

SECOND AMENDED CLASS ACTION SETTLEMENT AGREEMENT

1. This Second Amended Class Action Settlement Agreement (“Agreement,” “Settlement” or “Settlement Agreement”) is made and entered as of January 27, 2020 between and among Plaintiffs Craig Streit, Eric Lucan and Dorothy Susman, individually and on behalf of the Class Members (as defined herein), and Defendants (as defined herein) (collectively, the “Parties”), subject to the approval of the Court.

A. RECITALS

2. [Initial capitalized terms not otherwise defined above but set forth in the Recitals below are defined in the Definitions section.]

3. WHEREAS, on April 1, 2010, Plaintiffs, individually and on behalf of all others similarly situated, filed the Action, charging Defendants with unfair business practices pursuant to Business and Professions Code section 17200, seeking both restitution and injunctive relief, as well as common law claims seeking damages.

4. WHEREAS, Plaintiffs alleged in their Complaint that persons who purchased Farmers Policies, and who elected to terminate their respective policies Mid-Term, and whose return of unearned premium was calculated on a Short Rate basis, should have had their refund calculated on a pro rata basis.

5. WHEREAS, Defendants contend that they calculated Plaintiffs’ and class members’ return of unearned premium on a Short Rate basis in order to take into account administrative expenses associated with issuing and administering the policy, and Defendants further contend that doing so was permitted by law.

6. WHEREAS, the Action was initially dismissed on demurrer in 2011, but then such dismissal was reversed by the California Court of Appeal in 2012, and remanded back to

the trial court. In 2015, a portion of the claims then alleged in the Action were certified as a class, and in 2016 the Class was granted summary judgment.

7. WHEREAS, the summary judgment was then reversed by the California Court of Appeal in 2018, and the case was remanded back to the trial court. The balance of the claims alleged in the Action were certified by the Court for class treatment on June 18, 2019, and the case was set for trial to commence on March 23, 2020.

8. WHEREAS, Plaintiffs and Class Counsel have conducted a thorough investigation into and evaluation of the facts and legal arguments raised in the Action, and have diligently pursued discovery of the Class Members' claims against Defendants.

9. WHEREAS, Plaintiffs have taken into account the uncertainty and risk of the outcome of the Action, especially in complex litigation such as this, the difficulties and delays inherent in such litigation, the potential merit of some of the defenses asserted by Defendants and the risk that the trial or appellate court may have accepted some of the defenses, which could have resulted in no recovery to the Class, and the economic benefit to the Class available through prompt implementation of the Settlement.

10. WHEREAS, resolution of the action has already been complicated and delayed by two trips up to the Court of Appeal, multiple Petitions for Writ of Mandate filed with the Court of Appeal, and Petitions for Review filed with the Supreme Court.

11. WHEREAS, the complex nature of the issues in the Action necessitated extensive discovery and motion practice, including motions for summary judgment, two motions for class certification and numerous other motions since the time this Action returned from the Court of Appeal in early 2018.

12. WHEREAS, Defendants vigorously deny Plaintiffs' allegations, and deny that

they acted improperly in any respect. Defendants contend that the Short Rate language in the Farmers Policies was permissible under California law, was approved by the California Department of Insurance on numerous occasions, and is consistent with Short Rate language used by numerous insurers operating in California (and throughout the country) prior to and during the Class Period.

13. WHEREAS, the Parties reached this Settlement through hard-fought, arms-length negotiations over the course of more than two months, including a mediation with the Hon. Carl J. West (Ret.), most recently a judge of the Los Angeles County Superior Court's complex litigation panel.

14. WHEREAS, based on their independent investigations, discovery, and evaluations, Class Counsel are of the opinion that the Settlement is fair, reasonable, and adequate and is in the best interest of the Class Members in light of all known facts and circumstances, including the risk of further significant delay, the defenses asserted by Defendants, trial risk, and appellate risk.

15. WHEREAS, despite their belief that they are not liable for any of the claims or allegations asserted, Defendants recognize that continued litigation presents a risk of liability and exposure to a substantial monetary judgment, and Defendants will not oppose and will join in Plaintiffs' to-be-filed motions for preliminary and final approval of the class action Settlement of the Action reflected in this Agreement.

16. WHEREAS, each of these Recitals is incorporated into this Agreement as a material term.

17. NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among Plaintiffs (individually and in their representative capacity) and Defendants that subject to

this Court's final approval, entry of a judgment compliant with Cal. Rule of Court 3.769(h), and the occurrence of the Effective Date as defined herein, the Action and the matters raised by it are hereby settled and compromised, and that all Released Claims, as defined herein, will be released and forever discharged based on the terms and conditions in this Agreement.

B. DEFINITIONS

18. In addition to the initial capitalized terms defined above and in other places in this Agreement, the following terms have the meanings specified below:

A. “**Action**” means the lawsuit entitled *Craig Streit, Eric Lucan and Dorothy Susman, individually and on behalf of all others similarly situated, plaintiffs, v. Farmers, Group, Inc., dba Farmers Underwriters Association, a Nevada Corporation, Fire Insurance Exchange, a California reciprocal insurance exchange, dba Farmers Underwriters Association, a Nevada corporation, Mid-Century Insurance Company, a California Corporation, Fire Underwriters Association, a California Corporation, and DOES 2 to 50, inclusive, defendants*, Los Angeles County Superior Court, Case No. BC 434852, filed on April 1, 2010, which complaint has been amended several times such that the operative complaint is the Fifth Amended Complaint, filed October 25, 2019.

B. “**Class**” means all persons and entities who purchased Farmers Policies, effectuated a Mid-Term Termination, and whose return of premium was calculated on basis other than pro rata, or, alternatively expressed as, the persons and entities described in this definition to whom Defendants charged a Short Rate Penalty for their election to effect a Mid-Term Termination of their Farmers Policies, within the applicable statutes of limitations through and including the date of judgment. The “Class” does not include persons or entities whose Cancellation Process Date for their policy, according to Defendants’ records, was more than 35

days before April 1, 2006 (four years before the complaint was filed) (the “**Early Former Class Members**”), as those persons or entities’ claims would not fall within the applicable statute of limitations.

C. “**Class Counsel**” means the law firms of Eppsteiner Law, P.C. and Kralowec Law, P.C.

D. “**Class Member(s)**” means Plaintiffs and a person who is a member of the Class, and who does not opt out of the Class, either by direct request or by failing to cash a check representing his or her portion of the Net Settlement Amount.

E. “**Class Period**” means April 1, 2006 through the date of judgment. However, the Parties acknowledge that, according to Defendants’ records, Defendants stopped calculating refunds on a basis other than pro rata as of approximately 2011.

F. “**Costs of Administration**” mean those costs incurred by the Settlement Administrator in connection with sending out notices and checks to the Class Members, setting up a website that shall be available for public access beginning no later than the date Notice is sent out, reporting to Class Counsel and counsel for Defendants, as well as the Court, as to its activities, and such other tasks as are reasonably necessary to administer the Settlement. Costs of Administration also includes paying the unpaid costs of the 2015 notice to Class Members conducted by KCC. Costs of Administration are currently estimated to be \$507,440.47.

G. “**Court**” means the judge or judges of the Los Angeles Superior Court who have issued rulings or orders in, or otherwise presided over, this Action.

H. “**Defendants**” means Farmers Group, Inc. dba Farmers Underwriters Association, a Nevada stock corporation; Fire Underwriters Association, a California stock corporation which is a wholly owned subsidiary of Farmers Group, Inc.; Fire Insurance Exchange, a reciprocal or

interinsurance exchange existing under the laws of California; and Mid-Century Insurance Company, a California stock corporation. These four entities are referred to herein as “Defendants” or “Farmers,” which terms have the same meaning as the term “Farmers” as used in the Court’s orders granting class certification.

I. “Effective Date” means the first day after all of the following events have occurred: (a) the Agreement is fully executed by all signatories; and (b) if there are no timely and valid objections to the Settlement, the Court has finally approved the Settlement and entered Final Judgment. If there are timely and valid objections to the Settlement: (a) the Agreement is fully executed by all signatories; (b) the Court has finally approved the Settlement and entered Final Judgment; and (c) the Final Judgment has become final in that the time for appeal has expired or, if any appeal is taken, and the Final Judgment is affirmed or the appeal is dismissed, the time period during which further petition for hearing, appeal, or review can be taken has expired. If any appeal is taken in which the appellant lacks standing, or that is otherwise subject to dismissal under applicable law, Defendants will promptly file a formal motion to dismiss the appeal and will fully support and join in any such motion filed by Plaintiffs. Defendants will also fully participate in any appeal by filing merits briefs in support of affirmance of the Final Judgment and by fully supporting and joining in Plaintiffs’ efforts to achieve affirmance of the Final Judgment.

J. “Farmers Policy(ies)” and “Policy(ies)” means a policy of insurance issued by Farmers in California, including but not limited to policies that insured real property located in California, personal property located in California, motor vehicles (including but not limited to automobiles, motorcycles, ATVs and motorized wheeled vehicles) licensed or registered by California, and liability policies (including umbrella and excess insurance). The terms “Farmers Policy(ies)” and “Policy(ies)” do not include commercial policies. The Parties acknowledge that

the two entities who issued policies to the Class members are Fire Insurance Exchange and Mid-Century Insurance Company.

K. “Final Judgment” means the judgment to be entered by the Court, pursuant to Cal. Rule of Court 3.769(h), following its order granting final approval of this Settlement .

L. “Formal Fairness Hearing” means the hearing at which the Court will consider whether to grant final approval of the Settlement, and rule upon any petition by Class Counsel for attorneys’ fees, costs, and Plaintiffs’ incentive awards. The term “Formal Fairness Hearing” has the same meaning as the term “final approval hearing” in the California Rules of Court, rule 3.769.

M. “Gross Settlement Amount” means \$20,000,000.

N. “Mid-Term Termination” means the termination of a Farmers Policy, by a policyholder during the policy’s term and before the expiration of the policy.

O. “Net Settlement Amount” means the Gross Settlement Amount, minus (1) costs of suit, other than the Costs of Administration, up to a maximum of \$325,000, (2) attorneys’ fees of up to one-third of the Gross Settlement Amount (that is, up to a total maximum of \$6,666,666.67 in attorneys’ fees), and (3) incentive awards for the three Plaintiffs of up to an aggregate total maximum of \$130,000, all as to be approved by the Court.

P. “Non-Participant Share” means the portion of the “Net Settlement Amount” that cannot be distributed to the Class Members (referred to as the “undistributable” shares), either because checks are undeliverable to any Class Members after reasonable efforts to update the Class Members’ mailing addresses, or because any Class Members did not cash their checks by the check cashing deadline.

Q. “Notice” means the Notice of Settlement of Class Action that, upon approval by the Court, the Settlement Administrator will provide to potential Class Members informing them

of the proposed Settlement; and to the Early Former Class Members, who are not members of the Class but who were provided with notice of the pendency of the action in 2015, informing them of the fact that they are not members of the Class. The following Notices are attached hereto:

1. **“Short Form Notice”** (Exhibit A), to be provided by post card to all potential Class Members except the Early Former Class Members and the No Damage Class Members;

2. **“Long Form Notice”** (Exhibit B), to be posted on the Settlement Website (defined below);

3. **“Notice to Early Former Class Members”** (Exhibit C), to be provided by post card to the Early Former Class Members; and

4. **“Notice to No Damage Class Members”** (Exhibit D), to be provided by post card to the potential Class Members whose “Delta” is zero (the **“No Damage Class Members”**).

R. **“Notice Plan”** means the Notice process described in paragraphs 18(Q), 24, 27 and 42 of this Agreement.

S. **“Plaintiffs”** means the plaintiffs named in the Action: Craig Streit, Eric Lucan and Dorothy Susman.

T. **“Preliminary Approval and Notice Order”** means the order to be entered by the Court, pursuant to California Rule of Court 3.769(c), as set forth in paragraph 42 of this Agreement.

U. **“Released Parties”** means Defendants and their present, former and future parents, sister subsidiaries, subsidiaries, and affiliated companies, attorneys-in-fact, and their past, present, and future officers, directors or governors, employees, attorneys, successors and assigns.

V. **“Releasing Parties”** means and includes Plaintiffs Craig Streit, Eric Lucan and Dorothy Susman and, subject to Court approval, the Class Members.

W. **“Settled Claims”** means (1) any and all causes of action asserted in the Action by the Class, and (2) any and all claims, demands, rights, liabilities and existing causes of action, known or unknown, including, but not limited to, any claims arising from the alleged violation of California Business and Professions Code sections 17200 *et seq.* or from the alleged breach of contract and/or breach of the implied covenant of good faith and fair dealing, and that have been, could have been, or could be asserted by Plaintiffs or any or all Class Members against Defendants, arising out of, based on, related to, or in any way respecting any acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences concerning or in any way associated with application of a Short Rate refund, rather than a pro rata refund, in calculating unearned premiums to be refunded to the Class, whether or not alleged, recited, described or referred to in the Action, occurring during the Class Period and based on the facts alleged in the operative complaint in the Action.

X. **“Settlement Administrator”** means the company to be selected by Class Counsel, and approved by the Court, that will be responsible for sending out Notice and settlement checks to the Class Members and reporting to Class Counsel and counsel for Defendants, as well as the Court, the sending out of such Notice, settlement checks and any checks not deliverable and/or not cashed, and conducting all other tasks reasonably necessary to administer the Settlement. Notice and administration procedures shall comport with current best practices to ensure effective and clear notice and to enhance the likelihood that Class Members will receive and cash their settlement checks by the check cashing deadline.

Y. **“Short Rate”** means a return of unearned premium other than pro rata when a

policyholder cancels the policy midterm. The term “Short Rate Penalty” means the difference between 1) the return of premium that would have been paid to a Class Member that effected a Mid-Term Termination and whose return of premium was calculated using the Original Premium Rate and 2) the return of premium that would have been paid to a Class Member that effected a Mid-Term Termination and whose return of premium was calculated using the Short Rate. By including this definition in this Agreement, Defendants do not concede, and vigorously deny, that a “Short Rate” premium refund calculation is properly characterized as a “penalty.”

C. SETTLEMENT TERMS

CONSIDERATION

19. In settlement of the claims alleged in the Action, and on the terms stated herein, Defendants shall pay the sum of \$20,000,000 plus Calculated Interest, if any, as provided for in paragraph 20, below.

THE GROSS SETTLEMENT AMOUNT, NOTICE PLAN, AND PAYMENT TO THE MEMBERS OF THE CLASS AND THE NON-PARTICIPANT SHARE

20. On or before February 21, 2020 and continuing until the date upon which the Gross Settlement Amount is transferred to the Settlement Administrator pursuant to paragraph 22, Defendants will calculate interest on the Gross Settlement Amount at the rate of 1.75% per annum (the “**Calculated Interest**”). In the event the Non-Participant Share is not enough to pay for Costs of Administration, then the Calculated Interest may be used to pay any Costs of Administration not paid for by the Non-Participant Share. Any Calculated Interest not needed to pay Costs of Administration shall remain with Defendants.

21. Costs of Administration shall first be paid from the Non-Participant Share. If the payment from the Non-Participant Share is insufficient to pay Costs of Administration, then the balance of such costs shall be paid from the Calculated Interest described in paragraph 20, above.

Calculated Interest in an amount sufficient to pay all remaining unpaid Costs of Administration costs shall be transferred by Defendants to the Settlement Administrator upon notice of the amount needed by the Settlement Administrator, and the advice by the Settlement Administrator of any balance due after the Non-Participant Share is applied to the Costs of Administration, but in no event later than 10 days after the initial check cashing deadline described in paragraph 26, below. If the Calculated Interest, plus the Non-Participant Share, are insufficient to cover the Costs of Administration, then any remaining Costs of Administration shall be paid from any other funds available from the Settlement, and if those other funds are insufficient, then any remaining Costs of Administration shall be deducted from the attorneys' fees award to Class Counsel.

22. Defendants will transfer the Gross Settlement Amount to the Settlement Administrator within ten (10) days after the Effective Date.

23. Class Members are entitled to their pro rata share of the Net Settlement Amount. Class Members' pro rata shares shall be calculated based on the difference between the Short Rate return of premium calculated by Defendants and the pro rata return of premium that Plaintiffs contend the Class Members should have received ("**Plaintiffs' Methodology**"), net of any write-offs for unpaid premium established by Defendants' records and data (the "**Delta**"). The Deltas and the pro rata shares shall be calculated by an expert retained by Class Counsel and the information necessary to distribute the shares shall be provided to the Settlement Administrator. The Parties recognize that some potential Class Members' Deltas are equal to zero and that these Class Members ("**No Damage Class Members**") should be provided the special Notice attached hereto as Exhibit D, subject to the Court's approval. Class Members and the Short Rates they were charged have been established through the Parties' prior exchange and extensive review, including expert analysis, of Defendants' data and records produced in the litigation.

24. Within 30 days of an order granting preliminary approval of the Settlement and approving the proposed Notices, the appointed Settlement Administrator shall cause Notice of this Settlement to be provided to the potential Class Members by post card and posted on the Settlement Website as stated herein, providing 45 days for any potential Class Members to object to the Settlement, or for potential Class Members to opt out of the Settlement.

25. The Settlement Administrator shall cause checks in the amount of each Class Member's pro rata share of the Net Settlement Amount to be mailed to the class members within 30 days after the Effective Date.

26. No later than 90 days from the date of the original mailing of settlement checks, a reminder notice shall be sent to any Class Members who have not negotiated their checks. Class Members shall have 180 days from the date of original mailing to negotiate their checks, and such time period shall be imprinted on the checks. Class Members to whom a check is re-issued shall have 210 days from the original date of mailing to negotiate their re-issued checks. Any reissued checks shall be imprinted that the check must be negotiated on or before whatever is the 210^h day from the original date of mailing.

27. The Settlement Administrator shall establish a website at www.farmersshortratelitigation.com, or similar website address, that shall be made available for public access beginning no later than the sending out of Notice (the "**Settlement Website**"), which shall provide relevant case dates and deadlines and make available for public access: (a) this Agreement, (b) the Long Form Notice, (c) the Notice to Early Former Class Members, (d) the Notice to No Damages Class Members; (e) the Fifth Amended Complaint, (f) the Preliminary Approval Order to be entered by the Court, (g) Class Counsel's application for attorneys' fees, costs and incentive awards (after it is filed), (h) the final approval order and judgment once they

are entered by the Court, and (i) any other orders entered by the Court related to the Settlement. The website shall remain operational until at least 150 days from the original date of mailing of settlement checks or such other later date as the Parties may agree.

28. No later than seven (7) days before the Formal Fairness Hearing, the Settlement Administrator shall file (or provide to Class Counsel for filing) a declaration confirming that the Notice Plan has been implemented and providing a final list of persons who timely submitted valid Exclusion Requests, as set forth in paragraph 37 of this Agreement.

29. All potential Class Members whose shares are undistributable as described in the definition of Non-Participant Share shall be deemed to have opted out of the Settlement and shall not be bound by the release set forth in this Agreement or any judgment to be entered by the Court. This provision must be approved by the Court.

30. The Non-Participant Share shall be distributed as follows:

- a. First, to pay the Costs of Administration, as set forth in paragraph 21 of this Agreement.
- b. If any sums remain in the Non-Participant Share after the payment described in paragraph 21 of this Agreement, such sums shall be returned to Defendants.
- c. However, the maximum total sum to be distributed pursuant to paragraphs 30(a) and 30(b) shall not exceed 20% of the Net Settlement Amount.
- d. If any sums remain in the Non-Participant Share after the payments described in paragraphs 30(a) and 30(b) of this Agreement, the remaining sums shall be paid to one or more *cy pres* recipients proposed by Plaintiffs and approved by the Court. Plaintiffs intend to propose Consumer

Watchdog and United Policyholders as *cy pres* recipients and that any sums available for *cy pres* distribution be divided equally between these two recipients and paid to them in lump sums. Defendants agree not to object to this *cy pres* distribution.

31. Defendants shall be bound by the terms of this Agreement regardless of whether any Non-Participant Share is created or authorized. If no Non-Participant Share is created or authorized, then the sums that would have been treated as the Non-Participant Share shall be treated as other funds available from the Settlement and first used to pay Costs of Administration, and then distributed to one or more *cy pres* recipients proposed by Plaintiffs and approved by the Court, and Defendants agree not to object to this *cy pres* distribution. Plaintiffs intend to propose Consumer Watchdog and United Policyholders as *cy pres* recipients and that any sums available for *cy pres* distribution be divided equally between these two recipients and paid to them in lump sums. In addition, if no Non-Participant share is created or authorized, then the provisions of the first sentence of paragraph 29 shall have no force or effect and all Class Members, including Class Members whose shares are undistributable as described in the definition of the Non-Participant Share, shall be bound by the release set forth in the Agreement or any judgment to be entered by the Court.

31(a). Sums attributable to uncashed checks will be held by the Settlement Administrator until after the check cashing deadline stated in paragraph 26, above. The sums will then be distributed pursuant to the Court's directions, as follows:

- (i) If the Court approves paragraphs 29 and 30, above (creating a Non-Participant Share as set forth in paragraph 30 and as proposed by the parties

in this Agreement), then the sums will be distributed pursuant to paragraph 30.

- (ii) If the Non-Participant Share of paragraphs 29 and 30 is not approved, then the sums will be distributed pursuant to paragraph 31, above.

31(b). The steps to be taken to ensure compliance with Code of Civil Procedure section 384 are as follows. First, the Court's determination of "the total amount payable to all class members" will happen at the final approval stage, when the Court rules on the amount of attorneys' fees, costs of suit, and incentive awards to be paid out of the "Gross Settlement Amount." Those orders will determine the "Net Settlement Amount," which will then be divided pro rata and mailed out in the form of checks. *See* ¶¶23 and 18(O), above (defining "Net Settlement Amount"). In the final approval order, the parties intend to ask the Court to set a deadline of 30 days after the check cashing deadline for the parties to report to the Court the amount of the uncashed checks, if any, and to seek an Order approving the final distribution of sums attributable to uncashed checks.

Second:

- (i) If the Non-Participant Share of paragraphs 29 and 30 is approved, then there will not be any "unpaid residue or unclaimed or abandoned class member funds," as that term is used in section 384, because all policyholders who fail to timely cash their checks will automatically be deemed to have opted out of the class, will not be Class Members, and will not be bound by the release. *See* ¶29, above. In that event, there will be no need for the Court to enter an amended judgment as set forth in section 384. Nonetheless, the parties intend to ask the Court to enter an order authorizing the Settlement Administrator to release the final distributions as outlined in paragraph 30,

above.

- (ii) If the Non-Participant Share is not approved, then, if there are uncashed checks, there will be an “unpaid residue or unclaimed or abandoned class member funds,” as that term is used in section 384. The parties will then ask the Court to direct, in an amended judgment, that these sums be released, first, to the Settlement Administrator (Angeion Group) and to KCC, who was approved by the Court as the Notice Administrator in 2015, to cover Costs of Administration, and second, if any sums remain, to the proposed *cy pres* recipients, pursuant to paragraph 31, above.

32. If approved by the Court, each of the three Plaintiffs shall receive an incentive payment in addition to any Class benefits for which they qualify. Defendants shall not oppose or object to an application for an incentive payment for each of the three Plaintiffs. The maximum aggregate amount to be sought in incentive payments for the three Plaintiffs is \$130,000, as follows: (a) up to \$90,000 for named plaintiff Craig Streit; (b) up to \$30,000 for named plaintiff Eric Lucan; and (c) up to \$10,000 for named plaintiff Dorothy Susman.

EXCLUSION PROCESS

33. A Class Member may be excluded from this Settlement either by the provisions of paragraph 29 of this Agreement or by submitting a request in accordance with the terms stated below (“**Exclusion Request**”). For an Exclusion Request to be accepted, it must be timely and valid.

34. To be timely, an Exclusion Request must be postmarked or delivered by no later than forty-five (45) days after the date Notice is sent out (“**Opt-Out Deadline**”).

35. To be valid, an Exclusion Request must:
- a. Be submitted by first class U.S. mail to the Settlement Administrator, at the address provided in the Class Notice;
 - b. Contain the following: (i) name, (ii) address, (iii) telephone number, (iv) acknowledgment that the Class Member requests to be excluded from the Class in the Action, and (v) signature by the Class Member.

36. A timely and valid Exclusion Request by a named insured will apply to all policies on which such Class Member is a named insured. A timely and valid Exclusion Request by one named insured on a policy shall bind any other named insured on that policy for that policy.

37. The Settlement Administrator shall maintain copies of all Exclusion Requests and a list of persons who have submitted Exclusion Requests and shall provide such list and copies to the Parties on a regular basis.

RELEASE OF CLAIMS

38. The Releasing Parties, their heirs, trustees, executors, administrators, principals, beneficiaries, agents, assigns and successors will be subject to and shall be bound by the order of Final Judgment and will conclusively be deemed to have fully and finally released, acquitted and forever discharged, to the fullest extent permitted by law, all of the Released Persons from the Settled Claims, and the release shall go into effect as of the date the Releasing Party negotiates his or her settlement check.

39. Each of the three Plaintiffs, **but not the Class Members**, does hereby expressly waive and relinquish and waive the provisions, rights and benefits of section 1542 of the California Civil Code, which 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,”

as well as any and all provisions, rights, and benefits of any similar statute or law of California or of any other jurisdiction. The three Plaintiffs each further acknowledge and hereby agree that they are aware that they may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this release, but it is the intention of each of the three Plaintiffs to, and each of them does hereby, fully, finally and forever settle and release any and all Settled Claims, known or unknown, suspected or unsuspected, that may now exist, may hereafter exist, or heretofore have existed, and without regard to the subsequent discovery or existence of such different or additional facts.

40. The provisions of any state, federal, municipal, local or territorial law or statute providing in substance that releases shall not extend to claims, demands, injuries, and/or damages that are unknown or unsuspected to exist at the time a settlement agreement is executed and/or approved by a court are hereby expressly, knowingly, and voluntarily waived by and on behalf of the three Plaintiffs, **but not the Class Members**.

41. No Class Member shall have any claim against the Parties, any of the Released Parties, the Parties' counsel, the Settlement Administrator, or any of their agents relating to or arising out of any distributions or lack thereof made in accordance with the terms of this Agreement, as approved by the Court, or orders of the Court.

PRELIMINARY APPROVAL AND NOTICE ORDER AND NOTICE PLAN

42. Plaintiffs shall request from the Court, and Defendants shall fully support and join in the request for, a Preliminary Approval and Notice Order, specifically including provisions that:

a. Approve this Agreement preliminarily, subject to the right of Class Members to be heard on the terms and reasonableness of the Settlement at the Formal Fairness Hearing.

b. Approve a form of Notice and a Notice Plan, for mailing to all known Class Members, which shall provide notice of the Formal Fairness Hearing, in the manner further described in paragraph 18(Q), above.

c. Approve Angeion Group as the Settlement Administrator.

d. Direct Class Counsel, through the Settlement Administrator, within thirty (30) days after the entry of the Preliminary Approval and Notice Order, or such other date fixed by the Court, to provide Notice to the potential Class Members and implement the Notice Plan as described herein.

e. Find that the mailing and publication described above constitutes the best notice practicable under the circumstances, and is due and sufficient notice to the Class, and that the Notice fully satisfies the requirements of due process of California Code of Civil Procedure section 382 and California Rule of Court 3.769(f).

f. Set the Formal Fairness Hearing to be held by the Court to determine whether there exists any reasonable basis why the Settlement should not be approved as being fair, reasonable, adequate, lawful, and in the best interests of the Class and why judgment should not be entered thereon.

g. Provide that any Class Members who seek to be excluded from the Settlement must provide written notice prior to a date certain as ordered by the Court. Any objections to the proposed Settlement shall be heard, and any papers submitted in support of said objections shall be received and considered by the Court at the Formal Fairness Hearing (or at such

other times as may be directed by the Court), only if, on or before a date to be specified in the Notice, persons making objections complied with the requirements of paragraph 45, below, and the instructions contained in the Notice.

h. Provide that Class Counsel will apply for approval by the Court of their request that Class Counsel be paid attorneys' fees and costs out of the Gross Settlement Amount, with the hearing thereon at the same date and time of the Formal Fairness Hearing, with the Notice to inform members of the Class of the amount of the application and the procedure for comment thereon.

i. Provide that Costs of Administration be paid pursuant to the terms of this Agreement.

j. Schedule the Formal Fairness Hearing for a date on or about July 20, 2020, as may be available on the Court's calendar, and provide that the Formal Fairness Hearing may, from time to time and without further notice to the Class, be continued or adjourned by order of the Court.

ATTORNEYS' FEES FOR CLASS COUNSEL

43. Class Counsel assert that they are entitled to (a) an award of attorneys' fees for services rendered of up to one-third of the Gross Settlement Amount (that is, of up to \$6,666,666.67) and (b) reimbursement of costs for reasonable expenses incurred in connection with the Action of up to \$325,000. Class Counsel will apply to the Court at the Formal Fairness Hearing for an award of attorneys' fees and reimbursement of costs and expenses incurred in connection with the Action. Such application(s) shall be filed by no later than thirty (30) days after the date of Notice to the potential Class Members, and copies of the application(s) shall be posted on the Settlement Website as soon as possible after filing. Defendants agree not to oppose, directly or indirectly, the application for an award of attorneys' fees in an aggregate amount not to exceed

one-third of the Gross Settlement Amount (that is, up to \$6,666,666.67), and Defendants agree not to oppose, directly or indirectly, the application for reimbursement of costs and expenses incurred in connection with the Action.

44. In the event that the Court does not approve the attorneys' fees and costs, and/or incentive awards, in the amounts requested by Plaintiffs and Class Counsel, or in the event that the amounts of attorneys' fees and costs and/or incentive awards are reduced by the Court, that finding shall not be a basis for voiding or terminating the Settlement.

OBJECTION PROCESS

45. Any Class Member may object to the Settlement, Class Counsel's application for attorneys' fees and costs, and/or the request for incentive awards. To be considered, an objection must be in writing, must be mailed to the Settlement Administrator at the addresses listed in the Class Notice, postmarked no later than forty-five (45) days after the date of Notice (the "**Objection Deadline**"), and must include the following: (i) the case name; (ii) the name, address, telephone number, and signature of the person objecting; (iii) a statement whether the objector intends to appear at the Formal Fairness Hearing, either in person or through counsel; and (iv) a statement of the grounds for his or her objection. The objection shall not be filed with or mailed to the Court by the objecting Class Member. Copies of any timely-submitted and valid objections shall be provided to the Court by Class Counsel or by the Settlement Administrator by no later than the deadline for filing the final approval motion.

46. Class Members who do not submit and serve timely written objections in accordance with the procedures set forth in this Agreement have waived any objections to the Settlement and are 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, any award of attorneys' fees and costs, or any incentive awards allowed to the Plaintiffs.

DUTIES OF THE PARTIES WITH RESPECT TO OBTAINING PRELIMINARY AND FINAL COURT APPROVAL

47. For any dispute that arises in connection with implementing or effectuating the terms of the Settlement, the Parties shall attempt in good faith to resolve such disputes through further consultation first, and then by mediation with Hon. Carl J. West (Ret.).

48. Plaintiffs and Class Counsel shall apply to the Court for the entry of the Preliminary Approval and Notice Order. Defendants shall fully support and join in this application.

49. The Parties shall continue to take any steps necessary to stay any pending proceedings so as to preserve the status quo in the Action until the Court orders Final Approval of the Settlement or the Agreement is voided or terminated pursuant to paragraph 56 below.

50. By no later than fourteen (14) days after the Objection Deadline, Plaintiffs and Class Counsel shall file a motion for final approval of the Settlement, a response to any objections, and submit a proposed Final Judgment. Defendants shall fully support and join in this motion and in the response to any objections and the proposed Final Judgment.

MUTUAL FULL COOPERATION

51. The Parties agree to cooperate fully with each other to accomplish the terms of this Settlement, including but not limited to execution of all necessary documents, and to take such other action as may reasonably be necessary to implement the terms of this Settlement.

JUDGMENT TO BE ENTERED

52. At the Formal Fairness Hearing, the Parties shall request from the Court an order and Final Judgment approving the Settlement, which shall:

a. Approve finally this Agreement as fair, reasonable, adequate, and in the best interests of the Class and in accordance with California law, and direct the parties to consummate the Settlement in accordance with this Agreement.

b. Find that the mailing and publication constitutes the best notice practicable under the circumstances, and is due and sufficient notice to the Class, and that the Notice fully satisfies the requirements of due process and California Code of Civil Procedure section 382.

c. Adjudge that Released Parties are released and discharged from any and all liability as to the Settled Claims, subject to the performance of all terms and conditions of this Agreement.

d. Hear and determine the application of Class Counsel for an award of attorneys' fees and reimbursement of their costs and expenses and incentive awards for Plaintiffs.

e. Reserve continuing jurisdiction, without affecting the finality of the judgment entered, over: (a) implementation of this Settlement and administration of the Agreement; (b) the Action, until the judgment contemplated hereby has become effective and each and every act agreed to be performed by the parties hereto shall have been performed pursuant to this Agreement; (c) all parties to this Agreement, including all Class Members, for the purpose of enforcing and administering the Agreement and other documents contemplated by, or executed in connection with the Agreement; and (d) any other matters related or ancillary hereto.

f. Find that there is no just reason for delaying the entry of the order of Final Judgment and shall direct the Clerk of the Court to enter the judgment pursuant to the California Code of Civil Procedure Section 664.6.

CONTINGENCIES

53. This Agreement and the consideration therefore are offered and given in return for, and are conditioned and contingent upon, entry of an order of Final Judgment.

D. NO ADMISSION OF LIABILITY; NO FORMAL PRESS RELEASES

54. Nothing contained in this Agreement shall be construed or deemed an admission of liability, culpability, or wrongdoing on the part of Defendants or any Released Party, which deny liability for any alleged wrongdoing. Defendants expressly deny liability for the Settled Claims and specifically deny and do not admit any of the pleaded facts not admitted in their answer in the Action. Nor shall this Agreement constitute an admission by Defendants or any Released Party as to any interpretation of laws or as to the merits, validity, or accuracy of any claims made against them in the Action.

55. No formal press release shall be issued by any Party or counsel concerning the Settlement. However, Defendants and Released Parties may make regulatory and other legally required disclosures that are required by regulators. For purposes of this Agreement, “formal press release” means an official written statement delivered to a news agency or newswire. “Formal press release” does not include a communication with, or response to any inquiry or question of, any individual member of the press, and does not include information that may be posted on any website of the Parties or their counsel or otherwise made available to members of the public. Nothing in this paragraph shall be construed to limit the ability of the Parties or their counsel to discuss the Settlement in any manner and with any person to the full extent permitted by law, with the sole exception of issuing a formal press release.

E. TERMINATING THE AGREEMENT

56. If this Settlement is not approved, or if for any reason the Effective Date does not occur, the Settlement shall be deemed null, void, and unenforceable and shall not be used nor shall it be admissible in any subsequent proceedings either in the Court or in any other judicial, arbitral, administrative, investigative, or other court, tribunal, forum, or other proceeding, or other litigation

against Defendants. Furthermore, in such an occurrence, each Party expressly and affirmatively reserves all arguments, defenses and motions as to all claims that have been or might later be asserted in the Action, and neither this Agreement, nor the fact of its having been made, shall be admissible or entered into evidence for any purpose whatsoever.

F. AUTHORITY OF COUNSEL

57. Class Counsel, on behalf of the Class, are authorized to take all appropriate action required or permitted to be taken by the Class pursuant to this Agreement to effectuate its terms, and is also authorized to enter into a modification or amendment of this Agreement on behalf of the Class as appropriate, subject to the Court's approval.

G. REPRESENTATIONS, WARRANTIES AND OTHER PROVISIONS

58. **Signatories' Authority.** The respective signatories to this Agreement each represent that they are fully authorized to enter into this Settlement on behalf of the respective Parties for submission to the Court for preliminary and final approval.

59. **No Prior Assignments.** The Parties represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action, or right released and discharged in this Settlement.

60. **Plaintiffs.** Plaintiffs represent that they each have (1) consulted with Class Counsel about the Action, this Agreement, and the obligations of a representative of the Class; (2) understand and agree with the terms of the Settlement and this Agreement; and (3) will remain in and not request exclusion from the Class and will serve as a representative of the Class until the terms of this Agreement are effectuated, this Agreement is terminated in accordance with its terms, or the Court at any time determines that he or she cannot represent the Class.

61. **Construction.** The Parties agree that the terms and conditions of this Agreement are the result of lengthy, intensive arm's length negotiations between the Parties and that this Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or her or his counsel participated in the drafting of this Agreement.

62. **Computation of Time.** All time periods set forth in this Agreement shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by this Agreement or by order of the Court, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a legal holiday, in which event the period shall run until the end of the next day that is not one of the aforementioned days.

63. **Captions and Interpretations.** Paragraph titles or captions contained in this Agreement are a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement or any provision of this Agreement. Each term of this Agreement is contractual and not merely a recital.

64. **Modification.** This Agreement may not be changed, altered, or modified, except in a writing signed by the Parties and approved by the Court. Notwithstanding the foregoing, the Parties agree that, if certain timing provisions contained in this Agreement which are not essential to any order issued by the Court need to be extended, such timing provisions may be extended by agreement of the Parties without court approval. This Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties.

65. **Integration Clause.** This Agreement, any exhibits hereto, and any other documents delivered pursuant hereto contain the entire agreement between the Parties relating to the

resolution of the Action, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged into this Agreement. No rights under this Agreement may be waived except in writing and signed by the Party against whom such waiver is to be enforced. No representations, warranties, or inducements have been made to any Party concerning this Agreement other than the representations, warranties, and covenants contained and memorialized herein.

66. **Exhibits.** All of the exhibits attached to this Agreement are incorporated by reference as though fully set forth herein.

67. **Binding on Assigns.** This Settlement and Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective heirs, trustees, executors, administrators, successors, and assigns.

68. **Plaintiffs as Signatories.** It is agreed that because the Class Members are so numerous, it is impossible or impractical to have each Class Member execute this Agreement. The Notice provided in accordance with the Notice Plan will provide Class Members with a summary of the Settlement and an opportunity to review the full Agreement and other information about the Action and the Settlement, and will advise Class Members of the binding nature of the release herein.

69. **Counterparts.** This Agreement may be executed by facsimile or electronic signature and in any number of counterparts, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one and the same Agreement, which shall be binding upon and effective as to all Parties.

70. **Applicable Law.** This Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflicts of law principles or provisions.

71. **No Tax Advice.** Neither Defendants nor their attorneys nor Plaintiffs nor Class Counsel have made any representation or warranty, expressed or implied, with respect to any tax-related issue. Class Members should consult with their personal tax advisors.

72. **Notice.** Unless otherwise specifically provided herein, all notices, demands, or other communications under this Agreement shall be in writing and shall be deemed to have been duly given: (i) on the date given, if given by hand delivery; (ii) within one (1) business day, if sent by overnight delivery services such as Federal Express or similar courier; (iii) on the third business day after mailing by U.S. first class, registered or certified mail, return receipt requested, or (iv) on the day received for delivery by e-mail. All notices given under this Agreement shall be addressed as follows:

To the Plaintiffs and/or the Class and Class Members:

Stuart M. Eppsteiner
EPPSTEINER LAW, APC
5519 Clairemont Mesa Blvd., Suite 5129
San Diego, California 92117
Email: stuarteppsteiner@eppsteiner.com

Kimberly A. Kralowec
KRALOWEC LAW, P.C.
750 Battery St., Suite 700
San Francisco, California 94111
Email: kkralowec@kraloweclaw.com

To Defendants:

Kent R. Keller
Larry M. Golub
HINSHAW & CULBERTSON LLP
350 South Grand Avenue, Suite 3600
Los Angeles, California 90071-3476
kkeller@hinshawlaw.com/lgolub@hinshsawlaw.com

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows.

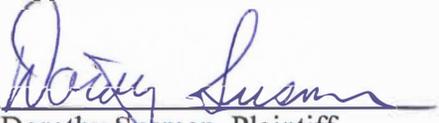
ACCEPTED AND AGREED TO ON BEHALF OF PLAINTIFFS AND CLASS MEMBERS:

By: 
Craig Streit, Plaintiff

Date: October 20, 2020

By: 
Eric Lucan, Plaintiff

Date: October 20, 2020

By: 
Dorothy Susman, Plaintiff

Date: 10/20/2020

Farmers, Group, Inc., dba Farmers Underwriters Association

By: _____
Authorized Officer

Date: _____

Fire Insurance Exchange

By: _____
Authorized Officer

Date: _____

Mid-Century Insurance Company

By: _____
Authorized Officer

Date: _____

Fire Underwriters Association

By: _____
Authorized Officer

Date: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows.

ACCEPTED AND AGREED TO ON BEHALF OF PLAINTIFFS AND CLASS MEMBERS:

By: _____
Craig Streit, Plaintiff

Date: _____

By: _____
Eric Lucan, Plaintiff

Date: _____

By: _____
Dorothy Susman, Plaintiff

Date: _____

Farmers, Group, Inc., dba Farmers Underwriters Association

By: Margaret S. Giles
Assistant Secretary,
Authorized Officer

Date: 10/20/20

Fire Insurance Exchange

By: Margaret S. Giles
Assistant Secretary,
Authorized Officer

Date: 10/20/20

Mid-Century Insurance Company

By: Margaret S. Giles
Assistant Secretary,
Authorized Officer

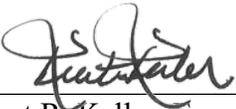
Date: 10/20/20

Fire Underwriters Association

By: Margaret S. Giles
Assistant Secretary,
Authorized Officer

Date: 10/20/20

**Approved As to Form:
HINSHAW & CULBERTSON LLP**

By: 
Kent R. Keller, Esq.
Larry M. Golub
Counsel for Defendants

Date: October 20, 2020

**Approved As to Form:
EPPSTEINER LAW, APC**

By: _____
Stuart M. Eppsteiner
Counsel for the Class

Date: _____

KRALOWEC LAW, P.C.

By: _____
Kimberly A. Kralowec
Counsel for the Class

Date: _____

**Approved As to Form:
HINSHAW & CULBERTSON LLP**

By: _____
Kent R. Keller, Esq.
Larry M. Golub
Counsel for Defendants

Date: _____

**Approved As to Form:
EPPSTEINER LAW, APC**

By:  _____
Stuart M. Eppsteiner
Counsel for the Class

Digitally signed by Stuart M Eppsteiner
Date: 2020.10.20 13:23:00 -07'00'
Adobe Acrobat Version: 2020.012.20048

Date: October 20, 2020

KRALOWEC LAW, P.C.

By:  _____
Kimberly A. Kralowec
Counsel for the Class

Date: October 20, 2020

Exhibit A

Notice of Class Action Settlement
Craig Streit, et al. v. Farmers Group, Inc., et al.
 Los Angeles County Superior Court Case No. BC434852

If you had a Farmers property or vehicle insurance policy in California, this class action settlement may affect your rights. For more information about your rights, visit www.farmersshortratelitigation.com

A court authorized this notice. This is not a solicitation from an attorney.

- Three former policyholders have sued Farmers Group, Inc., Fire Insurance Exchange (FIE), Mid-Century Insurance Company (Mid-Century), and Fire Underwriters Association (collectively “Farmers”), alleging that they violated California law and paid California policyholders smaller refunds than they were obligated to pay when policyholders canceled their policies before the end of the policy term.
- The Court allowed the lawsuit to be a class action on behalf of *all California policyholders of FIE and Mid-Century who cancelled their policies midterm and whose return of premium Farmers calculated on a basis other than pro rata for refunds after April 1, 2006. This practice by Farmers ended in approximately 2011.* This Notice is regarding the claims against Farmers based on plaintiffs’ allegations that Farmers engaged in unlawful, unfair and fraudulent business practices under Business & Professions Code section 17200; and, that Farmers allegedly breached the covenant of good faith and fair dealing, and the insurance contracts with their policyholders (the “Claims”). Farmers denies these allegations but has agreed to settle the class’ Claims.
- Farmers has agreed to pay a total amount of \$20,000,000 to settle the claims. The proposed settlement calls for this sum to be distributed to the Class Members on a pro rata basis after requested deductions for: (a) costs of the lawsuit up to a maximum of \$325,000 (other than the cost of notice and administration which is currently estimated at approximately \$507,440); (b) attorney’s fees up to one-third of the gross settlement amount (that is, up to a total maximum of \$6,666,666,67); and (c) Class Representatives’ service awards for acting as the class representatives of up to an aggregate total maximum of \$130,000.
- For each Class Member who suffered alleged damage, their proportionate share of the net settlement sum will be determined in proportion to the alleged damages of each Class Member based on the information produced by Farmers during discovery conducted during the lawsuit. Some Class Members did not suffer any damages alleged due to the particular facts of their policy cancellations. Those Class Members will not receive any money from the settlement.
- This is a notice of a settlement. You are being provided this notice because you may be a member of the class in this lawsuit, and you may be entitled to receive a portion of the settlement sum. If you do not exclude yourself from this class action settlement, your legal rights against Farmers regarding how it calculated your return of premium will be determined by this settlement. Your legal rights are affected by this settlement, and you now have a choice to make:

Your Rights and Choices:

Take Steps to Exclude Yourself	<u>Get out of this lawsuit and settlement. Receive no benefits from it, if any. Keep rights.</u> If you ask to be excluded from this settlement now, or if the Court approves the entire settlement agreement and you do not cash your settlement check by the check cashing deadline that will be printed on the settlement check, you will not share in the money or benefits conferred by this settlement. But, you keep any rights to sue Farmers separately about the claims made in the lawsuit.
Remain in Lawsuit	<u>Stay in this lawsuit and settlement. Share in the benefits of the settlement, if any. Give up certain rights.</u> By doing nothing, and, if the Court approves the entire settlement agreement, cashing your settlement check by the check cashing deadline, you retain your right to share in any money or benefits, if any, that may come from the settlement of this lawsuit. But, you give up any rights to sue Farmers separately about the claims made in the lawsuit.
Object to the Settlement	Any Class Member may object to the settlement. If you wish to object, you must do so in writing and must state the basis for your objection(s). To object, you must prepare and complete your objection, sign it and mail it to the Settlement Administrator at the address provided below, on or before _____.

Your options are explained in more detail on the website www.farmersshortratelitigation.com. To ask to be excluded, you must act before _____ [45 days after initial mailing of the Class Notice] by sending a letter or an email to [insert mailing and email addresses of settlement administrator].

- A Final Approval Hearing regarding this settlement will be held in Department 9 of the Los Angeles County Superior Court located at 312 N. Spring St., Los Angeles, CA 90012, on _____ at _____ a.m.. Please visit the Settlement Administrator’s website for updates regarding the Final Approval Hearing at: www.farmersshortratelitigation.com. Any appearance at the hearing must be in accordance with the then current procedures required by the Superior Court of California, County of Los Angeles. The Court’s procedures for hearing appearances are detailed in the Court’s “Here for You | Safe for You” program which can be found on the Court’s website at: <http://www.lacourt.org>.
- Any Class Member who does not request exclusion may, if the member so desires, enter an appearance through counsel of their own selection. If you hire your own lawyer, separate from Class Counsel, you will have to make arrangements to pay for that attorney the fees that attorney may charge.
- The following attorneys serve as Class Counsel: Eppsteiner Law, APC, Stuart M. Eppsteiner, Esq., 5519 Clairemont Mesa Blvd., Suite 5129, San Diego, CA 92117, Tel.: 858-350-1500, sme@eppsteiner.com; Kralowec Law, P.C., Kimberly A. Kralowec, Esq., Kathleen Styles Rogers, Esq., 750 Battery Street, Suite 700, San Francisco, CA 94111, Tel.: 415-546-6800, kkralowec@kraloweclaw.com, kr Rogers@kraloweclaw.com
- **To obtain more information about this lawsuit and settlement, visit www.farmersshortratelitigation.com, or contact the Administrator for this settlement:**

**[Insert Administrator Name
Administrator Address
Administrator Phone Number
Administrator Email]**

Exhibit B

LOS ANGELES COUNTY SUPERIOR COURT
Notice of Class Action Settlement

If you cancelled a Farmers property or vehicle insurance policy in California, this class action settlement may affect your rights.

A court authorized this notice. This is not a solicitation from an attorney. You are not being sued.

1. Why did I get this Notice?

Three former insurance policyholders, the “Class Representatives”, have sued Farmers Group, Inc., Fire Insurance Exchange (FIE), Mid-Century Insurance Company (Mid-Century), and Fire Underwriters Association (collectively “Farmers”), alleging that Farmers violated California law as described below. All of the claims asserted in the Class Representatives’ lawsuit have been certified for class action treatment. Farmers and Plaintiffs have entered into a proposed class settlement of the claims against Farmers. You are receiving this Notice because records show that you may have had one or more FIE or Mid-Century insurance policies covering your property or your vehicle, and that you cancelled one or more of the policies before the end of the policy term. You have legal rights and options that you may exercise before the Court finally approves the proposed settlement. This Notice contains important information that may affect you. Please read it carefully.

2. What is this lawsuit about?

The lawsuit is known as *Craig Streit, et al. v. Farmers Group, Inc., et al.*, Case No. BC434852. Judge Yvette M. Palazuelos of the Superior Court of the State of California in Los Angeles County is overseeing this class action lawsuit. This lawsuit challenges the way Farmers calculated the return of premium when policyholders cancelled their insurance policies before the end of the policy term (their “refund(s)”). The lawsuit alleges that, instead of calculating the refunds on a *pro rata* basis, corresponding to the unexpired time, Farmers used a method of calculation that led to a smaller refund. The plaintiffs in the lawsuit allege that the result was many policyholders got smaller refunds than they would have received when they cancelled their policies had the return of premium been calculated on a *pro rata* basis. Farmers has denied all liability and asserts that the method it used to calculate the refunds was expressly authorized by the insurance policy, approved by the California Department of Insurance and permissible under California law.

3. What are my rights and choices under this Notice?

- The Court has allowed the lawsuit to be a class action on behalf of ***all California policyholders of FIE and Mid-Century who cancelled their policies midterm and whose return of premium Farmers calculated on a basis other than pro rata for refunds after April 1, 2006. This practice by Farmers ended in approximately 2011.***
- In 2015, the Court allowed the lawsuit to proceed as a class action for two specific claims, as described below (the “2015 Certified Claims”), on behalf of all California policyholders who cancelled their policies midterm and whose return of premium Farmers calculated on a basis other than pro rata after April 1, 2006. A notice similar to this one was provided regarding the Court’s earlier certification of the 2015 Certified Claims, and you were provided an opportunity to exclude yourself from this lawsuit as to the 2015 Certified Claims. If you took steps to exclude yourself from the lawsuit at that time, those steps do not exclude you from being a part of the lawsuit for the current certified claims, as described below (the “2019 Certified Claims”) and for the proposed settlement. You would need to take further separate steps now to completely exclude yourself from being bound by the proposed settlement. This notice does not affect your choice regarding the notice provided in 2015.
- This is a notice of a settlement. If you do not exclude yourself from this class action settlement, your legal rights against Farmers regarding how it calculated your return of premium will be determined by this settlement. You now have a choice to make:

Your Rights and Choices:

Take Steps to Exclude Yourself	<u>Get out of this lawsuit and settlement. Receive no benefits from it. Keep your rights.</u> If you ask to be excluded from this settlement now, or if the Court approves the entire settlement as described in paragraph 9(a) below, and you do not timely cash your settlement check, you will not share in the money or benefits conferred by this settlement. But, you keep any rights to sue Farmers separately about the claims made in the lawsuit.
Remain in Lawsuit and Settlement	<u>Stay in this lawsuit and settlement. Share in the benefits of the settlement. Give up certain rights.</u> By doing nothing now, and, if the Court approves the entire settlement as described in paragraph 9(a) below, by timely cashing your settlement check, you retain your right to share in any money or benefits, if any, that may come from the settlement of this lawsuit. But, you give up any rights to sue Farmers separately about the claims made in the lawsuit.
Object to the Settlement	Any Class Member may <u>object to the settlement</u> . If you wish to object, you must do so in writing and must state the basis for your objection(s). To object, you must prepare and complete your objection, sign it and mail it to the Settlement Administrator at the address provide in section 18, below, on or before [REDACTED]. At the Final Approval Hearing described in section 22, below, the Court will consider all written objections without the need for a personal appearance. You have the right to appear at the hearing to present any objections, either in person or through an attorney of your choice at your expense.

Your options are explained in this notice. To ask to be excluded, you must send a letter or an email postmarked or delivered before [REDACTED] [45 days after initial mailing of the Class Notice] to *Streit, et al. v. Farmers Group, Inc., et al.* Settlement Administrator c/o [INSERT ADMINISTRATOR’S ADDRESS]. To be valid, a request to be excluded must contain the following: (i) your name, (ii) your address, (iii) your telephone number, (iv) a clear statement that you are requesting to be excluded from the Class, and (v) your signature.

- A timely and valid request to be excluded by a named insured will apply to all policies on which such Class Member is a named insured. A timely and valid request to be excluded by one named insured on a policy shall bind any other named insured on that policy for that policy.
- If the Court approves the entire settlement as described in paragraph 9(a) below, you will be excluded if you do not cash your settlement check by the check cashing deadline that will be printed on the settlement check. Exclusion from the settlement by failure to cash a settlement check will apply to all policies on which the Class Member named on the uncashed settlement check is a named insured and shall bind all other named insureds on that policy for that policy.

4. What is a Class Action and who is involved?

In a class action lawsuit, one or more people called “Class Representatives” (in this case Craig Streit, Eric Lucan, and Dorothy Susman, who were policyholders of FIE and Mid-Century) sue on behalf of themselves and other people who have similar claims. The people together are a “Class” or “Class Members.” The Class Representatives who sued—and all the Class Members like them—are called the Plaintiffs. The companies they sued (in this case, Farmers) are called the Defendants. One court resolves the issues for everyone in the Class—except for those people who choose to exclude themselves from the Class.

5. Why is this claim a Class Action?

The Court decided that the claims in this lawsuit can be a class action and move towards a trial because they meet the requirements of California Code of Civil Procedure section 382, which governs class actions in California courts. The Court found that:

- The Class Representatives along with the lawyers representing the Class will fairly and adequately represent the Class Members’ interests;

- The claims of the Class Representatives are typical of the claims of the rest of the Class;
- There are predominant legal questions and facts that are common to all Class Members that must be resolved; and
- There are a sufficient number of Class Members to sustain a class action.

6. What claims have been granted Class Action status?

The Court granted class certification twice of two different sets of claims. First, in 2015, the Court granted class certification of two of the claims that are being asserted against Farmers in this litigation: (1) that Farmers allegedly engaged in unlawful business practices under Business & Professions Code section 17200 by violating Insurance Code section 481(a); and (2) that allegedly Farmers breached the terms of the policy contracts (the “2015 Certified Claims”).

Second, in 2019, the Court granted class certification of the remaining four claims asserted against Farmers in this litigation: (1) that Farmers allegedly engaged in unlawful business practices under Business & Professions Code section 17200 by violating Insurance Code section 330; Insurance Code section 332; Civil Code section 1573; Civil Code section 1709; and/or Civil Code section 1710; (2) that Farmers allegedly engaged in unfair business acts and practices under Business & Professions Code section 17200; (3) that Farmers allegedly engaged in fraudulent business acts and practices under Business & Professions Code section 17200; and (4) that Farmers allegedly breached the covenant of good faith and fair dealing that was implied into your Farmers’ insurance policy (the “2019 Certified Claims”).

To read more about the claims in the case and the Court’s orders regarding class certification, go to the Settlement Administrator’s website at www.farmersshortratelitigation.com.

7. What does the lawsuit complain about and how has Farmers answered?

In the lawsuit, Plaintiffs say that when a California policyholder cancelled his or her policy before the end of the policy term, Farmers should have calculated the return of premium on a *pro rata* basis, and that instead of doing so, Farmers used a method of calculation that led to a smaller return of premium. Farmers has denied that it did anything unlawful, unfair or fraudulent or in breach of its insurance policies. Farmers has said that its manner of calculating the return of premium is expressly allowed under the policy contracts and that its practices comply with the California Insurance Code and have been approved by the California Department of Insurance. Farmers’ Answer to the Complaint and other key documents, including the Complaint and the Class Certification Orders, are available on the Settlement Administrator’s website, the Court website, and through Class Counsel. See section 18 of this Notice for contact information.

8. Background of the Settlement.

Plaintiffs and class counsel believe that the claims in the lawsuit have merit. They have thoroughly investigated and evaluated the facts and legal arguments of the lawsuit and have diligently litigated this lawsuit since filing it on April 1, 2010. Farmers produced approximately 8,000 pages of material and data in spreadsheets with millions of entries regarding the class members’ policies, mid-term cancellation and refunds paid. Class counsel reviewed the documents and data Farmers produced, deposed many witnesses and paid consultants to analyze purchase and refund data and compute pro-rata refunds for the class members and the difference between the refunds Farmers provided and what they would have paid if the refunds were calculated on a pro rata basis. Farmers denies the claims against it and has vigorously defended this lawsuit. This proposed settlement was reached through hard-fought, arms-length negotiations. The parties took into account the uncertainty and risk of the outcome of litigation, the difficulties and delays inherent in litigation and the economic benefit to policyholders through the prompt implementation of settlement.

9. What are the terms of the proposed settlement?

Farmers has agreed to pay a total amount of \$20,000,000. This sum would be distributed to the Class Members pro rata (see paragraph 10, below) after proposed requested deductions for: (a) costs of the lawsuit to be reimbursed to Class Counsel (not including notice and administration costs which is currently estimated at approximately \$507,440), in an amount to be approved by the Court up to a maximum of \$325,000; (b) attorneys’ fees of up to one-third of the gross settlement amount (that is, up to a total maximum of \$6,666,666,67); and (c) Class Representatives’ service award for acting as the class representatives of up to an aggregate total maximum of \$130,000, in amounts to be approved by the Court. The gross

settlement amount of \$20 million minus these sums is the “net settlement amount.” Class Members are not required to submit a claim in order to receive their pro rata share of the net settlement amount.

The costs of notice and administration will not be deducted from the gross settlement amount before the Class Members’ shares are calculated. Instead, those costs will be paid as follows: (a) from any sums that cannot be distributed to the Class Members, due to lack of current address information or due to uncashed checks; (b) if the sums described in (a) are insufficient to pay the notice and administration costs, then Farmers will pay up to nine months’ of interest, at the rate of 1.75% per annum, on the \$20,000,000 gross settlement amount, to be used for notice and administration costs; and/or (c) if the sums described in (a) and (b) are insufficient to cover the costs, then any remaining notice and administration costs owed shall be paid by Class Counsel from their attorneys’ fees award.

At the Final Approval Hearing, discussed at paragraph 22 below, the Court may decide what happens to the settlement sums that cannot be distributed to the potential Class Members either because checks are undeliverable to any persons after reasonable efforts to update the potential Class Members’ mailing addresses, or because any potential Class Members did not cash their check by the check cashing deadline (180 days after initial mailing) (this portion of the settlement amount shall be referred to as the “Non-Participant Share”) if any of it remains after paying the costs of notice and administration, and the effect of this settlement on those persons whose undistributed sums make up the Non-Participant Share.

The Court may:

a) Approve the settlement agreement including paragraphs 29 through 30 which provide that if any of the Non-Participant Share remains after paying the costs of notice and administration, a limited portion of those sums will be reallocated to Farmers. The maximum total sum that can be reallocated to Farmers cannot exceed 20% of the net settlement. If the Non-Participant Share exceeds the maximum amount that can be reallocated to Farmers, the remaining sums will be paid to one or more organizations approved by the Court that promote the interests asserted in the lawsuit (also known as cy pres recipients). The proposed cy pres recipients in this case are Consumer Watchdog and United Policyholders.

If the Court approves the settlement agreement including paragraphs 29 through 30, all potential Class Members whose shares make up the Non-Participant Share shall be deemed to have opted out of the settlement and shall not be bound by the release set forth in the settlement agreement or any judgment entered by the Court; Or,

b) Approve the settlement agreement but disapprove of paragraphs 29 through 30, in which case, pursuant to paragraph 31, if any of the Non-Participant Share remains after paying the costs of notice and administration, the remaining sums will be paid to one or more cy pres recipients approved by the Court.

If the Court approves the settlement agreement but disapproves of paragraphs 29 through 30, all Class Members shall be bound by the settlement, the release set forth in the settlement agreement and any judgment entered by the Court.

10. How will your share of the settlement amount be calculated?

Class Members will receive their pro rata share of the net settlement amount. Class Members’ pro rata shares shall be calculated based on the difference between the return of premium calculated by Farmers and the pro rata return of premium that Plaintiffs contend the Class Members should have received (“Plaintiffs’ Methodology”), net of any write-offs for unpaid premium established by Farmers’ records and data (the “Delta”). The Deltas and the pro rata shares shall be calculated by an expert retained by Class Counsel and the information necessary to distribute the shares shall be provided to the Settlement Administrator. The Class Members’ Deltas have been established through the extensive review, including expert analysis, of Farmers’ data and records produced during this lawsuit.

Some Class Members have a Delta of zero and will not receive any money from this settlement. For those policies, there was no alleged damage or restitution to be had. Additionally, Farmers produced information in this lawsuit demonstrating that the insurance premiums for some Class Members’ policies were not paid. For some of these policies, the amount of Delta that would otherwise have existed was reduced to zero due to the unpaid balance on the policies’ premiums. For these policies, after reduction for unpaid premiums, there was no alleged damage or restitution to be had. Those Class Members will not receive any money from the settlement. A special notice has been sent by post card to these Class Members to advise them of their circumstances.

11. When will I receive my settlement payment?

If the Court grants final approval of the settlement, it is anticipated that the distribution of individual settlement payments will be made approximately 100 days following final approval, unless an appeal of the final judgment is filed. If an appeal is timely filed, settlement checks will not be paid until the appellant loses their appeal. If the appellant wins its appeal, the settlement, at Farmers' election, may be terminated.

12. Am I part of this Class?

The Court decided that all policyholders in California whose policies were issued by FIE or Mid-Century, who cancelled their policies before they expired, and whose return of premium Farmers calculated on a basis other than *pro rata* for refunds after April 1, 2006, are Class Members. You received a short-form notice because Farmers' records indicate that you may be a Class Member. If a short-form notice was not mailed to you, but you believe you are a Class Member, you should promptly contact the Settlement Administrator, whose contact information is provided in section 18 of this Notice.

In 2015, a notice was provided to potential Class Members advising that the 2015 Certified Claims had been certified by the Court to proceed as a class action. Further information has been discovered in this lawsuit since the 2015 notice was provided that demonstrates that some previously identified potential Class Members were not actually members of the certified class. During the lawsuit, Farmers produced records about some policies that were cancelled and for which refunds were provided before the class period authorized by the Court. Ultimately it was determined that some of these policies did not fit the definition of the class approved by the Court because the policy refunds occurred before the class period. Separate notices have been mailed to those previously identified potential Class Members who have been determined to not be members of the class for this reason.

13. Which Farmers policyholders are included in the Class?

If you had a non-commercial insurance policy issued by FIE or Mid-Century for your vehicle, your personal property, and/or your real property in California, you cancelled your policy before its full term expired, and your return of premium was refunded or credited to you after April 1, 2006, you are a Class Member. If you received this Notice, you are probably part of the Class.

14. I'm still not sure if I am included.

If you are still not sure whether you are included, you can get free help by calling or writing to the Settlement Administrator, at the contact information listed in section 18 of this Notice.

15. What do I have to do with this Notice?

You have to decide whether to stay in the Class for the purpose of the proposed settlement, or ask to be excluded, or to object, and you have to decide this now.

16. What happens if I do nothing at all now?

You do not have to do anything now if you want to keep the possibility of receiving money or benefits from this lawsuit and settlement. By doing nothing now you are choosing to stay in the Class and be part of the settlement. Keep in mind that if you do nothing now, and if the Court approves the entire settlement as described in paragraph 9(a) above and you cash your settlement check within the deadline stated on the check, you will be part of the settlement but you will not be able to sue, or continue to sue, Farmers—as part of any other lawsuit—over the claims made in this lawsuit. You will also be legally bound by all of the orders and judgments the Court issues.

17. Should I ask to be excluded?

If you already have your own lawsuit claiming that Farmers failed to refund your unearned premium on a *pro rata* basis when you cancelled your insurance policy midterm, and you wish to continue with it, you should ask to be excluded from the Class or, if the Court approves the entire settlement as described in paragraph 9(a) above, you should not cash any

settlement check you may receive. If you want to bring your own lawsuit against Farmers on the claims, or if you do not wish to bring any lawsuit against Farmers on the claims, you should exclude yourself from the Class.

If you exclude yourself from the Class—sometimes called “opting out” of the Class—you will not receive any money or benefits from this lawsuit or settlement. If you exclude yourself, you will not be legally bound by the Court’s judgments in this Class Action as to the legal claims that have been certified for class treatment.

If you start your own lawsuit against Farmers after you exclude yourself, you will have to hire and pay your own lawyer for that lawsuit, and you will have to prove your claims. If you exclude yourself so you can start or continue your own lawsuit against Farmers, you should speak with your own lawyer soon, because your claims may be subject to a statute of limitations (meaning you may only be allowed to bring claims going back a limited amount of time), which may bar you from making your personal claims outside of the pending class action lawsuit.

18. How do I ask the Court to exclude me from the Class?

To ask to be excluded, you must send an “Exclusion Request” in the form of a letter, if sent by mail, or an email, stating that you want to be excluded from *Craig Streit, et al. v. Farmers Group, Inc., et al.* Be sure to include your name and address, phone number, and if sent by mail, sign the letter. You must mail your Exclusion Request postmarked by [REDACTED] [45 days after date of initial mailing of Class Notice], to:

Streit, et al. v. Farmers Group, Inc., et al. Settlement Administrator c/o

[INSERT ADMINISTRATOR’S USPS MAILING ADDRESS]

Alternatively, you must email your Exclusion Request by no later than 6:00 p.m. Pacific time on _____ [45 days after date of initial mailing of Class Notice], to: [INSERT ADMINISTRATOR’S EMAIL ADDRESS].

Additionally, if the Court approves the entire settlement as described in paragraph 9(a) above, you will be automatically excluded if you do not cash your settlement check by the check cashing deadline that will be printed on the settlement check.

19. Do I have a lawyer in this case?

The Court has decided that the law firms of Eppsteiner Law, APC and Kralowec Law, P.C. are qualified to represent you as a member of the Class. The law firms are referred to as “Class Counsel.” They are experienced in handling class action litigation. More information about these law firms, their practice, and their lawyers’ experience is available at: <http://www.eppsteiner.com> and <http://www.kraloweclaw.com>. Class Counsel’s contact information is:

Eppsteiner Law, APC
Stuart M. Eppsteiner, Esq.
5519 Clairemont Mesa Blvd., Suite 5129
San Diego, CA 92117
Telephone: 858-350-1500
Fax: 858- 598-5599
sme@eppsteiner.com

Kralowec Law, P.C.
Kimberly A. Kralowec, Esq.
Kathleen Styles Rogers, Esq.
750 Battery Street, Suite 700
San Francisco, CA 94111
Telephone: 415-546-6800
Fax: 415-546-6801
kkralowec@kraloweclaw.com
kr Rogers@kraloweclaw.com

20. Should I get my own lawyer?

You do not need to hire your own lawyer because Class Counsel are working on your behalf. But, if you prefer to have your own lawyer, you will have to hire and pay that lawyer. For example, you can ask him or her to appear in Court for you if you want someone other than Class Counsel to speak on your behalf. Any appearance at the hearing must be in accordance with the then current procedures required by the Superior Court of California, County of Los Angeles. The Court’s procedures for hearing appearances are detailed in the Court’s “Here for You | Safe for You” program which can be found on the Court’s website at: <http://www.lacourt.org>. A copy of the Court’s General Order dated July 6, 2020,

regarding face coverings, is attached to this Notice. If you hire your own lawyer, separate from Class Counsel, you will have to pay that attorney the fees that attorney may charge.

21. How will the lawyers be paid?

Class Counsel will petition the Court to be paid from a portion of the funds Farmers has agreed to pay to settle this lawsuit. You will not have to pay these fees and expenses directly. If the Court grants Class Counsel's request, the fees and expenses will be deducted from the money obtained for the Class.

22. Notice of Hearing on Final Approval and objections to Class Action Settlement.

A Final Approval Hearing will be held before Judge Yvette M. Palazuelos on ____ at ____ in Department 9 of the Los Angeles County Superior Court located at 312 N Spring St, Los Angeles, CA 90012, to determine whether the proposed settlement is fair, reasonable, and adequate. The hearing may be continued or moved to a different location without further notice. Please visit the Settlement Administrator's website for updates regarding the Final Approval Hearing at: www.farmersshortratelitigation.com. You do not need to appear at this hearing. If you have sent a written objection to the settlement, you may appear at the hearing at your option, either through yourself or through an attorney you hire. If you plan to appear at the hearing, you must state your intention to appear in your written objection. Any appearance at the hearing must be in accordance with the then current procedures required by the Superior Court of California, County of Los Angeles. The Court's procedures for hearing appearances are detailed in the Court's "Here for You | Safe for You" program which can be found on the Court's website at: <http://www.lacourt.org>. A copy of the Court's General Order dated July 6, 2020, regarding face coverings, is attached to this Notice. If you elect to attend the Final Approval Hearing you may have to do so remotely.

23. What is being released as part of the settlement?

Upon the final approval of the settlement by the Court, and except as such rights or claims as may be created by the Settlement Agreement, the Class Members (other than those who timely request to be excluded from the settlement, and if the Court approves the entire settlement as described in paragraph 9(a) above, those who fail to timely cash their settlement checks) will fully release and discharge Farmers and their present, former and future parents, sister subsidiaries, subsidiaries, and affiliated companies, attorneys-in-fact, and their past, present, and future officers, directors or governors, employees, attorneys, successors, and assigns, from the claims asserted in the lawsuit arising out of application of Farmers' refund calculation, rather than a pro rata refund calculation, in calculating unearned premiums to be refunded to the Class.

The full release language from the Settlement Agreement is as follows:

Release of Claims

The Releasing Parties, their heirs, trustees, executors, administrators, principals, beneficiaries, agents, assigns and successors will be subject to and shall be bound by the order of Final Judgment and will conclusively be deemed to have fully and finally released, acquitted and forever discharged, to the fullest extent permitted by law, all of the Released Persons from the Settled Claims, and the release shall go into effect as of the date the Releasing Party negotiates his or her settlement check.

No Class Member shall have any claim against the Parties, any of the Released Parties, the Parties' counsel, the Settlement Administrator, or any of their agents relating to or arising out of any distributions or lack thereof made in accordance with the terms of this Agreement, as approved by the Court, or orders of the Court.

Definitions

As used in the above-quoted excerpts from the Settlement Agreement, the following are defined terms:

"Action" means the lawsuit entitled *Craig Streit, Eric Lucan and Dorothy Susman, individually and on behalf of all others similarly situated, plaintiffs, v. Farmers, Group, Inc., dba Farmers Underwriters Association, a Nevada Corporation, Fire Insurance Exchange, a California reciprocal insurance exchange, dba Farmers Underwriters Association, a Nevada corporation, Mid-Century Insurance Company, a California Corporation, Fire Underwriters*

Association, a California Corporation, and DOES 2 to 50, inclusive, defendants, Los Angeles County Superior Court, Case No. BC 434852, filed on April 1, 2010, which complaint has been amended several times such that the operative complaint is the Fifth Amended Complaint, filed October 25, 2019.

“**Class**” means all persons and entities who purchased Farmers Policies, effectuated a Mid-Term Termination, and whose return of premium was calculated on basis other than pro rata, or, alternatively expressed as, the persons and entities described in this definition to whom Defendants charged a Short Rate Penalty for their election to effect a Mid-Term Termination of their Farmers Policies, within the applicable statutes of limitations through and including the date of judgment. The “Class” does not include persons or entities whose Cancellation Process Date for their policy, according to Defendants’ records, was more than 35 days before April 1, 2006 (four years before the complaint was filed) (the “**Early Former Class Members**”), as those persons or entities’ claims would not fall within the applicable statute of limitations.

“**Class Member(s)**” means Plaintiffs and a person who is a member of the Class, and who does not opt out of the Class, either by direct request or by failing to cash a check representing his or her portion of the Net Settlement Amount.

“**Class Period**” means April 1, 2006 through the date of judgment. However, the Parties acknowledge that, according to Defendants’ records, Defendants stopped calculating refunds on a basis other than pro rata as of approximately 2011.

“**Court**” means the judge or judges of the Los Angeles Superior Court who have issued rulings or orders in, or otherwise presided over, this Action.

“**Final Judgment**” means the judgment to be entered by the Court, pursuant to Cal. Rule of Court 3.769(h), following its order granting final approval of this Settlement.

“**Released Parties**” means Defendants and their present, former and future parents, sister subsidiaries, subsidiaries, and affiliated companies, attorneys-in-fact, and their past, present, and future officers, directors or governors, employees, attorneys, successors and assigns.

“**Releasing Parties**” means and includes Plaintiffs Craig Streit, Eric Lucan and Dorothy Susman and, subject to Court approval, the Class Members.

“**Settled Claims**” means (1) any and all causes of action asserted in the Action by the Class, and (2) any and all claims, demands, rights, liabilities and existing causes of action, known or unknown, including, but not limited to, any claims arising from the alleged violation of California Business and Professions Code sections 17200 *et seq.* or from the alleged breach of contract and/or breach of the implied covenant of good faith and fair dealing, and that have been, could have been, or could be asserted by Plaintiffs or any or all Class Members against Defendants, arising out of, based on, related to, or in any way respecting any acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences concerning or in any way associated with application of a Short Rate refund, rather than a pro rata refund, in calculating unearned premiums to be refunded to the Class, whether or not alleged, recited, described or referred to in the Action, occurring during the Class Period and based on the facts alleged in the operative complaint in the Action.

“**Settlement Administrator**” means the company to be selected by Class Counsel, and approved by the Court, that will be responsible for sending out Notice and settlement checks to the Class Members and reporting to Class Counsel and counsel for Defendants, as well as the Court, the sending out of such Notice, settlement checks and any checks not deliverable and/or not cashed, and conducting all other tasks reasonably necessary to administer the Settlement. Notice and administration procedures shall comport with current best practices to ensure effective and clear notice and to enhance the likelihood that Class Members will receive and cash their settlement checks by the check cashing deadline.

24. Are more details available?

Visit the Settlement Administrator’s website to get copies of key documents in this case: www.farmersshortratelitigation.com. You can also visit the Court’s website at <http://www.lacourt.org/casesummary/ui/index.aspx?casetype=civil> and use the following information to access material in the Court’s file: *Craig Streit, et al. v. Farmers Group, Inc., et al.*, Case No. BC434852. If you wish to visit the courthouse in order to view case documents, you must comply with the then current procedures required by the Superior Court of

California, County of Los Angeles. The Court's procedures for entering the public areas of the courthouse are detailed in the Court's "Here for You | Safe for You" program which can be found on the Court's website at: <http://www.lacourt.org>. A copy of the Court's General Order dated July 6, 2020, regarding face coverings, is attached to this Notice.

**PLEASE NOTIFY THE SETTLEMENT ADMINISTRATOR IF YOUR ADDRESS CHANGES.
PLEASE DO NOT CONTACT THE COURT WITH QUESTIONS ABOUT THIS NOTICE OR THIS CASE.**

Dated: _____, 2020

Hon. Yvette M. Palazuelos

Judge of the Superior Court for the County of Los Angeles

JUL 06 2020

Sherri R. Carter, Executive Officer/Clerk
By Rizalinda Mino, Deputy
Rizalinda Mino

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

ADMINISTRATIVE ORDER OF THE
PRESIDING JUDGE RE MANDATORY
FACIAL COVERINGS AND SOCIAL
DISTANCING REQUIREMENTS IN
EFFECT DURING COVID-19 PANDEMIC

GENERAL ORDER

In response to the Covid-19 pandemic, national, state and local elected officials declared states of emergency within their respective jurisdictions. Executive orders and orders from public health authorities required individuals to remain in their homes (Safe-at-Home Orders) to slow and reduce the transmission of this novel coronavirus.

On March 4, 2020, the Los Angeles County Board of Supervisors (Board) and the Los Angeles County Department of Public Health (Public Health) declared a local and public health emergency in response to the increased spread of the novel coronavirus across the County of Los Angeles.

On Friday, March 13, 2020, President Donald J. Trump declared a national emergency over the novel coronavirus outbreak.

On March 19, 2020, Governor Gavin Newsom and City of Los Angeles Mayor Eric Garcetti both issued, respectively, Stay at Home and Safer at Home orders.

On March 21, 2020, Public Health issued a revised Safer at Home Order for the Control of Covid-19 that prohibits all indoor and outdoor public and private gatherings and events. The order also requires businesses, except those defined as an Essential Business, to cease in-person operations and close to the public. The order requires individuals to maintain a physical separation from others of at least six (6) feet and advises persons 65 years of age and over and persons with underlying health conditions to avoid person-to-person contact.

1 On May 29, 2020, Public Health issued a revised order regarding Reopening Safer at Work
2 and in the Community for Control of Covid-19. Among other things, it provides, "People leaving
3 their residences must strictly comply with the Social (Physical) Distancing requirements stated in
4 this Order and specified in guidance or protocols established by the County Department of Public
5 Health; this includes wearing a cloth face covering whenever there is or can be contact with others
6 who are non-household members in both public and private places, which reduces the risk of
7 transmission to others from people who do not have symptoms. The use of face coverings is
8 commonly referred to as "source control." County of Los Angeles Public Health Department Order
9 of the Health Officer, May 29, 2020, p. 2, paragraph 3b.

10 The Court must fulfill its statutory duties while safeguarding the well-being of the public it
11 serves. In the absence of a cure, treatment, or effective vaccine for the highly contagious novel
12 coronavirus, social distancing, face coverings and good hygiene are the only tools available to slow
13 or prevent its spread. The Court has taken extensive measures to reduce the number of persons
14 coming to its courthouses, including limiting the matters to be heard on any given day, spreading the
15 scheduling of cases, directing prospective jurors to courtrooms instead of jury assembly rooms,
16 facilitating remote telephonic/video court transactions with the virtual Clerk's Office, online and
17 remote Self-Help services, remote mediations, teleworking employees, encouraging counsel and
18 litigants to appear remotely, and implementing scheduled appointments for in-person transactions at
19 the courthouse.

20 To prevent or slow the spread of Covid-19 and to protect the health of court users, pursuant
21 to Code Civ. Proc. § 128; Gov. Code § 68070, Cal. Rules of Court, rule 10.603, and the inherent
22 powers of the Court (*In re Reno* (2012) 65 Cal.4th 428, 522), and in compliance with state and local
23 public health guidelines, **THIS COURT HEREBY FINDS, AND ORDERS¹ AS FOLLOWS:**

- 24 1. All persons entering any courthouse or courtroom shall wear a face covering/mask over his or
25 her nose and mouth at all times within public areas of the courthouse or courtroom. Face
26 coverings may include a mask, scarf, or any other fabric that covers both the mouth and nose.
27 Individuals who elect to wear face shields must ensure that the shield covers both the nose and
28

¹ This order supersedes and replaces the Court's June 5, 2020 order on face coverings.

1 mouth. The face shield must wrap around the sides of the wearer's face and extend to below
 2 the chin with a cloth drape from the bottom of the face shield to below the neck. Children
 3 under the age of three (3) are exempt from the order.

- 4 2. Persons with a medical condition, mental health condition, or disability that precludes them
 5 from wearing a face covering are exempt from this order. Nevertheless, they must take
 6 whatever protective measures their condition permits, such as wearing a face shield without a
 7 drape on the bottom edge. Individuals with disabilities who seek an exemption from this order
 8 as a reasonable accommodation pursuant to the Americans with Disabilities Act or Rule 1.100
 9 of the California Rules of Court, should contact the ADA liaison at the courthouse. A list of
 10 ADA liaisons is available at www.lacourt.org/ada/adahome.aspx. To reduce the risk of
 11 contagion, the matters of individuals exempted from wearing a mask may be scheduled when
 12 fewer people are present.
- 13 3. Non-exempt individuals who decline or refuse to wear a mask or face covering will be denied
 14 entry to the courthouse and/or courtroom.
- 15 4. Individuals who remove their masks or face covering after entering the courthouse or
 16 courtroom will be reminded to wear them. If they refuse, they may be denied services, may
 17 have their legal matters rescheduled, and/or will be asked to leave the courthouse or courtroom
 18 immediately. Persons who refuse to leave voluntarily will be escorted out of the courthouse
 19 and/or courtroom by Los Angeles Sheriff Department's personnel.
- 20 5. Maintain at least six (6) feet of physical distance from all persons (except those within your
 21 household) at all times. Comply with social distance signage throughout the courthouse.
- 22 6. Use hand sanitizer when entering the courthouse, practice good hand washing hygiene, and
 23 cover coughs and sneezes, preferably with a tissue.

24 **THIS ORDER IS EFFECTIVE IMMEDIATELY, AND REPLACES AND**
 25 **SUPERSEDES THE JUNE 5, 2020 FACE COVERING ORDER, AND WILL REMAIN**
 26 **IN EFFECT UNTIL FURTHER NOTICE.**

27 Dated: July 6, 2020



28 *Kevin C. Brazile*
 KEVIN C. BRAZILE
 Presiding Judge

Exhibit C

Notice Regarding Class Action Settlement
Craig Streit, et al. v. Farmers Group, Inc., et al.
Los Angeles County Superior Court Case No. BC434852

For more information visit www.farmersshortratelitigation.com

A court authorized this notice. This is not a solicitation from an attorney.

- Three former policyholders sued Farmers Group, Inc., Fire Insurance Exchange (FIE), Mid-Century Insurance Company (Mid-Century), and Fire Underwriters Association (collectively “Farmers”), alleging that they violated California law and paid California policyholders smaller refunds than they were obligated to pay. The claims are further described below.
- The Court allowed the lawsuit to be a class action on behalf of ***all California policyholders of FIE and Mid-Century who cancelled their policies midterm and whose return of premium Farmers calculated on a basis other than pro rata for refunds after April 1, 2006. This practice by Farmers ended in approximately 2011.*** This Notice is regarding the claims against Farmers based on plaintiffs’ allegations that Farmers engaged in unlawful, unfair and fraudulent business practices under Business & Professions Code section 17200; and, that Farmers allegedly breached the covenant of good faith and fair dealing, and the insurance contracts with their policyholders (the “Claims”). Farmers denies these allegations but has agreed to settle the class’ Claims.
- You may have received notice in 2015 that certain claims in this lawsuit had been certified by the Court to proceed as a class action and that you may have been identified as a potential class member. Further information has been discovered in this lawsuit since the 2015 notice was provided that demonstrates that you are not a member of the certified class. During the lawsuit, Farmers produced records about some policies that were cancelled and for which refunds were provided before the class period authorized by the Court. Ultimately it was determined that some of these policies did not fit the definition of the class approved by the Court because the policy refunds occurred before the class period. Your policy or policies are among this group.
- This notice is being provided to you as a courtesy to update you on developments since the 2015 notice. You will not be provided any further updates on this matter, and no action is required of you.
- The lawsuit and its settlement are explained in more detail on the website www.farmersshortratelitigation.com.
- **To obtain more information about this lawsuit, visit www.farmersshortratelitigation.com, or contact the Administrator for the settlement: [contact information to be inserted].**

Exhibit D

Notice Regarding Class Action Settlement
Craig Streit, et al. v. Farmers Group, Inc., et al.
 Los Angeles County Superior Court Case No. BC434852

For more information visit www.farmersshortratelitigation.com

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- Three former policyholders sued Farmers Group, Inc., Fire Insurance Exchange (FIE), Mid-Century Insurance Company (Mid-Century), and Fire Underwriters Association (collectively “Farmers”), alleging that they violated California law and paid California policyholders smaller refunds than they were obligated to pay. The claims are further described below.
- The Court allowed the lawsuit to be a class action on behalf of ***all California policyholders of FIE and Mid-Century who cancelled their policies midterm and whose return of premium Farmers calculated on a basis other than pro rata for refunds after April 1, 2006. This practice by Farmers ended in approximately 2011.*** This Notice is regarding the claims against Farmers based on plaintiffs’ allegations that Farmers engaged in unlawful, unfair and fraudulent business practices under Business & Professions Code section 17200; and, that Farmers allegedly breached the covenant of good faith and fair dealing, and the insurance contracts with their policyholders (the “Claims”). Farmers denies these allegations but has agreed to settle the class’ Claims.
- Farmers has agreed to pay a total amount of \$20,000,000 to settle the claims. The proposed settlement calls for this sum to be distributed to the Class Members on a pro rata basis after requested deductions for: (a) costs of the lawsuit up to a maximum of \$325,000 (other than the cost of notice and administration which is currently estimated at approximately \$507,440); (b) attorney’s fees up to one-third of the gross settlement amount (that is, up to a total maximum of \$6,666,666,67); and (c) Class Representatives’ service awards for acting as the class representatives of up to an aggregate total maximum of \$130,000.
- Farmers produced information in this lawsuit specific to each class member’s insurance policy(ies) from which damages or restitution were calculated for each policy. The amount of damages or restitution for each policy was the difference in the premium refund that Farmers credited to the policy in comparison to the refund had it been calculated on a pro rata basis. There was no difference between the two methods of calculating refunds for some class members’ policies. For those policies, there was no damage or restitution to be had.
- Farmers also produced information in this lawsuit demonstrating that the insurance premiums for some class members’ policies were not paid. For some of these policies, the amount of damage or restitution that would otherwise have existed was reduced to zero due to the unpaid balance on the policies’ premiums. For these policies, after reduction for unpaid premiums, there was no damage or restitution to be had.
- Farmers’ information produced in the lawsuit demonstrates that your insurance policy or policies fall into one of these two categories described above, and there is no damage or restitution owed for your policy or policies.
- You are being provided this notice because you may be a member of the class in this lawsuit, and the parties have agreed to a Settlement of the litigation, but you will not be receiving any settlement sum because the records show that you were not damaged by the Claims. Although you will not receive any sum from the settlement whether you stay in this lawsuit or ask to be excluded, your legal rights are affected by this class action lawsuit, and you now have a choice to make:

Your Rights and Choices:

Take Steps to Exclude Yourself	<u>Get out of this lawsuit and settlement. Receive no benefits from it, if any. Keep rights regarding the Claims.</u> If you ask to be excluded from this settlement now, you will keep your rights to sue Farmers separately about the claims made in the lawsuit. You or a separate attorney you hire would need to timely sue Farmers to preserve and pursue your rights. Class Counsel would not be your attorney in such lawsuit.
Do Nothing and Remain in Lawsuit and Settlement	<u>Stay in this lawsuit and settlement. Give up certain rights.</u> By doing nothing now, you give up any rights to sue Farmers separately about the claims made in the lawsuit.
Object to the Settlement	<u>To object, you must state your objection in writing, state the basis for your objection(s), sign it and mail it to the Settlement Administrator at the address provided below, on or before _____.</u>

- Your options are explained in more detail on the website www.farmersshortratelitigation.com. To ask to be excluded, you must act before _____ [45 days after initial mailing of the Class Notice] by sending a letter or an email to [insert mailing and email addresses of settlement administrator].
- A Final Approval Hearing regarding this settlement will be held in Department 9 of the Los Angeles County Superior Court located at 312 N Spring St, Los Angeles, CA 90012, on _____. Please visit the Settlement Administrator’s website for updates regarding the Final Approval Hearing at: www.farmersshortratelitigation.com. Any appearance at the hearing must be in accordance with the then current procedures required by the Superior Court of California, County of Los Angeles. The Court’s procedures for hearing appearances are detailed in the Court’s “Here for You | Safe for You” program which can be found on the Court’s website at: <http://www.lacourt.org>.
- Any Class Member who does not request exclusion may, if the member so desires, enter an appearance through counsel of their own selection. If you hire your own lawyer, separate from Class Counsel, you will have to make arrangements to pay for that attorney the fees that attorney may charge.
- The following attorneys serve as Class Counsel: Eppsteiner Law, APC, Stuart M. Eppsteiner, Esq., 5519 Clairemont Mesa Blvd., Suite 5129, San Diego, CA 92117, Tel.: 858-350-1500, sme@eppsteiner.com; Kralowec Law, P.C., Kimberly A. Kralowec, Esq., Kathleen Styles Rogers, Esq., 750 Battery Street, Suite 700, San Francisco, CA 94111, Tel.: 415-546-6800, kkralowec@kraloweclaw.com, krogers@kraloweclaw.com
- **To obtain more information about this lawsuit and settlement, visit www.farmersshortratelitigation.com, or contact the Administrator for the settlement:**

**[Insert Administrator Name
Administrator Address
Administrator Phone Number
Administrator Email]**