claims Deadline, except as to those Settlement Class Members who receive Notice pursuant to the one skip trace or receive a Deficiency Notice but timely respond to such Deficiency Notice as defined and described below.

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9.6.3 The Settlement Class Members who receive Notice pursuant to the one skip trace shall have until the longer of: (a) thirty (30) calendar days from the date Notice is re-mailed or (b) the Claims Deadline to submit a Claim Form.

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9.6.4 The submission of a Claim Form will be deemed completed on the earlier of the date of electronic or mailed receipt by the Settlement Administrator or the postmark date on the envelope containing the Claim Form.

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9.7 Defective Claim Forms

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A Claim Form shall be defective if a Settlement Class Member fails to (1) make the required declaration/certification, (2) provide the requisite documentary proof to substantiate a claim, if required, as set forth in Section 10.3, (3) sign the form as required, and/or (4) provide accurate identifying information upon request.

If the Settlement Administrator receives a defective Claim Form, the Settlement Administrator shall return such form to the Settlement Class Member via first class mail (*i.e.*, provide a "Deficiency Notice") ~~or electronically and email (if available)~~ and instruct the Settlement Class Member as to the basis of the deficiency, and that he or she has until the later of (1) thirty (30) calendar days, plus three calendar days if the notice is provided by mail, or (2) the Claims Deadline, within which to correct, complete, supplement, and/or sign such form and return it to the Settlement Administrator via first class mail or electronically (by email or through the Settlement Website) and/or to provide the requested information to the Settlement Administrator. The Settlement Administrator will send only one Deficiency Notice per member of the Settlement Class. If a completed Claim Form, or the requested information is not received within said time frame or remains defective, the Claim Form shall be considered defective and invalid for purposes of this settlement, ~~and the Administrator will deny the Claim without further review.~~ The Settlement Administrator will provide the identity of Settlement Class Members who submitted defective Claim Forms to Settlement Class Counsel and Defendants' counsel at the same time a Settlement Class Member is ~~notified that his or her Claim Form is defective provided a Deficiency Notice.~~

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9.8 Reports by Settlement Administrator

No later than ~~thirty (30)~~sixty (60) calendar days prior to the ~~Fairness~~Final Approval Hearing, the Settlement Administrator shall provide the Parties with a declaration (the "Claims Administration Declaration") setting forth the steps taken by the Settlement Administrator to provide notice to potential Settlement Class Members, ~~the number of undeliverable Notice Packages, and the number of Requests for Exclusion and send reminders, the number of undeliverable Notice Packages, the number of Requests for Exclusion, the number of Claims, and the Settlement Administrator's Initial and Final Determinations to date for each Claim, including the reasoning for any recalculation of~~

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amounts payable after the Initial Determination. The Claims Administration Declaration shall be filed in the public record, although information in the Claims Administration Declaration specific to each Claim, including the Initial and Final Determinations and the reasoning for any recalculation of the amounts payable after the Initial Determination, will be filed under seal.

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No later than sixteen (16) calendar days prior to the Final Approval Hearing, Settlement Administrator shall provide the Parties with an updated Claims Administration Declaration that provides its Final Determinations for all Claims that shall, for each Claim, state the Settlement Administrator's Initial Determination of the amount payable, its Final Determination, and the reasoning for any recalculation of amounts payable after the Initial Determination. The Settlement Administrator shall also either update other information provided in the earlier Claims Administrator Declaration or state that the information has not changed. The Parties shall file the updated Claims Administration Declaration in the public record no later than sixteen (16) calendar days before the Final Approval Hearing, although information in the Claims Administration Declaration specific to each Claim, including the Initial and Final Determinations and the reasoning for any recalculation of the amounts payable after the Initial Determination, will be filed under seal.

Information included the original and updated Claims Administration Declarations that is filed under seal shall be disclosed only to Defendants' legal counsel/legal department (internal and external) and shall not be disclosed to any other person working for Defendants, including its District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership, unless authorized by the Court under section 9.4.3.

#### 9.9 Retention of Claim Forms and Requests for Exclusion

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The Settlement Administrator shall make available copies of Claim Forms received before or on the Claims Deadline to Class Counsel and counsel for Defendants on a rolling basis as they are received. The Settlement Administrator shall maintain the completed Claim Forms and Requests for Exclusion throughout the administration of the settlement. The Settlement Administrator shall make the completed Claim Forms and Requests for Exclusion available to the Parties upon a reasonable request for such forms.

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### **9.10. PAYMENT TO SETTLEMENT CLASS MEMBERS**

#### **10.1 Settlement Administrator's Role**

The Settlement Administrator will calculate amounts to be paid to Settlement Class Members as provided below.

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#### **10.2 Direct Payment**

Each Settlement Class Member will receive a Direct Payment, including any Settlement Class Member whose Notice or re-sent Notice is returned as undelivered. All Direct Payments will be reported to the IRS as income on Form 1099.

### 10.3 Claims Payment and Claim Form Review Process

Each Settlement Class Member who submits a valid Claim Form acceptable to the Settlement Administrator is eligible to receive a Claims Payment, in addition to the Direct Payment, of up to \$10,000. Claim Forms submitted or postmarked after the Claim Deadline will be rejected. The Settlement Administrator shall make available copies of Claim Forms received before or on the Claims Deadline to Class Counsel and counsel for Defendants on a rolling basis as they are received.

To submit a valid claim, the Settlement Class Member must, by the Claims Deadline, submit a valid Claims Form, supported by documentary proof, if applicable, that is completed and signed by hand or electronically. The Settlement Administrator will then follow the Claim Form Review Process set out in this section to make an initial determination and then a final determination on each claim.

The Settlement Administrator will promptly evaluate each timely submitted Claim Form it receives to make an Initial Determination using the following process:

1. For any claim on the Claim Form that the Settlement Class Member attests is supported by documentary proof by checking the applicable box, the Administrator will determine whether the documents submitted by the Settlement Class Member support the amount claimed and whether the Claim Form is completed and signed.
  - a. If yes, the Settlement Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member.
  - b. If no, the Settlement Administrator will follow the notice & cure procedure forth in Section 9.7 of the Settlement Agreement, which is to provide notice to the Settlement Class Member of the deficiency and allow the Settlement Class Member until the later of (1) thirty (30) calendar days, plus three calendar days if the notice is provided by mail, or (2) the Claims Deadline, to cure the deficiency (“Notice & Cure Procedure”).
  - c. If the documentation submitted by the Settlement Class Member supports an amount less than the amount claimed by the Settlement Class Member, then the Settlement Administrator will initially approve the lesser amount and follow the Notice & Cure Procedure.

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d. If as a result of the Notice & Cure Procedure, the Settlement Class Member provides documentation to support the claimed amount, the Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member. If the Settlement Class Member does not provide the necessary documentation after the Notice & Cure Procedure or does not cure other deficiencies, the Settlement Administrator will deny that claimed amount without further review.

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2. For any claim on the Claim Form that the Settlement Class Member attests he or she paid by deduction from folio by checking the applicable box, the Administrator will initially approve the claimed amount up to a maximum total Claim Payment amount of \$10,000 per Settlement Class Member, provided the Claim Form is completed and signed. If the Claim Form is not completed and signed, the Settlement Administrator will follow the Notice & Cure Procedure and initially approve the claimed amount if the deficiencies in the Claim Form are cured.

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3. For any claim on the Claim Form where the Settlement Class Member does not provide supporting documentation or attest that he or she paid by deduction from folio by checking the applicable box, the Settlement Administrator will follow the Notice & Cure Procedure. If the Settlement Class Member does not cure the deficiency as part of the Notice & Cure Procedure, the Settlement Administrator will deny that claimed amount without further review.

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4. In making an Initial Determination, the Settlement Administrator shall also apply the following rules:

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a. Except as set out in subsection (ii), below, a Settlement Class Member may only claim reimbursement for expenses paid for one full-time Licensed & Appointed staff (or one or more part-time Licensed & Appointed Staff who were the equivalent of one full-time Licensed & Appointed Staff) hired on or before December 31, 2020. If a Settlement Class Member submits a claim for expenses paid for one or more part-time Licensed & Appointed staff, the Settlement Class Member must submit documentation showing that the part-time staff were the equivalent of one full-time Licensed & Appointed staff and in total those part-time staff worked no more than 45-hours per week. If the Settlement Class Member does not initially submit the required documentation, the Settlement Administrator will follow the Notice & Cure Procedure to allow or disallow claims related to the additional Licensed & Appointed staff.

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- i. Expenses paid for the Licensed and Appointed Staff not only include the wages or salary paid but the costs of licensing and appointment including: Property, Casualty, and Life licensing with DOI; Online training for insurance licensing exams (ExamFC, TesTeachers, Securities Training Corp.); and background check fee.
- ii. A Settlement Class Member is ineligible to claim reimbursement for Licensed & Appointed staff if the Settlement Class Member was appointed as a Farmers agent through any of the following three programs: External Acquisition (after 1/1/2019), SEED, or Retail.
- b. A Settlement Class Member may only claim one-time expenses for Exterior Signage and Interior Signage and Branding categories identified on the claim form. Notwithstanding the forgoing:
  - i. A Settlement Class Member may claim reimbursement for a second item listed in the Exterior Signage category and Interior Signage and Branding category if they moved offices during the Settlement Class Period. If the Settlement Class Member does not provide documentation showing that he/she moved offices and supporting the expense paid for the second item(s) after the move, the [Settlement Administrator](#) will follow the Notice & Cure Procedure. For purposes of this rule, sufficient documentation includes a statement by the Settlement Class Member submitted under penalty of perjury stating that he/she moved offices.
- c. Except as provided in subsection (d) below, a Settlement Class Member may submit claims on the Claim Form only for expenses they paid between the start of the Settlement Class Period to and including December 31, 2020. The [Settlement Administrator](#) will deny any claim for expenses paid after December 31, 2020, without a right to cure. Notwithstanding the forgoing, any Settlement Class Member appointed during the month of December 2020 may submit claims for Smart Office expenses paid after December 31, 2020, to the end of the Settlement Class Period.
- d. A Settlement Class Member may submit claims on the Claim Form for paid website customization and/or website photo expenses only if incurred during the period when digital storefront became part of Smart Office Standards (1/1/2018 to 12/31/2020), and will be paid for the claimed expense up to a maximum of \$30 per month for the

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~~Within 30 calendar days of~~Every two weeks during the Claims Deadline or cure deadline for deficient claims (whichever is later), process, the Settlement Administrator will provide to Class Counsel and counsel for Defendants a list identifying all Settlement Class Claims and its Initial Determinations (“Initial Determinations List?”) from the previous two weeks. The Administrator will provide the final Initial Determinations List no later than 30 calendar days after the Claims Deadline or cure deadline for deficient claims (whichever is later).

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The Settlement Administrator will then make a Final Determination using the following process:

1. Within 4530 calendar days of the distribution of thean Initial Determinations List, counsel for Defendants or Class Counsel may provide to the Settlement Administrator additional materials for the Administrator to consider (“Additional Submissions”). The Additional Submissions may address one or more of the following topics:

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a. Whether any claim on the Claim Form that the Settlement Class Member attests he or she paid by deduction from folio does not match the information in Farmers’ records. Farmers shall provide the Administrator with the relevant information for the Settlement Class Member as part of its Additional Submission. If Farmers has no evidence of a folio deduction for one or more of the claims on a Claim Form that a Settlement Class Member attests he or she paid by deduction from folio, then Farmers shall also provide a statement to that effect under penalty of perjury as part of its Additional Submission.

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b. Whether Farmers paid or reimbursed, in whole or part, any expense that a Settlement Class Member claims in the Claim Form. Farmers shall provide the Administrator with documentation showing that Farmers paid or reimbursed the claimed expenses in whole or part as part of its Additional Submission.

c. Whether any claim the Administrator allowed should have been disallowed, or any claim the Administrator disallowed should have been allowed, under the rules set forth above for the Initial Determination (section 1.4). Farmers or Class Counsel shall provide the Administrator with documentation as necessary as part of its Additional Submission, except that no party shall be permitted to submit new documents/information that were not timely submitted in accordance with the Notice & Cure Procedure.

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- d. Whether a claim for expenses for a person in the role of a Licensed & Appointed staff is not, in fact, for a person licensed and appointed by Farmers or who was not licensed and appointed by Farmers during time-frame claimed by the Settlement Class Member. If Farmers has no evidence that the person was licensed and appointed by Farmers as claimed by the Settlement Class Member, then Farmers shall provide a statement to that effect under penalty of perjury as part of its Additional Submission.
- e. Whether a Settlement Class Member is or was appointed as a Farmers agent through any of the following three programs, External Acquisition (after 1/1/2019), SEED, or Retail, to determine eligibility for a claim for expenses paid for Licensed & Appointed staff.
- f. Whether a claim is fraudulent.

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2. The Settlement Administrator will provide the Additional Submissions to the non-submitting party (either Class Counsel or counsel for Defendants), who will have 30 calendar days to provide any document contesting or otherwise disputing the documents submitted with the Additional Submission. Unless a Class Member refuses to cooperate, Class Counsel will work with the Class Member to prepare and submit either an Additional Submission or any response to the Additional Submission.
3. The Administrator shall make its Final Determination after the deadline for either Class Counsel or counsel for Defendants, to provide any responsive documentation has passed. The Claim Form Review Process will be deemed completed upon delivery of the Final Determination to Class Counsel and counsel for Defendants under Section 9.8 (Reports by Settlement Administrator).
4. For each entry on the Initial Determinations List for which neither counsel for Defendants nor Class Counsel submitted Additional Submissions within the 4530-day period, the Settlement Administrator shall consider its Initial Determination as its Final Determination.

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~~Upon making a Final Determination, the Administrator shall send the Claim Payment (together with the Direct Payment) by first class United States Mail to the address on the Claim Form associated with that Settlement Class Member~~

Ex parte communications with the Settlement Administrator regarding its Initial Determinations, the Additional Submissions and Responses to Additional Submissions, or its Final Determinations are prohibited. A Party's communication with the Settlement Administrator on these topics shall include the other Parties, and the Settlement

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Administrator's communications on these topics shall include all Parties. The Settlement Administrator shall have final authority to determine whether a claim is valid and payable and its decision is not subject to review or appeal.

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Defendants agree that they shall send payment to reimburse all additional expenses as provided in Section 6.1 within 30 calendar days of the receiving the invoice from the Settlement Administrator. Defendants further agree that they shall remain obligated to reimburse all additional expenses as provided in Section 6.1 regardless of the Settlement Administrator's Initial or Final Determinations and regardless of whether the Court grants Final Approval.

Any Settlement Class Member who does not become a Claiming Class Member shall not receive any ClaimsClaim Payment. All ClaimsClaim Payments will be reported to the IRS as income on Form 1099.

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#### 10.4 Tax Liability and Net Payments

Settlement Class Members shall be responsible for remitting to State and/or Federal taxing authorities any applicable other taxes due.

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#### 10.6 Circular 230 Disclaimer

10.6.1 no provision of this agreement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of the United States Treasury Department Circular 230 (31 CFR Part 10, as amended);

10.6.2 the Parties, including each Settlement Class Member (A) should rely exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this agreement, (B) has not entered into this agreement based upon the recommendation of any other party or any attorney or advisor to any other party, and (C) is not entitled to rely upon any communication or disclosure by any attorney or adviser to any other party to avoid tax penalty that may be imposed on the party; and

10.6.3 no attorney or adviser to any other party has imposed any limitation that protects the confidentiality of any such attorneys' or advisers tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the acknowledging party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this agreement.

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10.7 Applicability of Section 384 of the California Code of Civil Procedure

The Parties agree that this settlement is not subject to Section 384 of the California Code of Civil Procedure.

**10.11. ADMINISTRATION OF SETTLEMENT AMOUNT**

10.11.1 The Settlement Administrator will calculate the settlement payments to be made to the Settlement Class Members in accordance with the terms and provisions of this Agreement. Defendants' counsel and Settlement Class Counsel will be provided access to all calculations and all data forming the basis for such determinations. The fees, costs, and expenses of the Settlement Administrator in connection with said verification and/or performance shall be considered settlement administration expenses, except for the expenses solely borne by Defendants relating to Defendants' Additional Submissions in the Claim Form Review Process. The Court shall retain jurisdiction over the correctness of such calculations and the amount of payments due, and the Parties shall submit any disagreements regarding these issues to the Court for determination.

10.11.2 No person shall have any claim against Defendants, Defendants' counsel, Plaintiffs, the Settlement Class, Settlement Class Counsel, or the Settlement Administrator based on distributions and payments made in accordance with this Agreement.

**12. PRELIMINARY APPROVAL OF SETTLEMENT**

Plaintiffs shall seek preliminary approval of this settlement by the Court for entry of a Preliminary Approval Order. As part of the preliminary approval process, the Court shall be asked to approve, among other matters, the terms of the settlement, the method of providing notice, the Notice Package, the procedure for the calculation of settlement distributions, and scheduling of a hearing on final approval of the settlement and on Settlement Class Counsel's application for payment of attorneys' fees, costs, and expenses, and service awards, as set forth herein.

**13. FAIRNESSFINAL APPROVAL HEARING**

The Notice shall contain a date, time, and location for a "FairnessFinal Approval Hearing." The FairnessFinal Approval Hearing shall be held on a date approved by the Court no earlier than ~~fifteen~~ (15Seventy-Five (75)) calendar days after the ExclusionClaim Deadline. The exact date, time, and location of the FairnessFinal Approval Hearing shall be set forth in the Notice. At the FairnessFinal Approval Hearing, Settlement Class

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Counsel shall request the Court to grant approval of the applications for attorneys' fees, costs, expenses, and service award referred to in Section 6 of this Agreement.

#### 14. PROCEDURE FOR OBJECTIONS TO SETTLEMENT

The Notice shall provide that Settlement Class Members who wish to object to the settlement, or any portion thereof, may ~~file with the Court do so either: (1) in writing; and serve on one of the identified Settlement Class Counsel and Defendants' counsel a written statement objecting to the settlement. Such written statement must be filed with the Court and served on Settlement Class Counsel and Defendants' counsel~~ (2) verbally at the Final Approval Hearing. A written objection should be sent to the Settlement Administrator (via U.S. mail, email or fax) no later than thirty (30) calendar days prior to the Fairness Hearing (the "Objection Deadline"). ~~No before the Final Approval Hearing. The Settlement Administrator will provide all written objections to Class Counsel and Defendants' counsel, who will then file them with the Court. The Court may at its discretion refuse to consider untimely written objections or briefs submitted by any Settlement Class Member shall be received or considered by the Court at the Final Approval Hearing.~~ Settlement Class Members who fail to file and serve timely written objections in the manner specified above wish to verbally object to the Settlement may do so by appearing (or having his or who fail raise objections orally her attorney appear) at the Final Approval Hearing ~~shall be deemed to have waived any objections and shall, either in person or remotely. No notice of appearance is required. Settlement Class Members who do not object, either in writing before the Final Approval Hearing or verbally at the Final Approval Hearing, shall be forever be foreclosed from making any objection (whether by appeal or otherwise) to the settlementSettlement, or any aspect of the settlementSettlement, including, without limitation, the fairness, reasonableness or adequacy of the proposed settlementSettlement.~~

#### 15. [PROPOSED] FINAL APPROVAL ORDER, FINAL JUDGMENT AND ORDER OF DISMISSAL

Upon final approval of the settlement, the Court shall be requested to issue a [Proposed] Final Approval Order and Final Judgment ("Proposed Final Judgment") in substantially the same form as Exhibits F and G attached hereto, respectively, which shall, *inter alia*:

- 15.1 Grant final approval to the settlement as fair, reasonable, adequate, in good faith and in the best interests of the Settlement Class, as a whole, and order the Parties to carry out the provisions of this Agreement.
- 15.2 Adjudge that all Settlement Class Members who did not timely submit a Request for Exclusion by the Exclusion Deadline are conclusively deemed to have released Defendants and the Released Parties (as defined below), of and from any and all rights, claims, demands, liabilities, causes of

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action, liens and judgments arising out of or in any way related to the matters set forth, or that could have been set forth, in the Complaint.

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15.3 Affirm that nothing in the Settlement Agreement shall change or alter the classification of Settlement Class Members as independent contractors during the Settlement Class Period, which Settlement Class Members who do not timely submit a Request for Exclusion reaffirm.

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15.4 Bar and permanently enjoin each Settlement Class Member who did not timely submit a Request for Exclusion by the Exclusion Deadline from prosecuting against the Defendants and the Released Parties (as defined below), any and all of the settled and released claims.

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15.5 Reserve continuing jurisdiction as provided herein above.

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16. ~~APPROVAL AND ADOPTION OF [PROPOSED] FINAL JUDGMENT AND FINAL APPROVAL ORDER~~ APPROVAL AND ADOPTION OF [PROPOSED] FINAL JUDGMENT AND FINAL APPROVAL ORDER

Plaintiffs shall seek final approval of this settlement by the Court and for entry of the [Proposed] Final Judgment and the Final Approval Order, as well as an Attorneys' Fee Order and Service Awards Order.

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17. PAYMENT OF SETTLEMENT PROCEEDS

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17.1 Timing of Payments

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~~Direct Payments to Settlement Class Members who do not timely submit a Request for exclusion and who do not submit Claim Forms, Settlement Class Members who do not timely submit a Request for exclusion shall receive one check as Payment for (i) their portion of the Direct Payment, and (ii) if they also submitted a timely Claim, a Claim Payment for any Claim that has completed the Claim Form Review Process as of the Effective Date, and the Settlement Administrator has up to ten (10) calendar days after the Effective Date to send payment. Settlement Class Members who do not timely submit a valid Request for Exclusion and who timely submit a Claim, but whose Claim has not yet completed the Claim Form Review Process as of the Effective Date, shall receive one check for their share of the Direct Payment after the Effective Date and a second check for any Claim Payment after the completion of the Claim Form Review Process for their Claim, and the Settlement Administrator has up to ten (10) calendar days after the Effective Date to send the Direct Payment and up to ten (10) calendar days after the completion of the Claim Form Review Process to send the Claim Payment.~~

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Payment to the Settlement Administrator for all Court-approved settlement administration expenses, Court-approved service awards to the Class Representatives, and

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payment to Settlement Class Counsel for Court-approved attorneys' fees, costs and expenses, shall be made ~~ten (10) business days after the Effective Date.~~ ~~Payments to Settlement Class Members who do not timely submit a valid Request for Exclusion and who timely submit a Claim shall be made twenty (20) business days after the passage of both the Effective Date and the completion of the Claim Form Review Process for all Settlement Class Members' claims.~~ ~~after the Effective Date and up to ten (10) calendar days after the Effective Date.~~

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#### 17.2 Method of Payment

Defendants will fund a qualified settlement fund established by the Settlement Administrator. The expiration date on ~~the Direct Payment and Claim Payment~~ settlement checks will be 180 calendar days from the date the settlement checks are issued, unless otherwise extended by agreement of the parties, ~~and the expiration date shall be printed on the front of settlement checks.~~ Un-cashed settlement checks may be reissued where appropriate, including where the Settlement Class Member states that he or she never received the check, in which case the Settlement Administrator will stop payment on the uncashed check and re-issue the check, up to and including the final settlement accounting hearing with the Court. Any funds remaining after the final settlement accounting hearing because of un-cashed ~~Direct Payment~~ checks shall escheat to the State of California, ~~and any as unclaimed funds remaining because pursuant to California Code of un-cashed Claim Payment checks shall be returned to Defendants Civil Procedure section 1510, et seq.~~

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### ~~18. RELEASED PARTIES AND CLAIMS~~

### 18. RELEASED PARTIES AND CLAIMS

#### 18.1 Released Parties

"Released Parties" means the collective of Defendants, each of their subsidiaries or affiliates, including Mid-Century Insurance Company and Farmers New World Life Insurance Company, and each of their present and former predecessors, successors, assigns, parent companies, divisions, members, owners, executives, officers, directors, governors, shareholders, policyholders, representatives, employees, agents, attorneys, attorneys-in-fact, consultants, contractors, servants, vendors, managers, and their trustees, administrators, fiduciaries, co-defendants, administrators, related individuals and/or entities, insurers, and/or any and all individuals and/or entities acting by, through, under, or in concert with any of them or otherwise affiliated with them.

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#### 18.2 Released Claims

"Released Claims" means any and all claims, demands, debts, liabilities, actions, obligations, damages, losses, costs, and causes of action of every kind and nature, whether at common law, pursuant to statute, ordinance, or regulation, in equity or otherwise, whether arising under federal, state, or other applicable law, whether known

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or unknown, actual or potential, suspected or unsuspected, direct or indirect, or contingent or fixed that have been alleged, could have been alleged, or in the future might be alleged, that reasonably arise out of or reasonably relate to the facts and/or claims set forth in the First Amended Complaint during the Class Period, including Plaintiffs' claims that they were misclassified as independent contractors rather than employees, both on behalf of the Settlement Class Representatives and on behalf of the Settlement Class Members (individually and on behalf of any corporation for which they are/were the Supervising Agent, if applicable), including without limitation claims and theories based on the California Labor Code.

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### 18.3 Release

In exchange for the consideration set forth in this Settlement Agreement, and upon Final Approval of this Settlement Agreement and Defendants' compliance with section 6.1.2 and 6.1.3, all Settlement Class Members who did not timely exclude himself or herself from this Settlement Agreement by filing a timely and valid Request for Exclusion, and each of their respective executors, administrators, representatives, agents, heirs, successors, assigns, trustees, guardians, corporations, and all those who claim through them or assert claims on their behalf, shall be deemed to have fully and forever released the Released Parties from any and all Released Claims. By granting preliminary and final approval of the settlement, the Court will have reviewed this Agreement and concluded that the Settlement is fair, reasonable and adequate.

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### 18.4 California Civil Code Section 1542 Waiver

With respect to the Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs Irene Parry and Jeanette O'Sullivan (individually and on behalf of any corporation for which they are/were the Supervising Agent, if applicable) shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished as to the Released Claims, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law that purports to limit the scope of a general release. Section 1542 provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER**

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**SETTLEMENT WITH THE DEBTOR OR  
RELEASED PARTY.**

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**20. WAIVER OF RIGHTS**

~~20.1 The Parties hereto, including the Settlement Class, stipulate and agree that the consideration received by the Settlement Class Members pursuant to this Agreement compensates the Settlement Class for all damages, all restitution, and all liability related to any compensation to which they may be entitled to as a result of the allegations that were, or could have been made, in the Action.~~

**19. NO ADMISSION**

~~20.2 By granting preliminary and final approval of the settlement, the Court will have reviewed this Agreement and concluded that the Settlement is fair, reasonable and adequate.~~

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**21. NO ADMISSION**

Defendants and the other Released Parties deny any and all claims alleged in the Action and deny all wrongdoing whatsoever. Defendants continue to assert, *inter alia*, that the Settlement Class Members were properly classified as independent contractors. This Agreement is neither a concession nor an admission, and shall not be used against Defendants or any of the Released Parties as an admission or indication with respect to any claim of any fault, concession or omission by Defendants or any of the Released Parties. Whether or not the settlement is finally approved, neither the settlement, nor any document, statement, proceeding or conduct related to this Agreement, nor any reports or accounts thereof, shall in any event be:

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~~21-19.1~~ construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Defendants or the Released Parties, including, but not limited to, evidence of a presumption, concession, indication or admission by Defendants or any of the Released Parties of any liability, fault, wrongdoing, omission, concession or damage; or

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~~21-219.2~~ disclosed, referred to or offered or received in evidence against Defendants or any of the Released Parties, or its/her counsel, personnel or supervisors, in any further proceeding in the Action, or any other civil, criminal or administrative action or proceeding, except for purposes of settling the Action pursuant to this Agreement.

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**2220. COMMUNICATIONS ABOUT THE SETTLEMENT**

~~22-120.1~~ The Parties and their counsel agree not to contact any media organization about the settlement and further agree that if they are contacted by a media

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organization, then they will only state that this matter has settled, and may direct the organization to the Settlement Website and court filings for further information.

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22.220.2 No Party or its/her counsel, personnel or supervisors, will discourage Settlement Class Members from making claims under the settlement. The Parties and their counsel agree that they will not misrepresent this Agreement, the Class Notice, and the Claim Form. Nothing herein shall prevent Settlement Class Counsel from communicating with the Settlement Class regarding settlement, claims or matters related to the settlement or claims process.

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**23. NULLIFICATION OF AGREEMENT**

20.3 Defendants shall instruct their District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership that they shall not discuss the Settlement Agreement with a potential Settlement Class Member.

**21. NULLIFICATION OF AGREEMENT**

In the event: (a) the Court does not enter the Preliminary Approval Order specified herein in substantially the same form as Exhibit D attached hereto; (b) the Court does not finally approve the settlement as provided herein; (c) the Court does not issue a [Proposed] Final Judgment (as provided herein and in substantially the same form as Exhibit G attached hereto) which becomes final and not subject to any appeals; or (d) the settlement does not become final for any other reason, this Agreement shall be null and void and any order or judgment entered by the Court in furtherance of this settlement shall be treated as void *ab initio*. In such event, the Parties hereto and any funds to be awarded under this settlement shall be returned to their respective statuses as of the date and time immediately prior to the execution of this Agreement, and the Parties shall proceed in all respects as if this Agreement had not been executed.

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**24. RETURN OF DOCUMENTS AND INFORMATION**  
**22. RETURN OF DOCUMENTS AND INFORMATION**

The Parties agree that none of the documents and information provided to them by the opposing Party and marked as confidential under the protective order shall be used for any purpose other than prosecution of the Action. No later than ten (10) calendar days after Settlement Class Counsel receives any Court-approved award of attorneys' fees the Effective Date, the Parties shall destroy or return to the opposing Party the original and all copies of any documents that opposing Party produced or provided and marked as confidential under the protective order. Should a Party elect to destroy those documents, the Party shall certify under penalty of perjury that such documents have been destroyed.

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Nothing in the previous paragraph shall be interpreted to require the destruction of, or bar outside counsel for either party from retaining in their files, (i) one copy of all deposition transcripts, including exhibits, in this matter, consistent with the Protective Order, and (ii) a copy of all documents filed with the court, including any exhibits.

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~~25. REPRESENTATIONS AND WARRANTIES~~

23. REPRESENTATIONS AND WARRANTIES

Each party to this Agreement represents and warrants that he, she or it has not heretofore assigned or transferred, or purported to assign or transfer, any of the claims released pursuant to this Agreement to any other person and that he, she or it is fully entitled to compromise and settle same.

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~~26. CALIFORNIA LAW~~

24. CALIFORNIA LAW

All questions with respect to the construction of this Agreement and the rights and liabilities of the Parties hereto shall be governed by the laws of the State of California applicable to agreements to be wholly performed within the State of California.

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~~27. OWN COUNSEL~~

27. OWN COUNSEL

Each party hereto acknowledges that he, she or it has been represented by counsel of his, her or its own choice throughout all of the negotiations which preceded the execution of this Agreement and in connection with the preparation and execution of this Agreement.

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~~28. FURTHER ACTS AND DOCUMENTS~~

28. FURTHER ACTS AND DOCUMENTS

The Parties and counsel for the Parties hereto agree to do such acts and execute all such documents necessary to effectuate the intent of this Agreement.

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~~29. COUNTERPARTS~~

29. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and will be effective upon execution by all Parties. Facsimile signatures shall be deemed original signatures for all purposes.

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30. HEADINGS

30. HEADINGS

The headings contained in this Agreement are for reference only and are not to be construed in any way as a part of the Agreement.

31. ENTIRE AGREEMENT

31. ENTIRE AGREEMENT

This Agreement represents the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior oral and written agreements and discussions. Each of the Parties covenants that he, she or it has not entered into this Agreement as a result of any representation, agreement, inducement, or coercion, except to the extent specifically provided herein. Each party further covenants that the consideration recited herein is the only consideration for entering into this Agreement and that no promises or representations of another or further consideration have been made by any person. This Agreement may be amended only by an agreement in writing duly executed by all Parties hereto and approved by the Court.

32. BINDING EFFECT

32. BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and to their respective heirs, assigns and successors-in-interest.

33. DRAFTING

33. DRAFTING

Each party hereto has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party as drafter of this Agreement.

34. SEVERABILITY

34. SEVERABILITY

In the event any covenant or other provision herein is held to be invalid, void or illegal, the same shall be deemed severed from the remainder of this Agreement and shall in no way affect, impair or invalidate any other covenant, condition or other provision herein. If any covenant, condition or other provision herein is held to be invalid due to its scope or breadth, such covenant, condition or other provision shall be deemed valid to the extent of the scope or breadth permitted by law.

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**34. INCORPORATION OF EXHIBITS**

**34. INCORPORATION OF EXHIBITS**

All exhibits attached to this Agreement are hereby incorporated by reference as though set forth fully herein and are a material part of this Agreement. Any notice, order, judgment or other exhibit that requires approval of the Court must be approved without material alteration from its current form in order for this Agreement to become effective. Notwithstanding this paragraph, insubstantial changes to the attached exhibits shall not invalidate the Agreement.

**35. AUTHORITY**

**35. AUTHORITY**

Each party hereto warrants and represents that each of the persons or entities executing this Agreement is duly empowered and authorized to do so.

**36. ADMINISTRATION OF SETTLEMENT AND COMPLIANCE**

**36. ADMINISTRATION OF SETTLEMENT AND COMPLIANCE**

The Court shall have continuing jurisdiction to resolve any dispute which may arise with regard to the terms and conditions of this Agreement as set forth herein.

**37. NOTICES**

**37. NOTICES**

All notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement (other than the Notice to Settlement Class Members, Claim Form submissions, and Requests for Exclusion) shall be in writing and shall be delivered personally, telecopied, or mailed postage pre-paid by first class mail to the following persons at their addresses set forth as follows:

Settlement Class Counsel:

Charles J. Crueger, Esq.  
**CRUEGER DICKINSON LLC**  
4532 North Oakland Avenue  
Whitefish Bay, WI 53211

Edward A. Wallace, Esq.  
**WEXLER WALLACE HPLEGAL GROUP LLC**

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55 West Monroe Street, 111 W Jackson Blvd, Suite 3300 1700  
Chicago, IL 60603 60604

Defendants' Counsel:

*For Defendants Farmers Insurance Exchange, Truck Insurance Exchange and Fire Insurance Exchange:*

Nina Huerta, Esq.  
Jordon R. Ferguson, Esq.  
Jonevin Sabado, Esq.  
LOCKE LORD LOCKE LORD LLP  
300 South Grand Avenue, Suite 2600  
Los Angeles, CA 90071

*For Defendant Farmers Group, Inc.:*

Christopher S. Maile, Esq.  
Gerald M. Siegel, Esq.  
THARPE & HOWELL, LLP  
15250 Ventura Boulevard, Ninth Floor  
Sherman Oaks, California 91403

**WHEREFORE**, Plaintiffs, on their own behalf and on behalf of the Settlement Class, and Defendants, by their respective duly authorized agents or counsel, have executed this Agreement as of the dates set forth below.

**Farmers Insurance Exchange, Truck Insurance Exchange and Fire Insurance Exchange**      **Plaintiffs**

\_\_\_\_\_  
[insert name]  
[insert title]

\_\_\_\_\_  
Irene Parry  
Plaintiff and Class Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Farmers Group, Inc**

\_\_\_\_\_

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September \_\_, 2021 February \_\_, 2022

WEXLER WALLACE LLP  
LEGAL GROUP LLC

Edward A. Wallace  
Kara A. Elgersma  
Mark J. Tamblyn  
*Attorneys for Plaintiffs and the Class*

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February \_\_, 2022

WEXLER BOLEY & ELGERSMA LLP

Kara A. Elgersma  
*Attorneys for Plaintiffs and the Class*

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September \_\_, 2021 February \_\_, 2022

MILBERG COLEMAN BRYSON  
PHILLIPS GROSSMAN, PLLC

Greg F. Coleman  
Arthur Stock  
*Attorneys for Plaintiffs and the Class*

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September \_\_, 2021 February \_\_, 2022

NELSON & FRAENKEL LLP

Gretchen M. Nelson  
Gabriel S. Barenfeld  
*Attorneys for Plaintiffs and the Class*

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## **EXHIBIT Z.2**



Exhibit A

Exhibit A

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT**

**SUPERIOR COURT FOR THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES**

**If you signed a Farmers® Agent Appointment Agreement or Corporate Agent Appointment Agreement and are or were a Farmers® Agent or Supervising Agent in California on or after November 16, 2013, You May Be Eligible for a Payment Payments and Other Benefits from a Class Action Settlement.**

*The Superior Court for the State of California, County of Los Angeles authorized this notice. It is not junkmail, spam, an advertisement, or a solicitation from a lawyer.*

*You are not being sued. Please read this entire notice carefully because it explains your rights.*

- A settlement has been reached in a class action lawsuit known as *Parry et al. v. Farmers Insurance Exchange, et al.*, Superior Court for the State of California, County of Los Angeles, Case No. BC683856 (the "Action"). The Plaintiffs filed a class action complaint against claim that under California law they and other Farmers® agents are or were employees of Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange ("Exchange Defendants"), and Farmers Group, Inc. ("FGI"), (collectively "Defendants"), alleging that under California law, Farmers® agents are or were employees of the Exchange Defendants. The Plaintiffs allege and that as Farmers employees, California law requires the Exchange Defendants to reimburse them and other Farmers® agents for certain of the necessary business expenses they paid to sell and service certain Farmers Insurance® policies. Defendants deny these claims.
  - A settlement of this lawsuit ("Settlement") has been reached which, if approved by the Court, may entitle you to a payment. Settlement payments will only be issued if the Court grants final approval of the Settlement.
- The Court has not decided whether the Defendants violated any law. Defendants deny all liability. Instead, Plaintiffs and the Defendants have agreed to a Settlement to avoid the risks and costs of further litigation.
- Our Defendants have agreed to pay a maximum of \$75 million under the Settlement. The Settlement may entitle you to one or two payments and additional benefits if the Court grants final approval of the Settlement. The Court has not yet decided whether to grant final approval.
- Defendants' records indicate that you may be a Settlement Class Member and you may be entitled to a payment payments and other benefits from the Settlement. Your legal rights are affected whether you act or do not act. Read this notice carefully.

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

<b>EXCLUDE YOURSELF</b>	Remove yourself from the Class by "opting out." You will receive no payment payments or other benefits from the Settlement. You will keep your right to sue the Defendants about the legal claims in this case. See Sections 11-13 of this Notice.
<b>EXCLUDE YOURSELF</b>	
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<b>DEADLINE IS [ ]</b>	

Questions? Visit [www.\[ \] .com](http://www.[ ] .com) or call 1-800-000-0000

Questions? Visit [www.\[ \] .com](http://www.[ ] .com) or call 1-800-000-0000

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Exhibit A

Exhibit A

<p><b>OBJECT AND/OR ATTEND THE HEARING OBJECT</b></p> <p><b>WRITTEN OBJECTIONS DEADLINE IS [ ]</b></p>	<p>FileSend a written statement with the Court about to Settlement Administrator stating why you do not like the Settlement. You may also request to speak to the Court at the hearing about any aspect of the Settlement. Alternatively, you or your attorney may object verbally at the Final Approval Hearing to be conducted by the Court. See Sections 16-17 of this Notice.</p>
<p><b>DO NOTHING DO NOTHING AND RECEIVE A DIRECT PAYMENT</b></p>	<p>If you received a notice by email or in the mail about this Settlement and if you do nothing, a payment will be sent to you for the amount you are eligible to receive (a "Direct Payment"). You will also receive the benefits of certain systemic and contract changes. You will give up your rights to sue the Defendants about the legal claims in this case. See Sections 7 and 10 of this Notice.</p>
<p><b>SUBMIT A CLAIM FORM FOR A CLAIMS PAYMENT SUBMIT A CLAIM FOR AN ADDITIONAL CLAIMS PAYMENT OF UP TO \$10,000 CLAIM DEADLINE IS [ ]</b></p>	<p>Submit In addition to a claim form "Direct Payment," you may submit a Claim Form online, by e-mail or by mail to receive a "Claims Payment (Question 7 below)" in the amount you believe you are eligible to receive: for up to a maximum of \$10,000. In order to receive a "Claims Payment" you must timely submit a valid Claim Form. You will give up your right to sue the Defendants about the legal claims in this case. See Section 7 and 10 of this Notice.</p>

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Exhibit A

Exhibit A

- Your rights and options under the Settlement – and the deadlines to exercise them – are explained below.
- The Court presiding over this case still has to decide whether to must approve the Settlement. If it does, and after any appeals are resolved, payments will be distributed to those who qualify.

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- The Settlement does not change the Farmers' agents' classification as independent contractors.
- Plaintiffs' Counsel will also host webinars on February [redacted], and [redacted] and March [redacted] and [redacted], to answer questions about the Settlement and explain how you can receive a Direct Payment and submit a Claim for an additional Claims Payment. In addition, a short recorded presentation is available at the Settlement Website [www.fj](http://www.fj). Visit the Settlement Website [www.fj](http://www.fj) for the link to the webinars and further information.

**Defendants are will not retaliate against you for any actions you take with respect to the proposed Settlement.**

**Settlement Class Member Confidentiality: Identifying information of a Settlement Class Member contained on a submitted Claim Form (required in order to receive a Claims Payment) will not be shared with anyone from the Farmers Defendants except for their legal department/legal counsel (internal and external) and designated employees in Farmers' accounting and marketing department needed for the processing of Claim Forms. These employees will sign agreements promising to maintain the information in strict confidence and not to disclose the information to others working for Defendants, including Defendants' District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership. Should Farmers need to involve others beyond Designated Personnel in the Claims Form Review Process, Farmers may seek approval from the Court, but Farmers agrees that such individuals would not include District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership.**

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**BASIC INFORMATION.....PAGE 3**  
**BASIC INFORMATION.....PAGE 4**

1. Why did I get this notice?
2. What is this lawsuit about?
3. Why is this a class action?
4. Why is there a Settlement?

**WHO ARE SETTLEMENT CLASS MEMBERS?**

4. How do I know if I am a Settlement Class Member and a part of the settlement?
- 5.

**WHO IS IN THE SETTLEMENT.....PAGES 3-4**

5. How do I know if I am part of the Settlement?
6. What if I am not sure if I am a Settlement Class Member and included in the Settlement?

Questions? Visit [www.fj.com](http://www.fj.com) or call 1-800-000-0000  
 Questions? Visit [www.fj.com](http://www.fj.com) or call 1-800-000-0000

Exhibit A

Exhibit A

6. ....PAGE 5

**THE SETTLEMENT BENEFITS - THE SETTLEMENT BENEFITS - WHAT CAN YOU GET IF YOU ARE A SETTLEMENT CLASS MEMBER?**

7. What **YOU GET IF YOU QUALIFY**.....PAGE 4

7. What does the Settlement provide?

**HOW TO GET A PAYMENT**.....PAGES 4-5

**HOW TO GET A PAYMENT**.....PAGE 6

8. How can I get a payment? How do I file a Claim Form to get a Claims Payment?

9. When will I get my payment?

9. How will my payments be calculated, when will I get them, and when should I cash them?.....PAGE 7

10. What am I giving up in exchange for the Settlement benefits?

10. ?.....PAGE 8

**EXCLUDING YOURSELF FROM THE SETTLEMENT**.....PAGES 5-6

**EXCLUDING YOURSELF FROM THE SETTLEMENT**.....PAGE 9

11. If I exclude myself, can I get anything any payments or benefits from this Settlement?

12. If I do not exclude myself, can I sue later?

13. How do I get "opt-out" of the (exclude myself from) this Settlement?

13.

**THE LAWYERS REPRESENTING YOU**.....PAGE 6

6

14. Do I have a lawyer in this case?

15. How will the cost of the lawsuit and Settlement be paid?

**OBJECTING TO THE SETTLEMENT**.....PAGES 6-7

**THE LAWYERS REPRESENTING YOU**

16. 14. How do I tell the Court if I do not like the Settlement?

17. 16. What is the difference between objecting and asking to be excluded?

**THE FINAL APPROVAL HEARING**.....PAGE 7

18. When and where will the Court decide whether to approve the Settlement?

19. Do I have to come to the hearing?

**IF YOU DO NOTHING**.....PAGE 7

20. a lawyer in this case and how do I contact them? What happens if I do nothing?

**GETTING MORE INFORMATION**.....PAGES 7-8

21. How do I get more information?

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**BASIC INFORMATION**

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Exhibit A

15. How will the cost of the lawsuit and Settlement be paid?.....PAGE 10

OBJECTING TO THE SETTLEMENT.....PAGE 11

16. How do I tell the Court if I do not like the Settlement?

17. What is the difference between objecting and asking to be excluded?

THE FINAL APPROVAL HEARING.....PAGE 12

18. When and where will the Court decide whether to approve the Settlement and fix amounts to be paid to Class Counsel, Class Representatives and the Settlement Administrator?

19. Do I have to come to the hearing?

IF YOU DO NOTHING

20. What happens if I do nothing? Why did

GETTING MORE INFORMATION

4-21. How do I get this notice? more information?

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**BASIC INFORMATION**

**1. Why did I get this Notice?**

A Court authorized this notice because you have a right to know about a proposed Settlement of this class action lawsuit and about all of your options under the proposed Settlement before the Court decides whether to give "final approval" to the Settlement. This notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who may be eligible for those benefits, and how to get them. You received this notice because Defendants' records indicate that you may be a class member Class Member and you may be entitled to a payment payments and other benefits from the proposed Settlement.

Judge Amy D. Hogue of the Superior Court of California, County of Los Angeles, is overseeing this class action. The Settlement resolves the case known as *Parry, et al. v. Farmers Insurance Exchange, et al.*, Case No. BC683856.

**2. What is this lawsuit about?**

The Plaintiffs' operative First Amended Complaint alleges that, in violation of California Labor Code section 2802, action was commenced on November 16, 2017. Plaintiffs claim that the Defendants unlawfully classified Farmers agents in California as independent contractors and thus required the Class them to incur several categories of unreimbursed business expenses. The, in violation of California Labor Code section 2802 and California's Unfair Competition Law. Plaintiffs claim that they and other Farmers agents are entitled to reimbursement of the necessary business expenses they paid as Farmers agents. Plaintiffs also claim that FGI defendant Farmers Group, Inc. violated California Labor Code section 2753 by advising the Exchange Defendants to misclassify Farmers agents as independent contractors to avoid employee status. You can read the Plaintiffs' First Amended Complaint at [www.fgi.com](#) the Settlement Website at [www.fgi.com](#). Defendants deny these claims.

**3. Why is this a class action?**

**3. Why is this a class action?**

In a class action lawsuit, one or more people called "Class Representatives" sue on behalf of other people who have similar claims. In this case, the Court appointed Irene Parry and Jeanette O'Sullivan, former Farmers agents, as Class Representatives to represent the "Class" or "Class Members," called "Class Members." The people who sued and all the Class Members like them are called the "Plaintiffs" in the lawsuit and are "Class Representatives" if they are appointed by the court. The lawyers representing Plaintiffs and Class Members are called "Class Counsel." The companies they sued (in this case Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange, and Farmers Group, Inc.) are called the "Defendants." One court then resolves the causes of action in the complaint claims for everyone in the all Class Members except for those people who choose to exclude themselves ("opt-out") from the Class.

In this case, Plaintiffs are Irene Parry and Jeanette O'Sullivan, former Farmers agents, and they have been appointed by the Court as Class Representatives to represent the "Class" or "Class Members." On March 5, 2021, the Court issued an order granting class certification of the Class Representatives' claims against Defendants and certifying a class of all individuals who signed Farmers Agent Appointment Agreements and worked as a Farmers agent or Supervising Agent in the State of California at any time between or after November 16, 2013 and. The class certification order did not determine the merits of the lawsuit.

**4. Why is there a settlement?**

**4. Why is there a Settlement?**

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to settle this case to avoid the costs and risks of a trial further litigation. The proposed Settlement does not mean that any law was broken or that the Defendants did anything wrong. Defendants deny all legal claims in this case. Plaintiffs and their lawyers Class Counsel believe that in light of litigation uncertainties and the lengthy delay that would result from a trial and possible appeal, the proposed Settlement is a fair and

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Exhibit A

Exhibit A

reasonable compromise of the claims alleged and is in the best interest of the Settlement Class Members.

**WHO IS IN THE SETTLEMENT**

**WHO ARE SETTLEMENT CLASS MEMBERS?**

To see if you will be affected by the Settlement or if you can get a payment and other benefits from it, you first have to determine if you are a Settlement Class Member.

5. How do I know if I am part of the Settlement?

**5. How do I know if I am a Settlement Class Member and a part of the Settlement?**

If you received notice of the Settlement by email or by mail this Notice, then the Defendants' records show you may be a member of the Settlement Class Member. But even if you did not receive a notice Notice, you may still be a member of the Settlement Class Member.

The proposed "Settlement Class" is composed of the following "Settlement Class Members":

All individuals who (i) signed a Farmers Agent Appointment Agreement or a Farmers Corporate Agent Appointment Agreement and (ii) worked as a Farmers agent or Supervising Agent for an incorporated Farmers agency in the State of California at any time between November 16, 2013, to the add date that the Court grants of preliminary approval of the Settlement ("Settlement Class Period").

Any individual who is not a natural, living person (i.e., an entity) is excluded from the Settlement Class. Also excluded from the Settlement Class is any person who during the Settlement Class Period: (i) settled the claims asserted in this Action, (ii) released the claims asserted in this Action as part of a settlement of one or more claims asserted under the California Labor Code, (iii) received an adverse final judgment or order in a civil or administrative action involving the claims asserted in this Action, or (iv) who received awards through civil or administrative actions for the claims asserted in this Action.

6. What if I am not sure if I am included in the Settlement?

**6. What if I am not sure if I am a Settlement Class Member and included in the Settlement?**

If you are not sure whether you are in the Settlement Class Member, or if you have any other questions about the Settlement, visit the Settlement Website at www.[ ] .com, or call the toll free number for the Settlement Administrator, 1-800-000-0000, or contact Class Counsel using the information provided in Section 14 later in this Notice. You may also write to the Settlement Administrator with questions addressed to Parry v. Farmers Insurance Settlement, c/o A.B.Data, Ltd., P.O. Box 0000, Milwaukee, WI 53217.

**THE SETTLEMENT BENEFITS – WHAT YOU GET IF YOU QUALIFY**

**THE SETTLEMENT BENEFITS – WHAT CAN YOU GET IF YOU ARE A SETTLEMENT CLASS MEMBER**

If the Settlement is approved and becomes final, it will provide payment and other benefits to Settlement Class Members.

7. What does the Settlement provide?

**7. What does the Settlement provide?**

The Settlement provides for a "Settlement Amount" of Seventy-Five Million Dollars (\$75,000,000-00) paid by Defendants, in the form of two types of payments, after deducting deductions of payments for Class Counsel's attorneys' fees, expenses, service awards Service Awards to Class Representatives, and notice and certain Settlement administration expenses—each in amounts to be approved by the Court at the Final Approval Hearing. See Section 15.

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Exhibit A

**Direct Payments:** Settlement Class Members who do not will automatically receive a pro rata share of Forty Million Dollars (\$40,000,000) as a "Direct Payment," unless they timely request exclusion from the Settlement by the exclusion deadline (see "Excluding Yourself from the Settlement" section below) will receive a pro rata share (based on the Sections 11-13 below). Each Settlement Class Member's respective length of time as a California Farmers' Agent/Supervising Agent during the Settlement Class Period of Forty Million Dollars (\$40,000,000.00), less. The Court will deduct, in amounts approved by the Court, Class Counsel's attorneys' fees, expenses, service awards Service Awards to Class Representatives, and notice and certain Settlement administration expenses, as from the Direct Payments. **You cannot receive a Direct Payment if you timely request exclusion from the Settlement.**

**Based on Defendants' records, and the parties' current assumptions, it is estimated to be that Direct Payments to Agents/Supervising Agents with two years of service (during the Settlement Class Period) will be \$ \_\_\_\_\_; with four years of service will be \$ \_\_\_\_\_; with six years of service will be \$ \_\_\_\_\_; and with eight years of service will be \$ \_\_\_\_\_. The actual amounts you may receive as a Direct Payment likely will be different and will depend on a number of factors.**

**Claims Payments:** In addition to Direct Payments, Settlement Class Members who do not timely request exclusion by the exclusion deadline (see Question 13 below) and whom also be eligible for a Claims Payment of up to a maximum of Ten Thousand Dollars (\$10,000) from a fund of Thirty-Five Million Dollars (\$35,000,000)--**only if they submit a timely and valid Claim Form** may also be eligible for a Claims Payment in the amounts and categories set forth in the . To submit a timely and valid Claim Form. For a valid claim, a Settlement Class MemberMembers must **submit no later than [date] a Claim Form in which they declare** and, where applicable, provide documentary proof, that he or she has paid business expenses necessary to meet one or more of the Smart Office Standards during the Settlement Class Period. The maximum Claims Payment to any Settlement Class Member, regardless of the amount claimed, cannot exceed Ten Thousand Dollars (\$10,000.00) and the \$10,000. The maximum amount of the Claims Payment may be less, however, depending on how many Settlement Class Members submit claims and the amounts these claims represent, as well as the amount of attorneys' fees and costs the Court awards from this portion of the Settlement. The sum total of the Claims Payments cannot exceed Thirty-Five Million Dollars (\$35,000,000.00). A Claim Form is included withat the end of this notice Notice and can also be found at www.[the Settlement Website www.] .com. **Keep in mind that you will not receive a Claims Payment unless you submit a timely and valid Claim Form. You cannot receive a Claims Payment if you timely request exclusion from the Settlement.**

**Systemic and Contract Changes:** The Settlement further provides that Defendants will make certain systemic changes and that participating Settlement Class Members' AAAs and CAAAs will be amended by: (i) ~~eliminating~~ unless he or she timely requests exclusion from the Settlement by the exclusion deadline. The contract amendments will:

(i) ~~eliminate~~ the no-cause termination provision on three months' notice; (ii) ~~adding~~

(ii) ~~eliminate~~ the non-solicitation provision;

(iii) ~~add~~ a provision that the Agent/Supervising Agent may resign his or her appointment at any time with sixty (60) days written notice to the Companies (as defined in the Agent Appointment Agreement and Corporate Agent Appointment Agreement);, or at an earlier date by mutual agreement of the parties; (iii) ~~adding~~

(iv) ~~add~~ a provision allowing termination by the Companies on six (6) months' written notice if Agent/Supervising Agent fails to operate his or her agency or the corporate agency consistent with industry or professional standards or based on the Companies' changed business circumstances or market conditions;

(iv) ~~eliminating~~ the non-solicitation provision;

and (v) ~~adding~~

(v) ~~add~~ a mutual arbitration provision with a jury and class action waiver for certain claims arising from or related to the Settlement Class Members' appointment under the Agent Appointment Agreement and/or

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Questions? Visit [www.\[redacted\].com](http://www.[redacted].com) or call 1-800-000-0000  
Questions? Visit [www.\[redacted\].com](http://www.[redacted].com) or call 1-800-000-0000



Exhibit A

Corporate Agent Appointment Agreement

The systemic changes will (i) eliminate any policy that utilizes the Agency Growth Model for determining eligibility for bonuses or achievement clubs; (ii) eliminate the Customer Service Standards section from the Agency Operations Manual, including the standard that agents have their Farmers' agency open 45 hours a week; and (iii) establish a written Complaint Procedure for agents to raise concerns and complaints related to their independent contractor status and allow the agent to remain anonymous to her/his District Manager and/or Farmers' territory leadership.

An expert retained by Defendants estimates that the amendments have a value of Fifteen Million Dollar (\$15,000,000) to Settlement Class Members.

The Settlement will take effect on the "Effective Date," which is the date on which the following have occurred: (1) all conditions of the settlement that can be accomplished prior to the Final Effective Date come into existence; (2) the Court has entered the Final Approval Order and Judgment; and (c) the Court's Judgment approving this Agreement becomes Final. Final shall mean the deadline for taking an appeal has passed, or, if there is an appeal of the Court's Order Granting Final Approval and/or of any Order awarding or denying attorneys' fees, costs, or service awards, the day after all appeals are fully and finally resolved in favor of final approval of the Agreement.

**HOW TO GET** (1) all conditions of the Settlement that can be accomplished prior to the Effective Date come into existence; (2) the Court has entered the Final Approval Order and Judgment; and (3) the Court's Judgment approving this Agreement becomes "Final." Final shall mean the deadline for taking an appeal has passed, or, if there is an appeal of the Court's order granting final approval and judgment, and/or order on attorneys' fees, costs, or service awards, the day after all appeals are fully and finally resolved in favor of final approval of the Agreement.

**HOW TO GET A PAYMENT**

**4. How can I get a payment?**

**5. How can I get a payment? How do I file a Claim to get a Claims Payment?**

If you are a Settlement Class Member, you will receive an automatic automatically be sent a Direct Payment once the Settlement is approved by the Court and the Effective Date passes and the Court's Judgment becomes Final, provided you are eligible for a payment and you have not timely requested exclusion from the Settlement. (See "Excluding Yourself From the Settlement" below).

As Settlement Class Member you will also receive an additional Claims Payment up to the maximum Claims Payment amount of Ten Thousand Dollars (\$10,000.00), provided he or she has not timely requested exclusion from the Settlement and has you have submitted a timely and valid Claim Form with, as necessary, documentary proof that he or she has you paid business expenses necessary to meet one or more of the Smart Office Standards during the Settlement Class Period. **In order to be timely, a Claim Form must be submitted electronically on the Settlement Website www.[ ] .com, or in the form attached at the end of this Notice, submitted by fax, email, postmarked within 60 by [insert DATE] 100 days of from the Court's order granting Final Preliminary Approval. Untimely Claim Forms will be considered untimely rejected and you will receive no Claims Payment. You are ineligible to receive a Claims Payment if you timely and validly request exclusion from the Settlement.** Please check www.[ ] -the Settlement Website www.[ ] .com for the Claim Deadline status.

**Directions on How to File a Claim Form:**

Attached at the end of this Notice is Claim Form that can be mailed, faxed or emailed to the Settlement Administrator. Your Notice ID should have been automatically entered on the Claim Form.

Questions? Visit www.[ ] .com or call 1-800-000-0000  
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To submit a claim electronically, go to the Settlement Website [www.f\[redacted\].com](http://www.f[redacted].com). If you enter the Settlement Website to submit your Claim Form, your Notice ID should be automatically entered on the Claim Form. **Settlement Class Members are encouraged, but are not required, to submit their Claim Forms through the Settlement Website.**

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Your Notice ID are provided on the cover page of this Notice.

If you wish to receive a "Claims Payment" from this Settlement, you MUST submit a valid and timely Claim Form no later than **[add date]**. **If you have questions about the Claim process, or require assistance in completing your Claim, you may contact the Settlement Administrator at 1-800-000-0000, or contact Class Counsel per Section 14 below.**

If you did not receive a notice/Notice by email or in the mail and believe you are a Settlement Class Member, please contact the Settlement Administrator at [www.f\[redacted\].com](http://www.f[redacted].com) or by calling 1-800-000-0000.

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9. When will I get my payment?

9. How will my payments be calculated, when will I get them and when should I cash them?

#### Calculation of Direct and Claims Payments

Settlement Class Members who do not timely and validly exclude themselves from the Settlement are eligible to receive:

1. **Direct Payments.** The Settlement Class is made up of approximately 6,369 current and former California Farmers® Agents/Supervising Agents in place during the Settlement Class Period. The Settlement Administrator will calculate your Direct Payment by (a) dividing the \$40,000,000 portion of the Settlement Amount, less deductions approved by the Court, by the total length of service of all Settlement Class Members as California Farmers® Agents/Supervising Agents during the Settlement Class Period; and (b) multiplying the result by your length of service as a California Farmers® Agent/Supervising Agent during the Settlement Class Period. Direct Payments will be automatically sent.
2. **Claims Payments.** The Settlement Administrator will pay timely and valid Claims submitted by Settlement Class Members, and issue a Claims Payment up to a maximum of \$10,000 per claim, from the \$35,000,000 portion of the Settlement Amount, less deductions approved by the Court, until this fund is exhausted. If the total value of valid Claims exceeds \$35,000,000, the Claim Payments for each Claim will be adjusted by the percentage valid Claims that exceed \$35,000,000. For example, if total valid Claims equal \$40,000,000, then each Settlement Class Member's Claims Payment will be adjusted so that he or she receives 87.5% of their valid and payable Claim (\$35,000,000 divided by \$40,000,000 equals 0.875). Defendants will retain any portion of the \$35,000,000 not timely and validly claimed by Settlement Class Members. Claims Payments will be sent only to Settlement Class Members who have submitted timely and valid Claims.

**IMPORTANT: Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Settlement Administrator as soon as possible.**

#### Tax Matters

The Settlement Administrator will report Direct Payments and Claims Payments on IRS 1099 Forms. If the Settlement Administrator does not have your Social Security/Tax Identification Number, or you don't provide it upon request, your Payments will be subject to withholding.

Neither Class Representatives, Class Counsel, Defendants nor Defendants' lawyers are providing you with any advice regarding taxes or taxability of Direct Payments or Claims Payments. You assume full responsibility and liability for taxes owed on Direct Payments and Claims Payments you receive. You should consult with your financial or tax advisor with respect to any questions you have regarding these Payments.

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Questions? Visit [www.f\[redacted\].com](http://www.f[redacted].com) or call 1-800-000-0000

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Exhibit A  
When Will Payments Be Sent

Payments will be made after the Effective Date, which comes after Court grants "final approval" to the Settlement and after any appeals are resolved. (See Question 7). It is uncertain when the Court will decide to approve or disapprove the proposed Settlement and whether any appeals will be filed. You will receive a check for the Direct Payment and, if you submitted a valid claim, a Claims Payment. Please be patient. Please check the Settlement Website [www.f.com](http://www.f.com) for updates.

**10. What am I giving up in exchange for the Settlement benefits?**

If the Settlement becomes final you should cash your payments as soon as possible.

The front of every check will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies represented by your check will be deposited with the California Controller's Unclaimed Property Fund in your name. If the monies represented by your check is sent to the Controller's Unclaimed Property Fund, you should consult the rules of the Fund for instructions on how to retrieve your money.

**10. What am I giving up in exchange for the Settlement benefits?**

In exchange for the monetary and other benefits provided in the Settlement, Settlement Class Members who do not timely request exclusion from the Settlement will fully and finally release the "Released Parties" (defined below) from the "Released Claims" (defined below). This means that if you are a Settlement Class Member and you do not timely request exclusion from the Settlement, you will no longer be able to sue the Defendants regarding any of the claims described in the Settlement Agreement. The Released Claims become effective only if the Settlement becomes Final and Defendants fully fund the maximum Settlement Amount in accordance with the Settlement.

"Released Claims" means any and all claims, demands, debts, liabilities, actions, obligations, damages, losses, costs, and causes of action of every kind and nature, whether at common law, pursuant to statute, ordinance, or regulation, in equity or otherwise, whether arising under federal, state, or other applicable law, whether known or unknown, actual or potential, suspected or unsuspected, direct or indirect, or contingent or fixed that have been alleged, could have been alleged, or in the future might be alleged, that reasonably arise out of or reasonably relate to the facts and/or claims set forth in the First Amended Complaint during the Class Period, including Plaintiffs' claims that they were misclassified as independent contractors rather than employees, both on behalf of the Settlement Class Representatives and on behalf of the Settlement Class Members (individually and on behalf of any corporation for which they are/were the Supervising Agent, if applicable), including without limitation claims and theories based on the California Labor Code.

"Released Parties" means the collective of Defendants, each of their subsidiaries or affiliates, including Mid-Century Insurance Company and Farmers New World Life Insurance Company, and each of their present and former predecessors, successors, assigns, parent companies, divisions, members, owners, executives, officers, directors, governors, shareholders, policyholders, representatives, employees, agents, attorneys, attorneys-in-fact, consultants, contractors, servants, vendors, managers, and their trustees, administrators, fiduciaries, co-defendants, administrators, related individuals and/or entities, insurers, and/or any and all individuals and/or entities acting by, through, under, or in concert with any of them or otherwise affiliated with them.

The Settlement Agreement is available for review at [www.f.com](http://www.f.com) the Settlement Website [www.f.com](http://www.f.com). The Settlement Agreement provides more detail regarding the release and describes the released claims Released Claims and the Released Parties with specific descriptions in necessary, accurate legal terminology, so read it carefully. You can talk to the law firms The Settlement Website also contains the First Amended Complaint referenced in the Released Claims. You can also speak with Class Counsel representing the Settlement Class listed identified in Question 14 Section 15 below, at no cost or, you can, at your own expense, talk to speak with your own lawyer if you have any questions about the released claims Released Claims or what they mean.

**EXCLUDING YOURSELF FROM THE SETTLEMENT**

**EXCLUDING YOURSELF FROM THE SETTLEMENT**

Questions? Visit [www.f.com](http://www.f.com) or call 1-800-000-0000  
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If you do not want to participate in this proposed Settlement and you want to keep the right to sue the Defendants about the legal issues in this case, then you must take steps to opt-out/exclude yourself from the Settlement in accordance with the requirements of the Settlement. This is called asking to be excluded from, or also sometimes called "opting out" of, the Settlement Class.

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11. If I exclude myself, can I get any payments from this Settlement?

11. If I exclude myself, can I get any payments or benefits from this Settlement?

No. If you exclude yourself: (1) you may will not apply for/receive any Direct Payment or Claims Payment; (2) you will not receive the benefits of any payments under the Settlement contract amendments; and (3) you cannot object to any aspect of the proposed Settlement. If you timely request to be excluded, however, you will retain any right you may have to individually sue or be part of a different lawsuit against the Defendants in the future. You will not be bound by anything in the Settlement or anything that happens in this lawsuit.

12. If I do not exclude myself, can I sue later?

12. If I do not exclude myself, can I sue later?

No. If you do not exclude yourself, you may not sue any of the Defendants over "Released Parties" for any of the issues raised in this case: "Released Claims." (See Section 10 above.)

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13. How can I get out of this Settlement?

13. How can I get out of (exclude myself from) this Settlement?

If you wish to exclude yourself from the Settlement and the Settlement Class ("Opt-Out/opt-out"), you must send a letter to the Settlement Administrator identifying: (1) the name and case number of this lawsuit (Parry, et al. v. Farmers Insurance Exchange, et al., Superior Court of California, County of Los Angeles, Case No. BC683856); (2) your full name, current address, and telephone number; and (3) a statement that you wish to exclude yourself from the Settlement Class; and (4) your signature you must sign the letter.

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To be effective you must submit the above information to the following address postmarked your request to exclude yourself no later than [3060 days from Notice], or your request will be rejected. You can submit your written request by U.S. Mail, fax, or email to the following:

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Parry v. Farmers Insurance Settlement  
c/o A.B. Data, Ltd., P.O. Box 0000  
Milwaukee, WI 53217  
[insert email address]  
[insert fax number]

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This is a firm deadline for requesting exclusion from the proposed Settlement. A written request must besent, or postmarked if sent by U.S. mail, no later than [60 days from Notice] or your request will be rejected. You cannot ask to be excluded on the phone, by email, or at using the website Settlement Website.

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THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case and how do I contact them?

Yes. The Court has appointed the following law firms to serve as Class Counsel for the Settlement Class:

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Questions? Visit www.[ ] .com or call 1-800-000-0000  
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CRUEGER DICKENSON CRUEGER  
DICKENSON, LLC

Charles M.J. Crueger  
Erin K. Dickenson  
Krista K. Baisch  
4532 North Oakland Avenue  
Whitefish Bay,  
WI

MILBERG COLEMAN BRYSON  
PHILLIPS, GROSSMAN, PLLC  
Greg F. Coleman  
5324 Coleman  
Knoxville, TN

MILBERG COLEMAN BRYSON  
PHILLIPS, GROSSMAN, PLLC  
Greg F. Coleman  
800 S. Gay Street, Suite 1100  
Knoxville, TN 37929

WEXLER WALLACE LLP  
WALLACE LEGAL GROUP LLC  
Edward A. Wallace  
Chicago, IL

WEXLER BOLEY & ELGERSMA LLP  
Kara A. Elgersma  
Mark J. Tamblyn  
55 West Monroe Street, Suite 3300  
Chicago, IL  
60603

NELSON & FRAENKEL NELSON &  
FRAENKEL, LLP  
Gretchen M. Nelson  
Gabriel S. Barenfeld  
601 S. Figueroa St., Suite 2050  
Los Angeles, CA 90017

If you want to contact someone with Class Counsel,  
please email, fax or telephone as follows. But please  
first contact the Settlement Administrator with any  
questions.

Email: [ClassAction@CruegerDickinson.com](mailto:ClassAction@CruegerDickinson.com)  
Phone: 833.400.0201  
Fax: 414.433.4544

You can also send correspondence to:

Crueger Dickinson LLC  
4532 N. Oakland Ave.  
Whitefish Bay, WI 53211

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15. How will the cost of the lawsuit and the Settlement be paid?

Subject to Court approval:

A. Class Counsel will apply to the Court for an award of attorneys' fees no greater than ~~thirty-three~~ <sup>Twenty-Five</sup> Million Dollars (\$25,000,000) (33%) ~~33%~~ of the total Settlement Amount, plus unpaid litigation expenses up to ~~no greater than Six Hundred Thousand Dollars (\$600,000.00)~~. Class Counsel contend that the amount of attorneys' fees awarded should also take into consideration the value to Settlement Class Members of the contract amendments. An expert retained by Defendant has estimated the value of the contract amendments to be Fifteen Million Dollars (\$15,000,000); the Court has not yet ruled on the expert's opinion. To date, Class Counsel have not received any payment for their services in conducting this Action on behalf of the Settlement Class Representatives and the Settlement Class, nor have Class Counsel been reimbursed for their costs and

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Exhibit A

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expenses to date in this case. Class Counsel will also request the Court to award a Service Award of \$40,000.00 to each of the two Settlement Class Representatives in recognition of their service to the Settlement Class. The amount of the fees, expenses and service award will be determined by the Court. their costs and expenses to date in this case. This Action was commenced in November 2017.

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B. ~~OBJECTING~~Class Representatives will apply to the Court for a Service Award of Forty Thousand Dollars (\$40,000) each(or a total of Eighty Thousand Dollars (\$80,000) for filing the Action, working with Class Counsel and representing the Class. The Service Award will be the only monies Class Representatives will receive other than their Direct Payment and Claims Payment.

C. An amount up to \$150,000, to the Settlement Administrator for services administering the Settlement, ~~16. How do I tell the Court if I do not like the Settlement?~~

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The Court's decision whether to finally approve the Settlement will include a determination how much will be paid to Class Counsel, Class Representatives, and the Settlement Administrator. The Settlement proposes deducting the award of Costs, Service Awards, and 65% of the award of attorneys' fees from the Direct Payments and 35% of the award of attorneys' fees from the Claim Payments. The Court is not bound by that proposal and will determine the percentages during the Final Approval Hearing. You are not personally responsible for any payments, but every dollar paid to Class Counsel, Class Representatives and Settlement Administrator reduces the overall amount available for payments to you and the other Settlement Class Members. You can object to the amounts requested by Class Counsel, Class Representative and/or Settlement Administrator if you think they are unreasonable. Only Settlement Class Members who do not exclude themselves from the Settlement have the right to object to any of these deductions. See Sections 16-17 of this Notice regarding "Objections" below.

At least 60 days before the Final Approval Hearing, Class Counsel and/or Class Representatives will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair and reasonable, and (2) a Motion for Attorneys' Fees, Litigation Expenses and Service Award setting forth (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; (ii) the amount Class Representatives are requesting as a Service Award; and (iii) the reasons why these amounts are fair and reasonable. Upon reasonable request, Class Counsel (whose contact information is in Section 14 of this Notice below) will send you copies of these documents at no cost to you. You can also view them on the Settlement Website www.f.com, or the Court's website [add].

### OBJECTING TO THE SETTLEMENT

~~16. How do I tell the Court if I do not like the Settlement?~~

Any Settlement Class member may object to the proposed Settlement, or any portion thereof, by filing a written statement objecting to the settlement with the Court and serving a copy of it on Settlement Class Counsel and Defendants' counsel, including the amount attorneys' fees and expenses to be paid to Class Counsel or the amount of the Service Awards to be paid to Class Representatives, either: (1) in writing; and (2) verbally at the final approval hearing. A written objection should be sent to the Settlement Administrator (via U.S. mail, email or fax) no later than thirty (insert 30) calendar days prior to the Final Approval Hearing (the "Objection Deadline") or by making an objection orally at the Final Approval Hearing. ~~days before final approval hearing~~ to the following address:

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*Parry v. Farmers Insurance  
Settlement* c/o A.B. Data, Ltd., P.O.  
Box 0000 Milwaukee, WI 53217  
[insert email address]  
[insert fax number]

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A written objection must/should contain: (1) the case name and case number of this Action (*Parry, et al. v. Farmers Insurance Exchange, et al., Superior Court of California, County of Los Angeles, Case No. BC683856*);

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Questions? Visit www.f.com or call 1-800-000-0000

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(2) your full name, current address, and phone number; (3) an explanation of the basis upon which you claim to be a Settlement Class Member; (4) all grounds for the objection; (5) the identity of any counsel who represent you; (6) a statement confirming whether you intend to personally appear and/or orally present at the Final Approval Hearing; and (7) your signature. facts indicating that you are a Settlement Class Member;

(4) why you do not like the Settlement or any portion thereof; (5) the identity of any counsel who represent you, if any; and (5) your signature. While a failure to include any of this information will not invalidate your objection, but including it will assist the Court in understanding the basis for your objections.

Settlement Class Members who wish to verbally object to the Settlement may do so by appearing (or having his or her attorney appear) at the Final Approval Hearing, either in person or remotely. No notice of appearance is required.

Any Settlement Class Member who files or orally verbally raises an objection remains eligible to receive monetary compensation from the Settlement, unless the Settlement Class Member submits a timely and valid Request request for Exclusion exclusion. If the Court overrules any objections and grants final approval of the Settlement, any Settlement Class Member who submitted an objection but did not submit a timely and valid Request request for Exclusion exclusion will be bound by the Release set forth in Question 10 Settlement as approved by the Court, including the Released Claims. (See Section 11, above.)

17. What is the difference between objecting and asking to be excluded?

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17. What is the difference between objecting and asking to be excluded?

Objecting is simply telling the Court that you do not like something about the Settlement. If you object, you are still a part of the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you cannot object to any part of the Settlement and you will not be eligible to receive any monetary compensation or other benefits under the Settlement because the case no longer affects you.

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### THE COURT'S FINAL APPROVAL HEARING

The COURT'S Court will hold a Final Approval Hearing

The Court will hold a hearing to decide whether to approve the Settlement, and to fix amounts to be paid to Class Counsel, Class Representatives and the Settlement Administrator. You may attend, and you may ask to speak at, the Final Approval Hearing. If you intend to appear at the Final Approval Hearing it is important to visit the Los Angeles County Superior Court website at [www.lacourt.org](http://www.lacourt.org) to determine whether there are any social distancing or Covid-19 related guidelines for in-person court appearances. If you have questions about the Settlement, you do not have to wait until the Final Approval Hearing to ask them. If you wish, you may contact the Settlement Administrator at 1-800-000-0000 or visit the Settlement website Website at [www.lacourt.org](http://www.lacourt.org) or contact Class Counsel as provided in Section 14 above.

18. When and where will the Court decide whether to approve the Settlement?

18. When and where will the Court decide whether to approve the Settlement and fix amounts to be paid to Class counsel, Class Representatives and the Settlement Administrator?

The Court will hold a "Final Approval Hearing" on [date], 2022 at 10:00 a.m. in Department 007 at the Superior Court of California for the County of Los Angeles, located at 312 N. Spring St., Los Angeles, 90012. The hearing may be moved to a different date, time and/or time location without additional notice, but any change of date or time or location will be posted on the Settlement website Website at [www.lacourt.org](http://www.lacourt.org). At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also decide how much to pay Class Counsel for their fees, and reimbursement of their expenses.

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Questions? Visit [www.lacourt.org](http://www.lacourt.org) or call 1-800-000-0000  
Questions? Visit [www.lacourt.org](http://www.lacourt.org) or call 1-800-000-0000

Exhibit A

Exhibit A

class administrator fees, and Class Representative service awards. After the hearing for their Service Awards, and the Settlement Administrator for the Court will decide whether to approve costs of administering the Settlement. It is unknown how long these decisions will take. And consider any objections to the amounts requested.

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19. Do I have to come to the hearing?

19. Do I have to come to the hearing?

No, Class Counsel will answer any questions the Court may have. If you file an objection, you do not have to come to Court to talk about it. As long as you have filed your written objection on time and include the required information listed in Question 16, the Court will consider it. You may also pay (at your own expense) another lawyer to attend for you, but it is not required.

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**IF YOU DO NOTHING**

20. What happens if I do nothing?

**IF YOU DO NOTHING**

20. What happens if I do nothing?

If you do nothing and you are an eligible member of the Settlement Class, you will automatically be sent a Direct Payment (see Question Section 7 above) and you will be bound by the release of claims Released Claims, and the contract amendments, subject to the Court's final approval of the terms of the Settlement. But if you do nothing you will not receive a Claims Payment. You can only receive a Claims Payment if you timely submit a valid Claim.

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**GETTING MORE INFORMATION**

21. How do I get more information?

This Notice summarizes the Settlement. More details are in the

**GETTING MORE INFORMATION**

21. How do I get more information?

The Settlement Agreement spells out everything Defendants and filings made before Class Representatives have promised to do under the proposed Settlement. The easiest way to read the Settlement Agreement, the Court. Such Judgment or any other Settlement documents are accessible via a website at: www.[ ]com. You may also contact us to go to the Settlement Website www.[ ]com. You can also telephone or send an email to Class Counsel or the Settlement Administrator or Class Counsel, or consult the Superior Court website by going to (http://www.lacourt.org/casesummary/ui/index.aspx) [confirm] and entering the Case Number for more the Action, Case No. BC683856. You can also make an appointment to personally review court documents in the Clerk's Office at the Stanley Mosk Courthouse by calling (213) 830-0800.

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Plaintiffs' Counsel will also host webinars on February [ ] and [ ] and March [ ] and [ ] to answer questions about the Settlement and explain how you can receive a Direct Payment and submit a Claim for an additional Claims Payment. In addition, a short recorded presentation is available at the Settlement Website www.[ ]. Visit the Settlement Website www.[ ] for the link to the webinars and further information.

Do Not telephone Department 7 of the Superior Court to obtain information about the Settlement.

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Do not contact the Court Supervisors working for Farmers Group, Inc., and the Exchange Defendants (including have been instructed to not discuss this Notice or the Settlement with you. This instruction applies to Farmers Agency Services and Service Operations), or District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership regarding this Notice or the Settlement. District Managers, Area Sales Managers or any members of Territory Leadership or Executive Leadership

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Exhibit A

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1 **PROOF OF SERVICE**

2 I, the undersigned, declare:

3 I am employed in the County of Los Angeles, State of California. I am over the age of 18  
4 and not a party to the within action; my business address is 601 S. Figueroa St., Suite 2050, Los  
5 Angeles, California 90017.

6 On February 10, 2022 I served the foregoing documents described as follows:

7 **DECLARATION OF CHARLES J. CRUEGER IN SUPPORT OF PLAINTIFFS’**  
8 **AMENDED MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF**  
9 **UNOPPOSED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION**  
10 **SETTLEMENT**

11 on the interested parties in this action by placing true copies thereof enclosed in sealed envelopes  
12 addressed as stated on the attached service list, and in the manner stated below:

13            BY MAIL:

14 I am “readily familiar” with the firm's practice of collection and processing  
15 correspondence for mailing. Under that practice, it would be deposited with the U.S.  
16 Postal Service on that same day with postage thereon fully prepaid at Los Angeles,  
17 California in the ordinary course of business. I am aware that on motion of the party  
18 served, service is presumed invalid if postal cancellation date or postage meter date is  
19 more than one day after date of deposit for mailing in affidavit.

20            BY PERSONAL SERVICE: I caused to be delivered such envelope by hand to the  
21 offices of:

22   X   BY EMAIL: **NANCY B. ANFANGER**

23   X   BY ELECTRONIC SERVICE

24 served by e-mail through Case Anywhere: I attached a true and correct copy of the above-entitled  
25 document(s) to Case Anywhere by electronic transfer for service on all counsel of record by  
26 electronic service pursuant to the Order Authorizing Electronic Service. This service complies  
27 with C.C.P. §1010.6.

28   X   (State) I declare under penalty of perjury under the laws of the State of California that  
the above is true and correct.

           (Federal) I declare that I am employed in the office of a member of the bar of this Court  
at whose direction the service was made.

Executed February 10, 2022 at Los Angeles, California.

           Karina Torres  
(Type of Print Name)

           *Karina Torres*  
(Signature)

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**SERVICE LIST**  
**PARRY v FARMERS INSURANCE EXCHANGE**  
**Case No. BC 683856**

<p>4 5 6 7 8 9 10 11 12</p> <p><b>Charles J. Crueger</b> <b>Erin K. Dickinson</b> <b>Krista K. Baisch</b> <b>Benjamin Kaplan</b> <b>Jamie Tilton</b> CRUEGER DICKINSON LLC 4532 North Oakland Avenue Whitefish Bay, WI 53211 Telephone: (414) 210-3868 Email: <a href="mailto:cjc@cruegerdickinson.com">cjc@cruegerdickinson.com</a> <a href="mailto:ekd@cruegerdickinson.com">ekd@cruegerdickinson.com</a> <a href="mailto:kkb@cruegerdickinson.com">kkb@cruegerdickinson.com</a> <a href="mailto:bak@cruegerdickinson.com">bak@cruegerdickinson.com</a> <a href="mailto:jlt@cruegerdickinson.com">jlt@cruegerdickinson.com</a></p>	<p>Attorneys for Plaintiffs</p>
<p>14 15 16 17 18</p> <p><b>Kara A. Elgersma</b> WEXLER BOLEY &amp; ELGERSMA LLP 55 West Monroe Street, Suite 3300 Chicago, IL 60603 Telephone: (312) 346-2222 Facsimile: (312) 346- 0222 Email: <a href="mailto:kae@wbe-llp.com">kae@wbe-llp.com</a></p>	<p>Attorneys for Plaintiffs</p>
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<p><b>Nancy B. Anfanger</b> THE ANFANGER LAW OFFICE 9440 Santa Monica Blvd., Suite 301 Beverly Hills, CA 90210 Email: <a href="mailto:anfangerlaw@aol.com">anfangerlaw@aol.com</a></p>	<p>Attorney for Parties in Interest Maureen Martines and Lynn Klecka</p>