

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[®] 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 foregoing:
 - 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 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 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.:

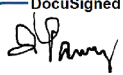
Christopher S. Maile, Esq.
Gerald M. Siegel, Esq.
THARPE & HOWELL, LLP
15250 Ventura Boulevard, Ninth Floor
Sherman Oaks, California 91403

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:

D0D6411A8BF347C...
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

Approved as to form:

February 9, 2022

LOCKE LORD LLP



Nina Huerta
Jordon R. Ferguson
Jonevin Sabado.

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

February 9, 2022

THARPE & HOWELL, LLP



Christopher S. Maile
Gerald M. Siegel

*Attorneys for Defendant Farmers Group,
Inc.*

February , 2022

CRUEGER DICKINSON LLC

Charles J. Crueger
Erin K. Dickinson
Krista K. Baisch

Attorneys for Plaintiffs and the Class

February , 2022

WALLACE LEGAL GROUP LLC

Edward A. Wallace

Attorneys for Plaintiffs and the Class

Approved as to form:

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*Attorneys for Defendants Farmers
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Exchange and Fire Insurance Exchange*

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Charles J. Crueger
Erin K. Dickinson
Krista K. Baisch

Attorneys for Plaintiffs and the Class

February 9, 2022

WALLACE LEGAL GROUP LLC

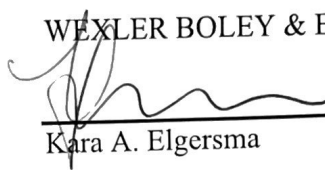


Edward A. Wallace

Attorneys for Plaintiffs and the Class

February 9, 2022

WEXLER BOLEY & ELGERSMA LLP



Kara A. Elgersma

Attorneys for Plaintiffs and the Class

February __, 2022

MILBERG COLEMAN BRYSON
PHILLIPS GROSSMAN, PLLC

Greg F. Coleman
Arthur Stock

Attorneys for Plaintiffs and the Class

February __, 2022

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Gretchen M. Nelson
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February 9, 2022

NELSON & FRAENKEL LLP

Gabriel Barenfeld

Gretchen M. Nelson
Gabriel S. Barenfeld

Attorneys for Plaintiffs and the Class

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.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
EXCLUDE YOURSELF EXCLUSION DEADLINE IS []	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.
OBJECT WRITTEN OBJECTIONS DEADLINE IS []	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.
DO NOTHING AND RECEIVE A DIRECT PAYMENT	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.
SUBMIT A CLAIM FOR AN ADDITIONAL CLAIMS PAYMENT OF UP TO \$10,000 CLAIM DEADLINE IS []	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 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.

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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 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[®] 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[®] agents are entitled to reimbursement of the necessary business expenses they paid as Farmers[®] agents. Plaintiffs also claim that 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 the Settlement Website at [www.\[\]com](http://www.[]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[®] 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 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

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

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
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 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.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 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.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, 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.lacourt.org. 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 [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.lacourt.org. Visit the Settlement Website www.lacourt.org 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® agent and/or Supervising Agent for an incorporated Farmers® 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® 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>a. Licensed and appointed staff necessary to have agency open 45 hours a week (see footnote¹ below)</p>			
<p>Name Staff Member (Check boxes as appropriate)</p>	<p>Claimed Cost</p>	<p>Submitting Documentation</p>	

¹ 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"/>	
Total	\$ _____		
b. Exterior signage			
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"/>
Total	\$ _____		
c. Interior signage and branding			
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	\$ _____		
d. Digital			
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	\$ _____		
e. Office appearance			
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

RESPONSE DUE DATE <i>Postmarked By</i> [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[®] agent and/or Supervising Agent for an incorporated Farmers[®] 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[®] 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.

a. Licensed and appointed staff necessary to have agency open 45 hours a week (see footnote¹ below)			
Name Staff Member (Check boxes as appropriate)	Claimed Cost	Submitting Documentation	
	\$ _____	<input type="checkbox"/>	
	\$ _____	<input type="checkbox"/>	
Total	\$ _____		
b. Exterior signage			
Check boxes as appropriate	Claimed Cost	Submitting	Farmers deducted

¹ 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	\$ _____		
c. Interior signage and branding			
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	\$ _____		
d. Digital			
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	\$ _____		
e. Office appearance			
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 (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 (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.”

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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[®] 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[®] 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.¹ (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.).

27 ¹ 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
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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.² 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 ² 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”
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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
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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
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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
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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,
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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.³ The

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³ See Nov. 21, 2019, Notice of Unopposed Motion and Memorandum in Support of Motion for 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
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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 Honorable Amy D. Hogue
8 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

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.
26
27

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
26

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
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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

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

14 15. Without affecting the finality of this Order in any way, the Court retains
15 jurisdiction of all matters relating to the interpretation, administration, implementation,
16 effectuation and enforcement of this Order and the Settlement.
17

18 16. The Parties will bear their own costs and attorneys' fees except as otherwise
19 provided by the Court's Order on the Fees, Awards, and Expenses.
20

21
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
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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.
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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
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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.**

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17 Dated: _____, 2022

18 Honorable Amy D. Hogue
19 Judge of the Superior Court
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