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## **\$210M Deal Settles OT Class Action For Adjusters**

### **The Giant Settlement Ends A Case Against Farmers Insurance From 1996 On How To Classify Employees**

**Source: Tyler Cunningham, Daily Journal Staff Writer**

Farmers Insurance Group has agreed to pay about \$210 million to end a long-running dispute with thousands of insurance adjusters who accused the company of wrongfully denying them overtime pay.

The settlement, announced Friday, couples some \$170 million that Farmers owes the adjusters from a 2001 wage-and-hour jury verdict with \$40 million that the company agreed to pay to settle more recent claims. The total is the largest resolution of an overtime claim in U.S. history, according to plaintiffs lawyer Steven Zieff, of San Francisco's Rudy, Exelrod & Zieff.

That claim could not be independently verified Friday.

Zieff said he was delighted to bring the hard fought litigation to an end before Labor Day.

"This is a case that was brought to protect the overtime wage rights of workers in the state of California," Zieff said. "To get such a total victory is very gratifying, and I am very happy for the claims adjusters who work for the company."

Alameda County Superior Court Judge Ronald M. Sabraw approved the parties' plan for the settlement Friday.

A lawyer representing Farmers declined to comment.

The lawsuit was filed in 1996, and a class was certified comprising 2,400 Farmers Insurance Group adjusters. In July 2001, after a trial, an Alameda County jury handed the adjusters an award of \$90 million.

On appeal, Farmers claimed the adjusters were exempt from overtime laws because they are administrative workers. The state Industrial Welfare Commission, the body that governs which employees are subject to the overtime laws, has declared that administrative employees are exempt from the laws.

A unanimous appeals panel disagreed with Farmers' assertion. In its opinion, the 1st District Court of Appeal panel delved into the nature of insurance work. Adjusters processed a high volume of small claims, the court said. They gathered facts, completed forms and talked with policyholders. The court concluded that their work was more production-related than administrative, so they were entitled to overtime under California's wage-and-hour laws. *Bell v. Farmers Insurance Exchange*, 115 Cal.App.4th 715 (2004).

Employment experts predicted the ruling would open the door for adjusters to claim millions of dollars worth of overtime, and many suits followed.

The two sides recently negotiated a comprehensive settlement of the claim. Farmers agreed to drop any further appeals of the jury verdict and pay the original judgment, plus attorneys fees and interest. Zieff estimated that sum to be \$170 million. Also, Farmers agreed to pay \$40 million to settle the claims of workers from 2001 to 2004. The insurance company agreed to apply the overtime laws to its adjusters. Sabraw

signed two orders: One allows plaintiffs to send claims forms to class members,  
another allows plaintiffs to file initial paperwork regarding the \$40 million settlement