

Plaintiffs,

v.

**NOTICE OF PENDENCY OF CLASS ACTION  
AGAINST FARMERS INSURANCE COMPANY OF  
OREGON**

FARMERS INSURANCE COMPANY OF OREGON,

Defendant.

**NOTICE OF PENDENCY OF CLASS ACTION AGAINST DEFENDANT  
FARMERS INSURANCE COMPANY OF OREGON**

TO: ALL AUTOMOBILE AND PROPERTY PERSONAL LINES INSURANCE POLICYHOLDERS OF FARMERS INSURANCE COMPANY OF OREGON ("FICO") DURING THE PERIOD FEBRUARY 26, 2001 TO AUGUST 1, 2002, WHO PAID A RENEWAL PREMIUM THAT WAS INCREASED OVER THE PRIOR PERIOD'S PREMIUM WHEN SUCH INCREASE WAS BASED IN WHOLE OR IN PART ON INFORMATION CONTAINED IN A CONSUMER REPORT (EXCLUDING ANY CURRENT OFFICER, DIRECTOR OR EMPLOYEE OF FICO OR FARMERS GROUP, INC. ("FGI") OR ITS AFFILIATES AND SUBSIDIARIES OR FORMER OFFICER, DIRECTOR OR EMPLOYEE OF FICO, FGI, OR THEIR AFFILIATES AND SUBSIDIARIES WHO SERVED DURING THE CLASS PERIOD, OR ANY JUDGE OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON (THE "CLASS").

**BACKGROUND OF THE ACTION, NATURE OF THE ALLEGATIONS  
AND IMPORTANT PRIOR PROCEEDINGS**

A. On May 23, 2003, plaintiffs Ashby, Porto and Wenzlick filed, in the United States District Court for the District of Oregon (the "Court"), a Second Amended Complaint against Farmers Insurance Company of Oregon ("FICO"), for violation of the federal Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §§ 1681 *et seq.* The Second Amended Complaint against FICO alleged, on behalf of all those similarly situated, that FICO had violated the provision of 15 U.S.C. § 1681m that requires persons, who take "adverse action" (as defined under FCRA) against a consumer based on information contained in a consumer report, to give notice of the adverse action to the consumer. The Complaint also alleged that FICO acted willfully in violation of FCRA. Finally, the Complaint asked for statutory damages against FICO in the amount of \$100 to \$1,000 for each violation and for reasonable attorney fees and costs. FICO denied the allegations and asserted a number of affirmative defenses.

B. On November 26, 2003, defendant filed a Motion for Summary Judgment Against Plaintiff Douglas Ashby on the grounds that the FCRA does not apply to "new business." On March 17, 2004, the Court granted defendant's motion and on April 2, 2004, entered final judgment as to Mr. Ashby's claim. That claim is presently on appeal.

**CURRENT STAGE OF PROCEEDINGS**

A. On October 18, 2004, the Court certified this Action to proceed as a Class action on behalf of all renewal purchasers of automobile and property personal lines insurance policies from FICO from February 26, 2001 to August 1, 2002, whose rates increased upon renewal based on information contained in the renewal purchasers' consumer credit reports.

B. Excluded from the Class are: (1) all current officers, directors and employees of FICO, FGI, or their affiliates and subsidiaries; (2) all former officers, directors and employees of FICO, FGI, or their affiliates and subsidiaries who served during the Class Period, and (3) any judge of the United States District Court for the District of Oregon.

C. FICO has petitioned the Ninth Circuit for review of the trial court's Opinion and Order certifying a class action.

**IF YOU RECEIVED THIS NOTICE: (1) YOU RENEWED AN AUTOMOBILE OR PROPERTY PERSONAL LINES INSURANCE POLICY WITH FICO DURING THE CLASS PERIOD AND YOUR INSURANCE RATES INCREASED UPON RENEWAL; (2) THE INCREASE WAS BASED IN PART OR IN WHOLE ON INFORMATION CONTAINED IN YOUR CONSUMER CREDIT REPORT; (3) YOU ARE A CLASS MEMBER, UNLESS YOU ARE AN EXCLUDED PERSON AS DEFINED ABOVE; AND (4) YOU WILL BE BOUND BY THE RESULT OF THE TRIAL, ANY SETTLEMENT, ANY JUDGMENT ENTERED BY THE COURT AND ANY DETERMINATION MADE BY THE COURT, UNLESS YOU TIMELY MAIL A REQUEST FOR EXCLUSION, AS DESCRIBED BELOW, POSTMARKED NO LATER THAN SEPTEMBER 15, 2005.**

**INSTRUCTIONS TO THE CLASS**

If you fit the above description of a Class Member, you have a choice whether or not to remain a member of the Class on whose behalf this Action is being maintained. **You need not respond to this Notice in order to remain a Class Member.** Members of the class may be eligible to share in the benefits of any judgment or settlement, and will also be bound by any approved settlement or by any judgment favorable or unfavorable to the Class. In addition, this Action is seeking recovery, on behalf of the Class Members, of statutory damages (between \$100 and \$1,000 for each violation) only, and is not seeking recovery of actual damages and/or punitive damages. If you desire to pursue an individual action for actual damages and/or punitive damages, you may wish to request exclusion in accordance with the procedures set forth below.

If you purchased an automobile or property personal lines insurance policy with FICO for the first time during the class period, you may also have a "new business" claim. The District court has ruled that the "new business" customers have no claim under FCRA. That ruling is presently on appeal, and if that decision is reversed, class counsel may seek to certify a class of "new business" customers. If FICO were to prevail at the trial of the renewal class, that may impact the "new business" claim. If you desire to pursue an individual action on your renewal claim to avoid this risk, you may wish to request exclusion in accordance with the procedures set forth below.

In any case, if you request exclusion in accordance with the procedures set forth below, you will not be eligible to share in the benefits of any judgment or settlement and will not be bound by any approved settlement or by any judgment favorable or unfavorable to the Class.

**REQUEST FOR EXCLUSION**

As set forth above, a member of the Class will be bound by the result of the trial, any Settlement, any judgment entered by the Court and any determination made by the Court, unless such member shall mail a written request for exclusion from the Class, postmarked no later than September 15, 2005, addressed to: attn: FICO Exclusion Requests, Post Office Box 40706, Portland, OR 97204. Such request for exclusion must state the name and address of the person seeking exclusion. If you desire to pursue an individual action, you may wish to request exclusion in accordance with the procedures set forth in this paragraph. In any case, a request for exclusion shall not be effective unless it is made in the manner and within the time set forth in this paragraph.

Any member of the Class who does not request exclusion in the manner provided for herein, may, but need not, enter an appearance in this Action at his or her own cost, through counsel of his or her own choice. If the Class Member does not enter an appearance, he or she will continue to be represented by the following Plaintiffs' Counsel:

STOLL STOLL BERNE LOKTING & SHLACHTER P.C.  
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**EXAMINATION OF PAPERS AND INQUIRIES**

For further information about this Action, you may contact Meg Hemphill at Stoll Stoll Berne Lokting & Shlachter P.C. (see above for contact information), or consult the pleadings or other papers filed in the Action at the Office of the Clerk of the United States District Court for the District of Oregon, Mark O. Hatfield United States Courthouse, 1000 S.W. Third Avenue, Portland, Oregon 97204 during business hours of each business day.

**PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE.**

BY ORDER OF THE COURT

Clerk of the Court  
United States District Court  
District of Oregon

DATED: July 6, 2005