

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF OREGON**

In Re: Farmers Insurance Exchange Claims  
Representatives' Overtime Pay Litigation

**MDL Nos. 1439A & B  
NOTICE OF SETTLEMENT OF LAWSUIT**

This Document Relates to: *All Actions*

**PLEASE READ THIS NOTICE CAREFULLY: IT INFORMS YOU ABOUT YOUR LEGAL RIGHTS**

- This is not an advertisement but a notice ordered by the Court -

**TO: ALL PERSONS CURRENTLY OR FORMERLY EMPLOYED AS PERSONAL LINES CLAIMS REPRESENTATIVES, INCLUDING CLAIMS REPRESENTATIVES, SENIOR CLAIMS REPRESENTATIVES, AND SPECIAL CLAIMS REPRESENTATIVES (“CLAIMS REPRESENTATIVES” OR “CRs”) BY FARMERS INSURANCE EXCHANGE (“FIE”) IN ANY OF THE STATES OF OREGON, MINNESOTA, COLORADO, ILLINOIS, NEW MEXICO, UTAH, WASHINGTON, NEW YORK, MONTANA, OR NEVADA, OR WHO OPTED INTO MDL-1439-B (*BALLIET v. FARMERS INSURANCE EXCHANGE* OR *MCLEOD v. FARMERS INSURANCE EXCHANGE*) AND WHO ARE MEMBERS OF THE CLASSES AS DESCRIBED IN THE SECTIONS OF THIS NOTICE DETAILING THE COMPOSITION OF THE MDL-A AND MDL-B CLASSES.**

**Based on information in Farmers Insurance Exchange’s records, YOU MAY BE A CLASS MEMBER WHOSE LEGAL RIGHTS ARE AFFECTED BY THIS SETTLEMENT AND YOU MAY BE ENTITLED TO MONEY UNDER THE PROPOSED CLASS ACTION SETTLEMENT. Read this Notice carefully because it spells out your rights.**

**Plaintiffs and Defendants encourage all Class Members to participate in this Settlement. You will not be retaliated against in any way by claiming your share of this Settlement. Defendants will pay the same amount of settlement funds no matter how many current and former employees participate.**

**WHAT IS THIS LAWSUIT ABOUT?**

This Settlement involves two different consolidated lawsuits, both involving claims under various state and/or federal overtime laws, against Farmers Insurance Exchange on behalf of Claims Representatives who claimed that they were misclassified as exempt from overtime pay requirements and entitled to be paid overtime for all of the overtime hours they worked. Those two cases, and their histories, are described in detail in the “What Has Happened So Far In This Lawsuit” section below. In MDL-A, which involves the consolidation of several lawsuits, for the time periods described in detail below, Claims Representatives for Farmers Insurance Exchange in Colorado, Illinois, Michigan, Minnesota, New Mexico, Oregon, and Washington alleged that Farmers Insurance Exchange unlawfully classified its Claims Representatives as “exempt” from overtime requirements under the laws of the seven states and the federal Fair Labor Standards Act (“FLSA”) and failed to pay premium overtime pay for overtime hours worked by Claims Representatives. In MDL-B, which involves the consolidation of other lawsuits for a separate time period that is described below, current and former Claims Representatives in Utah, Washington, New York, Nevada and Montana alleged that Farmers Insurance Exchange unlawfully classified its Claims Representatives as “exempt” from overtime requirements under the laws of those states and the FLSA. In both cases, Plaintiffs also allege that Farmers Insurance Exchange and its fiduciaries violated ERISA by failing to maintain accurate records of hours worked and to credit all hours of service.

As explained herein, some of the claims originally brought in MDL-A have been decided by the Court, including claims for Oregon APD Claims Representatives that were largely successful and are currently on appeal, and claims for MDL-A members under the FLSA, the laws of Washington and Michigan, and for Oregon Liability and Property Claims Representatives where the claims have been finally and fully determined against the plaintiffs, who lost those claims. The MDL-A state law claims for New Mexico, Colorado, Illinois and Minnesota have not been fully decided. The claims in MDL-B have not been decided.

In both cases, Defendants deny all liability for such claims and have asserted a number of factual and legal defenses to Plaintiffs’ claims. Plaintiffs and Defendants met with an experienced mediator and, through him, reached a settlement of \$8 million as to those claims that have not been fully and finally determined.

The United States District Court for the District of Oregon has preliminarily approved this settlement. This Notice informs you about the terms of the settlement and about your rights and options.

The attorneys for all of the Class Members (“Class Counsel”) can be reached at 1-866-854-8550. They are:

Rudy, Exelrod, Zieff & Lowe, LLP 351 California St., Suite 700 San Francisco, CA 94104 Phone: 1-415-434-9800 Fax: 1-415-434-0513	Lewis, Feinberg, Lee, Renaker & Jackson, P.C. 1330 Broadway, Suite 1800 Oakland, CA 94612 Phone: 1-510-839-6824 Fax: 1-510-839-7839	Altshuler Berzon LLP 177 Post St., Suite 300 San Francisco, CA 94108 Phone: 1-415-421-7151 Fax: 1-415-362-8064
Lief, Cabraser, Heimann & Bernstein, LLP Embarcadero Center West 275 Battery St., 29 <sup>th</sup> Floor San Francisco, CA 94111 Phone: 1-415-956-1000 Fax: 1-415-956-1008	Stoll, Stoll, Berne, Lokting & Shlachter, P.C. 209 Southwest Oak St. Portland, OR 97204 Phone: 1-503-227-1600 Fax: 1-503-227-6840	(For Nevada Class Members) Kemp, Jones & Coulthard 3800 Howard Hughes Parkway 17th Floor Las Vegas, NV 89169 Phone: 1-702-385-6000 Fax: 1-702-385-6001

The Attorneys for Defendants:

Seyfarth Shaw LLP One Century Plaza, Suite 3500 2029 Century Park East Los Angeles, CA 90067-3021 Phone: 1-310-277-7200 Fax: 1-310-201-5219	Stoel Rives, LLP 900 SW Fifth Ave., Suite 2600 Portland, OR 97204 Phone: 1-503-224-3380 Fax: 1-503-220-2480	
--	---	--

**WHAT HAS HAPPENED SO FAR IN THIS LAWSUIT?**

As many of you know from earlier notices and communications, these lawsuits against Farmers Insurance Exchange have been going on for many years. At this point, the claims in MDL-A under the FLSA have been finally decided by the Ninth Circuit Court of Appeals and dismissed. The Court has also ruled against Claims Representatives on all MDL-A Washington and Michigan state law claims and on Oregon claims on behalf of Liability and Property CRs. The Court ruled in favor of Oregon APD Claims Representatives and FIE has appealed that ruling. The Court dismissed the claims of Claims Representatives in the MDL-A case for the state law claims in Illinois, New Mexico, Colorado and Minnesota classes based on the Court's determination that it did not have authority (jurisdiction) to decide those claims. Those claims are on appeal. The claims in MDL-B remain open. While these Claims Representatives have claims that are still alive, those claims face very serious challenges to winning.

While many of the Claims Representatives receiving this Notice will have carefully watched the Litigation, what follows is a short summary of the history of the two MDL cases.

**MDL-A**

MDL-A Plaintiffs’ lead counsel filed their initial Complaint, *Day v. Farmers Insurance Exchange*, CV 02-00765 (C.D. Cal.), on January 25, 2002 in the United States District Court for the Central District of California as a proposed class action alleging that Defendant misclassified Class Members as exempt from being paid overtime under federal and state wage and hour laws and did not credit overtime under certain benefit plans. In late 2001 and early 2002, similar lawsuits were filed in different courts.

In 2002, a number of the lawsuits were moved to Judge Jones’ Court in the United States District Court for the District of Oregon and those lawsuits were consolidated into a single Multi-District Litigation case, which has now been named MDL 1439-A. In addition to *Day v. Farmers Insurance Exchange*, the cases ultimately consolidated in MDL-1439-A were *Westcott v. Farmers Insurance Exchange*, Case No. 3:01-1105 (District of Oregon); *Sterner, et al., v. Farmers Insurance Exchange Co., Inc.*, Case No. 2:01-74393 (Eastern District of Michigan); *Miller, et al., v. Texas Farmers Insurance Co., et al.*, Case No. 5:01-244 (Southern District of Texas); and *Dietz, et al., v. Farmers Insurance Exchange Co., Inc.*, Case No. 2:01-1500 (Western District of Washington). Ultimately, the MDL 1439-A claims were certified as class actions by the Oregon Court on May 19, 2003 under the laws of Oregon, Washington, Colorado, New Mexico, Illinois, Minnesota, and Michigan (the MDL-A claims).

In September 2003, the Oregon Court held a liability trial, finally resulting in its February 26, 2004 Amended Findings of Fact and Conclusions of Law where Plaintiffs succeeded on some claims and failed on others. In that decision, the Court ruled in favor of

Plaintiffs by stating that Farmers Insurance Exchange had violated the FLSA and the Colorado, Illinois, Michigan, Minnesota, New Mexico, Oregon, and Washington overtime laws for APD Claims Representatives and lower level property Claims Representatives, as well as for certain Foremost and multi-line Claims Representatives who had spent a significant amount of time handling APD and lower level property claims. The Court also ruled against higher level Property Claims Representatives and Liability Claims Representatives under the FLSA and all of the state laws, stating that such Claims Representatives were not entitled to overtime under those laws.

From mid-September 2004 through January 2005, there was a damages trial for Claims Representatives that the Court decided were entitled to overtime. The parties negotiated individualized damages amounts and the Court held individualized damages hearings, resulting in damages judgments for all groups in the MDL-A proceedings by May 2, 2005.

Those trial court decisions were appealed to the Ninth Circuit Court of Appeals. On March 30 of 2007, the Court of Appeals ruled against Plaintiffs and reversed the Oregon Court's finding of liability under the FLSA and dismissed Plaintiffs' claim under Michigan law. Plaintiffs lost those claims and there is no further right to appeal. The Court of Appeals also sent the six remaining MDL-A state law claims (for Oregon, Washington, Colorado, Illinois, New Mexico and Minnesota) back to the Oregon Court so that the Oregon Court could make decisions on those claims.

When the claims came back to the Oregon Court, on October 28, 2008, the Court decided that the Oregon APD Claims Representatives were entitled to overtime but that all other Oregon Claims Representatives (Foremost, multi-line, liability and property) were not entitled to overtime. The Court also found that none of the Washington plaintiffs were entitled to overtime. Finally, the Court said that it lacked the authority (jurisdiction) to decide the remaining four state law claims (New Mexico, Illinois, Colorado, and Minnesota) and dismissed those claims. That decision was appealed in several respects. Farmers Insurance Exchange appealed the ruling that the Oregon APD claims representatives were entitled to overtime. Plaintiffs appealed Judge Jones' rulings as to Oregon Foremost and multi-line Claims Representatives. Plaintiffs also appealed Judge Jones' rulings that the Court lacked the authority (jurisdiction) to decide the remaining four state law claims (New Mexico, Illinois, Colorado, and Minnesota). There was no appeal as to the Washington claims representatives or as to the Oregon Property or Liability Claims Representatives, so those claims were fully resolved against those Claims Representatives.

Finally, on November 16, 2009, the Court awarded Farmers Insurance Exchange costs in the amount of \$319,903.26. The Court did not explicitly state who would pay those costs to Farmers Insurance Exchange. That Order was appealed.

This Settlement was negotiated and entered and, assuming it is finally approved by the Court, monies will be paid out under the Settlement Agreement as described in the Section entitled "**IF I AM A CLASS MEMBER, HOW WILL MY SHARE OF THE SETTLEMENT FUNDS BE CALCULATED?**" in this Notice and all pending litigation subject to the Settlement will be dismissed. At this point, Plaintiffs' claims in the MDL-A proceedings under the FLSA, Michigan law, and Washington law, as well as Plaintiffs' claims under Oregon law on behalf of Oregon Property and Liability Claims Representatives, have been fully and finally adjudicated. All other MDL-A claims remain alive, but Plaintiffs face significant challenges to winning in an ongoing lawsuit.

#### **MILNER CASE**

There was another lawsuit filed against Farmers Insurance Exchange on behalf of claims representatives working in Minnesota, which is entitled and known as *Milner v. Farmers Insurance Exchange*, District Case No. 27-CV- 01-015004, pending in the District Court for the District of Minnesota. The Minnesota District Court issued a judgment approving a class action settlement in *Milner*, which has been appealed by objectors to the settlement. If this settlement is finally approved, members of the MDL-A Minnesota class and the *Milner* class will get the benefits of both this settlement and the *Milner* settlement and the appeal in *Milner* will be dropped.

#### **MDL-B**

Plaintiffs' lead Counsel filed their initial Complaint, *Balliet, et al. v. Farmers Insurance Exchange, et al.* ("*Balliet*") in the United States District Court for the Central District of California on November 5, 2004 as a proposed class action, in which they alleged, among other things, that Defendant misclassified Class Members as exempt from overtime pay requirements under federal and state wage and hour laws and improperly withheld credits that the putative class members alleged are due under certain benefit plans. On April 18, 2005, the Judicial Panel on Multidistrict Litigation transferred the *Balliet* action to this Court for pretrial purposes, thereupon being named MDL-B.

On the same day, the Judicial Panel on Multidistrict Litigation also transferred *McLeod v. Farmers Insurance Exchange* from the District of Nevada to the District of Oregon where it has been consolidated in the MDL-B proceedings. The *McLeod* case asserts claims for unpaid overtime under FLSA and Nevada law, although in 2004 the Nevada Supreme Court dismissed Nevada state law

claims before the *McLeod* complaint was amended to add claims under federal law. That is, Nevada claims representatives had brought a case entitled *McLeod v. Farmers Insurance Exchange*, Case # 427937 (filed on July 27, 2001), alleging overtime claims under Nevada state law in the Nevada state courts. The Eighth Judicial District of the Nevada Courts issued an order certifying a class in the *McLeod* case on July 11, 2002. Subsequently, the Nevada Supreme Court issued a decision dismissing those state law claims on April 7, 2004. The *McLeod* plaintiffs then filed an amended complaint raising FLSA claims on April 23, 2004. Farmers Insurance Exchange then filed a notice of removal on April 30, 2004, resulting in the removal of the case to the United States District Court for the District of Nevada, and, on April 18, 2005, the Judicial Panel on Multidistrict Litigation transferred *McLeod v. Farmers Insurance Exchange* from the District of Nevada to the District of Oregon where it has been consolidated in MDL-B proceedings. The *McLeod* plaintiffs seek only to pursue their claims under the FLSA and many Nevada claims representatives have opted into the MDL-B proceedings and, pursuant to this settlement agreement, the *McLeod* plaintiffs dismiss any Nevada state law claims to the extent they are or could be construed to be pending subject to Farmers' agreement not to pursue any claims for attorneys fees or costs and subject to the provisions of this class action settlement agreement.

At the time of this settlement, the MDL-B case included claims under the FLSA, and the state laws of New York, Washington, Montana, Nevada and Utah. While those claims face serious challenges to winning a lawsuit, they are alive at the time of this settlement. The challenges facing the MDL-B lawsuit include the adverse rulings by the Ninth Circuit Court of Appeals against all Claims Representatives in MDL-A under the FLSA, adverse decisions by the Oregon Court as to Claims Representatives in Washington, and the legal challenges to liability in Montana, New York and Utah. Any ongoing litigation would face such challenges.

**AM I A CLASS MEMBER FOR PURPOSES OF THE SETTLEMENT?**

You are a Class Member for purposes of this settlement if you worked in a covered job during the times listed below as a personal lines Claims Representative (Claims Representatives) who was not paid overtime and did not opt out of the state law classes, OR if you opted into the FLSA lawsuit in the MDL-B case (as opposed to MDL-A). Please read the specifics below for the claims that apply to where you worked and what case you are involved in.

**IF I AM A CLASS MEMBER, HOW WILL MY SHARE OF THE SETTLEMENT FUNDS BE CALCULATED?**

If you are a member of any of the classes listed below, you will be entitled to your proportionate share of the settlement pool that is allocated to that group of Class Members. **What you are entitled to depends on the state or federal law your claim is made under.** Under some state laws, the claims for class members have been either successful thus far or, in the view of Class Counsel, have a stronger legal basis. More money per class member is allocated to the settlement pools for the stronger legal claims. In other states or under federal law, the claims for class members are much weaker because of previous court rulings or the underlying law. Less money per class member is allocated to the settlement pools for weaker claims. Each state law pool also reflects the size and strength of claims of the respective state law class.

**MDL-A Position Multiplier**

For the MDL-A classes, a "Position Multiplier" is used to adjust the recovery for certain classes of plaintiffs by giving a weight to your overtime claim based on the type of claims you adjusted for Farmers Insurance Exchange. The multipliers were derived based on the previous rulings of the Court and the underlying facts and law that apply to each type of Claims Representative. Therefore, the highest Position Multiplier is awarded to APD Claims Representatives, who the Oregon Court has repeatedly stated have the strongest claims, while the lowest Position Multiplier goes to Liability Claims Representatives, who the Oregon Court concluded have no claims for overtime.

Based upon the Trial and Appellate Court's prior rulings, the position multipliers for MDL-A classes are as follows:

APD Claims Adjuster	6
Multiline Claims Adjuster	3
Foremost Claims Adjuster	3
Property Claims Adjuster	2
Liability Claims Adjuster	1

The Position Multipliers for MDL-B classes are as follows:

APD Claims Adjuster	6
Multiline Claims Adjuster	3
Foremost Claims Adjuster	3
Property Claims Adjuster	2
Liability Claims Adjuster	0.5

### **MDL-B State Multiplier**

For the MDL-B classes, a “State Multiplier” is used to weight Class Counsel’s view of the relative strength of the various state law claims. The MDL-B State Multiplier recognizes Class Counsel’s view that New York has stronger overtime liability law than the other state laws or the FLSA. Accordingly, the New York State Multiplier is 3 while the multiplier for all other states and FLSA is 1.

As an example of how this calculation would work: if you are a member of the MDL-B Class who worked in Utah as a Property Claims Representative, your proportional share is calculated by multiplying your weeks worked while classified as an exempt Claims Representative, times your Position Multiplier, times your MDL-B State Multiplier. For example, if you are a member of the MDL-B class, and your weeks worked were 50 weeks, and you worked as a Property Claims Representative (2 Position Multiplier) in Utah (1 State Multiplier), your proportionate share of the MDL-B Settlement Fund would be calculated as follows:

1.  $50 \times 2$  (Property Claims Representative multiplier)  $\times 1$  (Utah multiplier) = 100 = Your Settlement Share Points.
2. Your 100 Proportionate Share Points will be added to the Proportionate Share Points for all MDL-B Class Members to determine the Total Proportionate Share Points.
3. The 100 Proportionate Share Points will be divided by the Total Proportional Share Points to determine your Settlement Share Percentage.
4. So if there were 500,000 Total Proportional Share Points, your Proportional Share of the MDL-B settlement pool would be .02%.

Your proportionate share is created in order to calculate what percentage of the settlement pool you will receive. The specifics of class members, class monetary entitlement and settlement pool are set out in the definitions of the classes below (for instance, “I worked for Farmers Insurance Exchange as an APD Claims Representative in Oregon”).

In addition to your proportionate share, the Settlement protects all class members from having to pay any costs to Farmers Insurance Exchange as a result of this lawsuit.

### **WHAT ARE THE MDL-A CLASSES?**

#### **I WORKED FOR FARMERS INSURANCE EXCHANGE IN OREGON AS AN APD CLAIMS REPRESENTATIVE DURING THE TIME PERIOD OF JULY 19, 1999 TO MAY 19, 2003**

- **FOR THE TIME YOU WORKED FOR FARMERS INSURANCE EXCHANGE IN OREGON AS AN APD CLAIMS REPRESENTATIVE:**
  - **YOU ARE AN OREGON MDL-A APD CLASS MEMBER IF:**
    - You were an APD Claims Representative employed by Farmers Insurance Exchange in the state of Oregon;
    - At any time from July 19, 1999 to May 19, 2003;
    - Whom Farmers Insurance Exchange did not compensate for work performed in excess of 40 hours per week; and
  - **YOU ARE ENTITLED TO:**
    - Your proportionate share of a settlement pool of \$2,600,000, based on your recovery on the judgment in the MDL-A.

If you are a member of the MDL-A Oregon APD Claims Representative class, your proportional share is calculated by using your MDL-A judgment for Oregon APD claims representatives (dated March 5, 2009) amount as a starting point. Thus the calculation would be:

1. If your judgment amount was \$10,000, then you have 10,000 Proportionate Share Points.
2. Your 10,000 Proportionate Share Points will be added to the Proportionate Share Points for all MDL-A Class Members to determine the Total Proportionate Share Points.
3. The 10,000 Proportionate Share Points will be divided by the Total Proportionate Share Points to determine your Settlement Share Percentage.
4. So if there were 3,000,000 Total Proportionate Share Points, your Proportionate Share would be .33%.

**I WORKED FOR FARMERS INSURANCE EXCHANGE IN OREGON AS A MULTILINE OR FOREMOST CLAIMS REPRESENTATIVE DURING THE TIME PERIOD OF JULY 19, 1999 TO MAY 19, 2003**

- **FOR THE TIME YOU WORKED FOR FARMERS INSURANCE EXCHANGE IN OREGON AS A MULTILINE OR FOREMOST CLAIMS REPRESENTATIVE:**
  - **YOU ARE AN OREGON MDL-A MULTILINE/FOREMOST CLASS MEMBER IF:**
    - You were a Multi-Line or Foremost Claims Representative employed by Farmers Insurance Exchange in the state of Oregon;
    - At any time from July 19, 1999 to May 19, 2003;
    - Whom Farmers Insurance Exchange did not compensate for work performed in excess of 40 hours per week; and
    - Who did not opt out of the MDL-A proceedings.
  - **YOU ARE ENTITLED TO:**
    - Your proportionate share of a settlement pool of \$200,000, based on your recovery on the judgment in the MDL-A.
    - No Settlement Award shall be less than \$50.

**I WORKED FOR FARMERS INSURANCE EXCHANGE IN MINNESOTA AND WAS NOT INCLUDED IN THE *MILNER* CASE DURING THE TIME PERIOD OF OCTOBER 3, 1998 TO MAY 19, 2003**

- **FOR THE TIME YOU WORKED FOR FARMERS INSURANCE EXCHANGE IN MINNESOTA AS A CLAIMS REPRESENTATIVE:**
  - **YOU ARE AN MDL-A MINNESOTA NON-MILNER CLASS MEMBER IF:**
    - You were a Claims Representative employed by Farmers Insurance Exchange in the state of Minnesota;
    - At any time from October 3, 1998 to May 19, 2003;
    - Whom Farmers Insurance Exchange did not compensate for work performed in excess of 48 hours per week;
    - Who did not opt out of the MDL-A proceedings; and
    - Who was not included in the *Milner* Class by virtue of the fact that you opted out of the *Milner* class or by virtue of the fact that you opted in to the MDL-A proceeding by filing a consent to join.
  - **YOU ARE ENTITLED TO:**
    - Your proportionate share of a settlement pool of \$475,000.
    - Your proportionate share is created by multiplying your recovery in the MDL-A Judgment by the applicable Position Multiplier (recovery x Position Multiplier).
    - No Settlement Award shall be less than \$200.

**I WORKED FOR FARMERS INSURANCE EXCHANGE IN MINNESOTA AND WAS INCLUDED IN THE *MILNER* CASE DURING THE TIME PERIOD OF OCTOBER 3, 1998 TO MAY 19, 2003**

- **FOR THE TIME YOU WORKED FOR FARMERS INSURANCE EXCHANGE IN MINNESOTA AS A CLAIMS REPRESENTATIVE:**
  - **YOU ARE AN MDL-A MINNESOTA *MILNER* CLASS MEMBER IF:**
    - You were a Claims Representative employed by Farmers Insurance Exchange in the state of Minnesota;
    - At any time from October 3, 1998 to May 19, 2003;
    - Whom Farmers Insurance Exchange did not compensate for work performed in excess of 48 hours per week;
    - Who did not opt out of the MDL-A proceedings nor join the MDL case by filing a consent to join; and
    - Who were also included in the *Milner* Class.
  - **YOU ARE ENTITLED TO:**
    - Your proportionate share of a settlement pool of \$350,000.
    - Your proportionate share is created by multiplying your recovery in the MDL-A Judgment by the applicable Position Multiplier (recovery x Position Multiplier).
    - No Settlement Award shall be less than \$200.

**I WORKED FOR FARMERS INSURANCE EXCHANGE IN COLORADO DURING THE TIME PERIOD OF AUGUST 29, 1998 TO MAY 19, 2003**

- **FOR THE TIME YOU WORKED FOR FARMERS INSURANCE EXCHANGE IN COLORADO AS A CLAIMS REPRESENTATIVE:**
  - **YOU ARE AN MDL-A COLORADO CLASS MEMBER IF:**
    - You were a Claims Representative employed by Farmers Insurance Exchange in the state of Colorado;
    - At any time between August 29, 1998 and May 19, 2003;
    - Whom Farmers Insurance Exchange did not compensate for work performed in excess of 40 hours per week, or 12 hours per day, and;
    - Who did not opt out of the MDL-A proceedings.
  - **YOU ARE ENTITLED TO:**
    - Your proportionate share of a settlement pool of \$700,000.
    - Your proportionate share is created by multiplying your recovery in the MDL-A Judgment by the applicable Position Multiplier (recovery x Position Multiplier).
    - No Settlement Award shall be less than \$50.

**I WORKED FOR FARMERS INSURANCE EXCHANGE IN ILLINOIS DURING THE TIME PERIOD OF DECEMBER 18, 1999 TO MAY 19, 2003**

- **FOR THE TIME YOU WORKED FOR FARMERS INSURANCE EXCHANGE IN ILLINOIS AS A CLAIMS REPRESENTATIVE:**
  - **YOU ARE AN MDL-A ILLINOIS CLASS MEMBER IF:**
    - You were a Claims Representative employed by Farmers Insurance Exchange in the state of Illinois;
    - At any time between December 18, 1999 and May 19, 2003;
    - Whom Farmers Insurance Exchange did not compensate for work performed in excess of 40 hours per week; and
    - Who did not opt out of the MDL-A proceedings.

○ **YOU ARE ENTITLED TO:**

- Your proportionate share of a settlement pool of \$275,000.
- Your proportionate share is created by multiplying your recovery in the MDL-A Judgment by the applicable Position Multiplier (recovery x Position Multiplier).
- No Settlement Award shall be less than \$50.

**I WORKED FOR FARMERS INSURANCE EXCHANGE IN NEW MEXICO DURING THE TIME PERIOD OF SEPTEMBER 17, 2000 TO MAY 19, 2003**

● **FOR THE TIME YOU WORKED FOR FARMERS INSURANCE EXCHANGE IN NEW MEXICO AS A CLAIMS REPRESENTATIVE:**

○ **YOU ARE AN MDL-A NEW MEXICO CLASS MEMBER IF:**

- You were a Claims Representative employed by Farmers Insurance Exchange in the state of New Mexico;
- At any time between September 17, 2000 and May 19, 2003;
- Whom Farmers Insurance Exchange did not compensate for work performed in excess of 40 hours per week, and;
- Who did not opt out of the MDL-A proceedings.

○ **YOU ARE ENTITLED TO:**

- Your proportionate share of a settlement pool of \$400,000.
- Your proportionate share is created by multiplying your recovery in the MDL-A Judgment by the applicable Position Multiplier (recovery x Position Multiplier).
- No Settlement Award shall be less than \$50.

**MDL-B CLASS DEFINITION**

○ **YOU ARE AN MDL-B CLASS MEMBER IF:**

- You opted into MDL-B by signing and filing a consent to join form; and
- You were a Claims Representative employed by Farmers Insurance Exchange at any time from November 6, 2001 to December 9, 2009.

○ **YOU ARE ALSO AN MDL-B CLASS MEMBER IF:**

- You were a Claims Representative employed by Farmers Insurance Exchange in Utah at any time between November 6, 2003 and December 9, 2009; OR
- You were a Claims Representative employed by Farmers Insurance Exchange in the State of Washington beginning on or after March 30, 2003 until December 9, 2009:
  - Who is not a member of the Washington subclass in the *Farmers Insurance Exchange MDL-A* action; or
  - Who is a member of the *MDL1439-A* action but remained classified as an exempt employee on or after December 10, 2004, for all weeks worked in Washington between May 2, 2005 and December 9, 2009; OR
- You were a Claims Representative employed by Farmers Insurance Exchange in the State of New York at any time between November 6, 1998 and December 9, 2009; OR

- You were a Claims Representative employed by Farmers Insurance Exchange in the State of Montana between November 6, 2001 and December 9, 2009; OR
- You were a Claims Representative employed by Farmers Insurance Exchange in the State of Nevada and fall within the class certified by the Eighth Judicial District of the Nevada Courts on July 11, 2002 in the case *McLeod v. Farmers Insurance Exchange*, Case No. 427937 (filed on July 27, 2001).

○ **YOU ARE ENTITLED TO:**

- Your proportionate share of a settlement pool of \$600,000.
- Your proportionate share is created by multiplying your weeks worked while classified as exempt from overtime by the applicable Position Multiplier and State Multiplier (weeks worked x Position Multiplier x State Multiplier).
- Nevada claims representatives who were part of the class certified in the case entitled *McLeod v. Farmers Insurance Exchange*, Case # 427937 (filed on July 27, 2001) by the Eighth Judicial District of the Nevada Courts on July 11, 2002, who did not file a consent to sue asserting FLSA claims in the MDL-B proceedings will be entitled to a \$50 payment and no more; whereas, such Nevada class members who filed such a consent to sue asserting FLSA claims in MDL-B shall be entitled to a *pro rata* portion of the \$600,000 MDL-B settlement pool as provided by the second clause in this section (that is, weeks worked x Position Multiplier x State Multiplier).
- No Settlement Award shall be less than \$50.

**WHO IS NOT A CLASS MEMBER FOR PURPOSES OF THE SETTLEMENT?**

You are not a class member for any time you worked for Farmers Insurance Exchange that falls outside of the definitions above.

Any overtime claims from MDL-A under the Fair Labor Standards Act (FLSA), MDL-A claims only under Michigan or Washington state law, or any claims for Oregon liability or property Claims Representatives have been rejected and dismissed by the Court. Those claims are not a part of this settlement and such claims are not entitled to any payment under this settlement.

**WHAT ARE MY OPTIONS?**

The purpose of this Notice is to inform you of the proposed Settlement and of your options. Each option has its consequences, which you should understand before making your decision. Your rights regarding each option, and the steps you must take to select each option, are explained below.

- **DO NOTHING:** **If you do nothing, you stay in this lawsuit, and you will receive a settlement check from Farmers Insurance Exchange if the Court finally approves the settlement. You will have 120 days in which to cash your settlement check.** In exchange, you give up the right to sue on your own for the claims in this case (as set forth in the Release section), even if you do not cash your settlement check. As explained above, for MDL-A class members, the amount you will receive will be based on your proportionate share of earlier judgments entered by the Court, with certain minimum amounts, and for MDL-B class members, the amount that you will receive will be based on the weeks you worked as an exempt Claims Representative for Farmers Insurance Exchange during the relevant Class Period, factoring position and state law multipliers as applicable and as described in the Section entitled “**IF I AM A CLASS MEMBER, HOW WILL MY SHARE OF THE SETTLEMENT FUNDS BE CALCULATED?**”. You will receive your proportional share of the payout as set forth above.
- **ASK TO BE EXCLUDED:** **If you “opt out,” you get out of this lawsuit. You will receive no settlement check if the settlement is finally approved.**
- **OBJECT:** **You may file a legal objection to the proposed Settlement.** If you wish to object, you may not opt out of this case.

The procedures for opting out and objecting are set forth below in the sections entitled: “**OPTING OUT OF THE SETTLEMENT**” and “**OBJECTING TO THE SETTLEMENT.**”

## WHAT ARE THE OTHER TERMS OF THE SETTLEMENT?

If this Settlement is given final approval by the Court, the Settlement will result in a payment by Defendants of \$8,000,000. \$5,600,000 of this will go to Class Members in the various settlement pools that are laid out above.

Plaintiffs' Counsel will request that the Court approve fees and costs in the amount of \$2,400,000. The largest portion of this amount will be used to reimburse Plaintiffs' Counsel for out-of-pocket costs incurred in litigating these matters for over 10 years, including travel costs, trial costs, rental costs, etc. Plaintiffs' Counsel have spent tens of thousands of hours on this case, which at their customary hourly rates have a value of in excess of \$16 million, but will receive far less than that amount as attorneys' fees for their time as the \$2,400,000 will only reimburse them for their out of pocket costs and perhaps a small percentage of their lodestar fees (reasonable hours expended multiplied by reasonable hourly rates). Any award of costs or fees is subject to Court approval.

Uncashed Checks: Any checks must be cashed within 120 days. If any settlement money remains unpaid as a result of Class Members failing to cash their settlement checks, the aggregate of returned checks which do not exceed \$100 will be donated to Legal Aid Society - Employment Law Center, a charity whose mission bears a nexus to the underlying claims for unpaid overtime as approved by the Court. Any other uncashed or returned checks will be subject to the California Unclaimed Property Law.

## DISMISSAL OF CASE AND RELEASE OF CLAIMS

In exchange for the payments set forth above, this Litigation will be dismissed with prejudice, meaning that this case cannot be re-filed in court. If you participate in this Settlement you cannot sue Farmers Insurance Exchange for overtime for any period of time that you were a covered class member. The exact language of the Settlement terms governing releases of claims is as follows:

### 4.1 Release of Claims.

- (A) By operation of the entry of the Judgment and Final Approval, and except as to such rights or claims as may be created by this Agreement, Plaintiffs and each individual Class Member who does not timely opt out pursuant to Section 2.3 forever and fully release Defendant and any of its past, present, or future units, component entities, owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, attorneys-in-fact, insurers, parent companies, divisions, subsidiaries (whether or not wholly owned), affiliates, policyholders, benefit plans, including profit sharing, pension, health, savings, and any other employee benefit plans of any nature, the plan fiduciaries and/or administrators, and all persons acting by, through, under or in concert with any of them, including any party that was or could have been named as a defendant in the Litigation (collectively, the "Releasees") from any and all claims, demands, and causes of action of any kind whatsoever, whether at common law, pursuant to statute, ordinance, or regulation, in equity or otherwise, and whether arising under federal, state, or other applicable law, which any such Class Member has or might have, known or unknown, of any kind whatsoever, that are based upon or arise out of the facts alleged in any of the complaints filed in the MDL-A and/or B proceedings (except for claims asserted only in the operative *Mackall* complaint filed on August 18, 2005) and that arose during any time that such Class Member worked in a Covered Position up until May 2, 2005, for MDL-A Class Members and until December 9, 2009, for MDL-B Class Members ("Released Claims").
- (B) Plaintiffs and the Class acknowledge that they may hereafter discover facts or law different from, or in addition to, the facts or law they know or believe to exist with respect to a Released Claim. They agree, nonetheless, that this Agreement and the releases contained in it shall be and remain effective in all respects notwithstanding such different or additional facts or law regarding such Released Claims. Upon execution of this Agreement, Plaintiffs and the Class shall be deemed to have fully, finally, and forever settled, released, and assumed the risk of any and all such Released Claims. Nothing in this paragraph is intended to expand the release beyond that set forth in Section 4.1(A).

## OPTING OUT OF THE SETTLEMENT

If you do not want to be a member of the Settlement Class or participate in the Settlement, you must opt out of the Settlement by **July 17, 2010**. If you do not opt out, you will be bound by the terms of this Settlement.

You may opt out of the Settlement by mailing a written statement to the addresses below expressing your desire to be excluded from the Settlement Class, including your name (and former names, if any). This request must be **signed** by you.

For members of the MDL-B Settlement Classes, the Opt-Out must also include the statement:

“I understand that I am requesting to be excluded from the class monetary Settlement and that I will receive no money from the Settlement Fund created by the Settlement. I understand that if I am excluded from the Class, I may bring a separate legal action seeking damages, but might lose my separate legal action or may win and recover nothing or less than what I would have recovered if I filed a claim under the class monetary provisions in this case.”

For members of the MDL-A classes, the Opt-Out must also include the statement:

“I understand that I am requesting to be excluded from the Class Monetary Settlement and that I will receive no money from the Settlement Fund created by the Settlement. I understand that my claims have been the subject of prior trial court and appellate court rulings that *may* have been unfavorable to me, that if I am excluded from the class any right to bring a separate action or to continue pursuing my claims *may* be subject to those prior rulings and that any effort to pursue those claims individually may result in my inability to recover any amount.”

Requests to opt out that do not include all required information, or that are not submitted on time, will be deemed null, void, and ineffective. You must postmark any such written opt-out statement, or such opt-out must be received, by **July 17, 2010**. The addresses are:

Rudy, Exelrod, Zieff & Lowe, LLP 351 California St., Suite 700 San Francisco, CA 94104 Phone: 1-415-434-9800 Fax: 1-415-434-0513	Stoel Rives, LLP 900 SW Fifth Ave., Suite 2600 Portland, OR 97204 Phone: 1-503-224-3380 Fax: 1-503-220-2480
--	---

If you are eligible, and you submit a request by **July 17, 2010** to opt out of the Settlement that complies with the above requirements, you will no longer be a member of the Settlement Class, you will be prohibited from participating in this Settlement, and you will receive no benefit from this Settlement. By opting out of the Settlement Class, you will retain whatever rights or claims you may have against Defendants, and you will be free to pursue them on an individual basis at your own cost, if you choose to do so. PLEASE UNDERSTAND THAT IF YOU DO OPT OUT, YOUR CLAIMS MAY BE RISKY AND ANY CLAIMS YOU MAY RETAIN MAY BE QUITE DIFFICULT TO PROSECUTE AND WILL BE TAKEN SUBJECT TO ADVERSE RULINGS BY THE TRIAL COURT AND THE NINTH CIRCUIT COURT OF APPEALS DESCRIBED IN THE SECTION ENTITLED “WHAT HAS HAPPENED SO FAR IN THIS LAWSUIT” ABOVE.

In addition, as noted above, the Settlement protects all class members from having to pay any costs to Farmers Insurance Exchange as a result of this lawsuit.

### OBJECTING TO THE SETTLEMENT

If you are a member of the Settlement Class who does not opt out of the Settlement, you may object to the Settlement, personally or through an attorney, by filing your written objection with the Court and faxing or mailing a copy of your objection to Class Counsel and Defense Counsel at the above addresses. All objections must be signed and contain your address, telephone number and a reference to the case. All objections must be filed with the Court and served on Class Counsel and Defense Counsel, postmarked or received on or before **July 17, 2010**, which is 30 days following the date of this Notice. Class Counsel and Defense Counsel shall file any objections they receive on or before July 27, 2010. Your written objection should clearly explain why you object to the Settlement and must state whether you (or someone on your behalf) intend to appear at the Final Fairness Hearing. If you timely submit a written objection, you may appear, personally or through an attorney, at your own expense, at the Final Fairness Hearing to present your objection directly to the Court. If you object to the Settlement and if the Court approves the Settlement as set forth in the Stipulation of Settlement, you will be bound by the terms of the Settlement in the same way as a Class Member who does not object.

You are not required to submit a comment or objection. If you do nothing, your share of the settlement will be calculated as explained above.

**HEARING REGARDING THE SETTLEMENT**

On **August 23, 2010, at 1:30 p.m.**, the Honorable Robert Jones for the United States District Court, District of Oregon, will hold a hearing in Courtroom 10A of the United States District Court for the District of Oregon, 1000 Southwest Third Ave., Portland, Oregon, 97204 to determine whether the proposed Settlement is fair, reasonable, and adequate and should be approved. The Court will also consider Class Counsel's application for fees and costs. The time and date of this hearing may be continued or adjourned, so please contact Class Counsel prior to the date of the hearing if you plan to attend.

Any Class Member (or the attorney for any Class Member) may appear at the hearing for any reason (subject to the requirements set forth in the section "Objecting to the Settlement," if applicable); however, no Class Member is required to attend.

**EXAMINATION OF PLEADINGS AND PAPERS / ADDITIONAL INFORMATION**

This Notice does not contain all of the terms of the proposed Settlement or all of the details of these proceedings. For more detailed information, you may refer to the underlying documents and papers on file with the Court. This file may be inspected during the hours of each Court business day at: Mark O. Hatfield United States Courthouse, 1000 Southwest Third Avenue, Suite 740, Portland, Oregon 97204-2930.

If you have any questions or want to discuss the Settlement with one of the attorneys for the Class, you may contact them at 1-866-854-8550.

**PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE.**

Dated: \_\_\_\_\_, 2010

\_\_\_\_\_  
THE HONORABLE ROBERT E. JONES  
UNITED STATES DISTRICT JUDGE