

1 LERACH COUGHLIN STOIA GELLER  
2 RUDMAN & ROBBINS LLP  
3 JOHN J. STOIA, JR. (141757)  
4 TIMOTHY G. BLOOD (149343)  
5 AMELIA F. BURROUGHS (221490)  
6 655 West Broadway, Suite 1900  
7 San Diego, CA 92101  
8 Telephone: 619/231-1058  
9 619/231-7423 (fax)

10 Attorneys for Plaintiffs

11 [Additional counsel appear on signature page.]

**FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE  
CENTRAL JUSTICE CENTER

**DEC - 5 2006**

ALAN SLATER, Clerk of the Court

BY: M. CORREA, DEPUTY

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF ORANGE

11 REMIGIO LEBRILLA, et al., On Behalf of )  
12 Themselves, All Others Similarly Situated and )  
13 the General Public, )

14 Plaintiffs, )

15 vs. )

16 FARMERS GROUP, INC. d/b/a FARMERS )  
17 UNDERWRITERS ASSOCIATION, et al., )

18 Defendants. )

Case No. 00-CC-07185

CLASS ACTION

Assigned To: Judge Jonathan H. Cannon

**STIPULATION OF SETTLEMENT**

DEPT: CX102

DATE ACTION FILED: 06/15/00

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1 This Stipulation of Settlement is made and entered into by and among Plaintiffs Remigio  
2 Lebrilla, Karen Balfour and Paul Balfour, on behalf of themselves and each of the Settlement Class  
3 Members, by and through Class Counsel authorized to settle this Litigation on their behalf, and  
4 Defendants Farmers Group, Inc., dba Farmers Underwriters Association, and Farmers Insurance  
5 Exchange, by and through Defendants' Counsel of record in this Litigation. This Stipulation is intended  
6 by Plaintiffs and Defendants to fully, finally, and forever resolve, discharge and settle the Released  
7 Claims, upon and subject to the terms and conditions hereof.

8 **I. RECITALS**

9 A. On or about June 15, 2000, Plaintiffs initiated this Litigation against Defendants in the  
10 Superior Court of the State of California for the County of Orange. Plaintiffs alleged that Defendants'  
11 specification of non-original equipment manufacturer sheet metal crash parts when adjusting first party  
12 automobile physical damage claims of its policyholders' vehicles violated the terms of the automobile  
13 insurance policies issued by Defendants.

14 B. On June 25, 2004, the Fourth District Court of Appeal for the State of California in a  
15 decision styled *Lebrilla v. Farmers Group, Inc.*, 119 Cal. App. 4th 1070 (2004), directed that a class be  
16 certified consisting of certain holders of automobile insurance policies issued in California. On  
17 May 11, 2005, the Court certified a similar class of Farmers policyholders from the states of Illinois,  
18 Minnesota, Missouri, Pennsylvania, Nebraska, North Carolina, Texas and Wyoming.

19 C. Trial of the action began on or about August 21, 2006, before the Honorable Jonathan  
20 Cannon, Judge of the Superior Court.

21 D. Prior to the start of trial and during the course of trial, the Settling Parties engaged in  
22 multiple mediation sessions before Judge Cannon and the Honorable (Ret.) Howard B. Wiener.

23 E. Plaintiffs believe that the claims they have asserted against Defendants are legally and  
24 factually meritorious. Nonetheless, after a thorough consideration of the facts and the law, Plaintiffs  
25 and Class Counsel recognize and acknowledge the substantial risks, expense and length of the  
26 proceedings necessary to prosecute this Litigation against Defendants through trial and through appeals  
27 and that settlement of the Litigation is in the best interests of Settlement Class Members. Class Counsel  
28

1 have determined that the settlement set forth in this Stipulation is fair and reasonable to the Settlement  
2 Class Members.

3 F. Defendants have denied and continue to deny any and all allegations of wrongdoing  
4 alleged in the Litigation. Nonetheless, Defendants have concluded that continued Litigation could be  
5 protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the  
6 manner and upon the terms and conditions set forth in this Stipulation in order to limit further expense,  
7 inconvenience, and uncertainty.

8 **II. DEFINITIONS**

9 A. As used in this Stipulation the following capitalized terms have the meanings specified  
10 below:

- 11 1. "CAPA" means the Certified Automotive Parts Association.
- 12 2. "CAPA Crash Part" means any Crash Part that has been certified by CAPA.
- 13 3. "Claimant" means a Settlement Class Member who submits a claim for payment  
14 as described in §IV.B of this Stipulation.
- 15 4. "Claim Form" means the pre-stamped, self-addressed form included in each  
16 Class Notice Package that is substantially in the form of Exhibit A hereto, and described more fully in  
17 §V.A.4, below.
- 18 5. "Class" means all persons who, from June 15, 1996 to November 1, 2006,  
19 (a) were insured by a private passenger automobile insurance policy issued in the United States by  
20 Farmers, (b) made a first party claim for vehicle repairs pursuant to their policy, and (c) had one or  
21 more Non-OEM Crash Parts specified in their Repair Estimates.
- 22 6. "Class Action Settlement Administrator" means the company(ies) approved by  
23 the Court to provide Class Notice and administer the claims process. The Parties acknowledge that  
24 Rust Consulting, Inc. and Kinsella/Novak Communications Ltd. have already been retained as Class  
25 Action Settlement Administrators.
- 26 7. "Class Counsel" means the following Plaintiffs' counsel who, on behalf of any  
27 and all Settlement Class Members who have not been properly excluded from the Class, are authorized  
28 to negotiate and enter into this settlement, subject to Court approval and shall have the authority on

1 behalf of the Class to execute all necessary documentation relating to the Settlement Class, the  
2 Stipulation and all necessary effectuating documentation:

3 Timothy G. Blood  
4 Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
5 655 West Broadway, Suite 1900  
6 San Diego, CA 92101

7 David Futscher  
8 Parry, Deering, Futscher & Sparks, PSC  
9 411 Garrard Street  
10 Covington, KY 41011

11 H. Sullivan Bunch  
12 Elaine A. Ryan  
13 Bonnett, Fairbourn, Friedman & Balint, P.C.  
14 2901 N. Central Avenue, Suite 1000  
15 Phoenix, AZ 85012

16 8. "Class Notice" means the "Notice of Class Action Settlement," substantially in  
17 the form of Exhibit B attached hereto and discussed in §V of this Stipulation.

18 9. "Class Notice Package" means the information as approved in form and content  
19 by Class Counsel and Defendants' Counsel and to be approved by the Court, to be provided to  
20 Settlement Class Members pursuant to §V of this Stipulation. Class Notice Packages will include  
21 (a) the Summary of Settlement Relief, (b) the Class Notice, (c) the Claim Form and (d) Farmers  
22 Warranty.

23 10. "Court" means the Superior Court of the State of California for the County of  
24 Orange, where this Litigation is pending.

25 11. "Crash Parts" means:

26 (a) metal:

27 (i) bumper reinforcements; and

28 (ii) bumper absorbers; and

(b) sheet metal:

(i) hoods;

(ii) fenders;

(iii) door shells;

(iv) quarter panels;

- 1 (v) rear outer panels;
- 2 (vi) deck lids;
- 3 (vii) trunk lids;
- 4 (viii) truck beds;
- 5 (ix) box sides;
- 6 (x) body side panels;
- 7 (xi) tailgates; and
- 8 (xii) lift gates.

9 12. "Decertified CAPA Crash Part" means any CAPA Crash Part that is or was  
10 decertified by CAPA, by part, by lot or otherwise where CAPA withdraws its certification.

11 13. "Defendants" means Farmers Group, Inc., dba Farmers Underwriters  
12 Association, and Farmers Insurance Exchange.

13 14. "Defendants' Counsel" means the following individuals:  
14 Raoul D. Kennedy  
15 José R. Allen  
16 Skadden, Arps, Slate, Meagher & Flom LLP  
17 Four Embarcadero Center, Suite 3800  
18 San Francisco, CA 94111-4144

17 15. "Effective Date" means the date defined in §X of this Stipulation.

18 16. "Farmers" means the following companies: Farmers Insurance Exchange,  
19 Farmers New Century Insurance Company, Mid-Century Insurance Company, Illinois Farmers  
20 Insurance Company, Farmers Insurance Company, Inc., Mid-Century Insurance Company of Texas,  
21 Texas Farmers Insurance Company, Farmers Texas County Mutual Insurance Company, Farmers  
22 Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance of  
23 Columbus, Inc., Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington,  
24 Truck Insurance Exchange and Civic Property & Casualty Company.

25 17. "Farmers Warranty" means the description of Farmers' Non-OEM Crash Parts  
26 warranty substantially in the form of Exhibit C to this Stipulation. Nothing shall limit Farmers' ability  
27 to add to Farmers Warranty any additional warranty language that it has historically used.

28

1           18.     “Judgment” means the “Judgment, Final Order and Decree” to be entered by the  
2 Court, substantially in the form attached hereto as Exhibit D.

3           19.     “Litigation” means and refers to the case entitled *Lebrilla, et al. v. Farmers*  
4 *Group, Inc., dba Farmers Underwriters Association and Farmers Insurance Exchange*, filed on  
5 June 15, 2000, in the Superior Court of the State of California for the County of Orange and assigned  
6 Case No. 00-CC-07185.

7           20.     “Moratorium Hood” means a hood not made for or by the manufacturer of the  
8 motor vehicle for which the part is intended that was specified on a Repair Estimate during the period  
9 beginning October 29, 1999 and ending on June 30, 2003, during which time Farmers had a voluntary,  
10 internal policy not to use Non-OEM Hoods.

11           21.     “Non-CAPA Crash Part” means a Non-OEM Crash Part that has not been  
12 certified by CAPA.

13           22.     “Non-Galvanized CAPA Crash Part” means any CAPA Crash Part, other than a  
14 hood, specified from the period beginning June 15, 1996 and ending on December 31, 1998, that was  
15 not galvanized and where the corresponding OEM Part for the same vehicle make, model and year was  
16 galvanized. A determination of whether the OEM Part was galvanized must be made from publicly  
17 available and reliable records.

18           23.     “Non-Galvanized CAPA Hood” means any CAPA-certified hood specified from  
19 the period beginning June 15, 1996 and ending on December 31, 1998 that was not galvanized and  
20 where the corresponding OEM hood for the same vehicle make, model and year was galvanized. A  
21 determination of whether the OEM Part was galvanized must be made from publicly available and  
22 reliable records.

23           24.     “Non-OEM Bumper Absorber” means a metal bumper absorber not made for or  
24 by the manufacturer of the motor vehicle for which the part is intended.

25           25.     “Non-OEM Bumper Reinforcement” means a metal bumper reinforcement not  
26 made for or by the manufacturer of the motor vehicle for which the part is intended.

1           26.    “Non-OEM Crash Part” means a Crash Part not made for or by the manufacturer  
2 of the motor vehicle for which the part is intended.

3           27.    “Non-OEM Hood” means a hood not made for or by the manufacturer of the  
4 motor vehicle for which the part is intended.

5           28.    “OEM” means original equipment manufacturer.

6           29.    “Party” or “Parties” means the Plaintiffs and Defendants in this Litigation.

7           30.    “Person” means a natural person, individual, corporation, partnership,  
8 association, or any other type of legal entity.

9           31.    “Plaintiffs” mean and include the Court-appointed class representatives, Remigio  
10 Lebrilla, Karen Balfour and Paul Balfour.

11          32.    “Plaintiffs’ Counsel” means the attorneys of record for Plaintiffs in the Litigation.

12          33.    “Plaintiffs’ Released Claims” means the released individual claims, and not on  
13 behalf of Settlement Class Members, of any and all manner of actions, claims, demands, rights, suits,  
14 causes of action, whether class, individual, or otherwise in nature, liabilities of any nature whatsoever,  
15 including costs, expenses, penalties, and attorneys’ fees, known or unknown, suspected or unsuspected,  
16 in law or equity that Plaintiffs, including their respective predecessors, successors, agents,  
17 representatives, executors, administrators, decedents, dependents, heirs, assignors and assignees, ever  
18 had, now has, or hereafter can, shall, or may have, during the Settlement Class Period relating to the  
19 claims and factual allegations stated in the Second Amended Complaint.

20          34.    “Preliminary Approval Order” means the “Order re Preliminary Approval of  
21 Class Action Settlement,” substantially in the form of Exhibit E hereto, preliminarily approving this  
22 Stipulation, providing for notification to the Settlement Class and seeking the scheduling of the  
23 Settlement Hearing.

24          35.    “Released Claims” means any and all manner of actions, claims, demands, rights,  
25 suits, causes of action, whether class, individual, or otherwise in nature, liabilities of any nature  
26 whatsoever, including costs, expenses, penalties, and attorneys’ fees, known or unknown, suspected or  
27 unsuspected, in law or equity that Plaintiffs or any Settlement Class Member, including their respective  
28 predecessors, successors, agents, representatives, executors, administrators, decedents, dependents,

1 heirs, assignors and assignees, ever had, now has, or hereafter can, shall, or may have, during the  
2 Settlement Class Period relating to the claims and factual allegations stated in the Second Amended  
3 Complaint that were certified for class treatment.

4 36. "Released Persons" means and includes Defendants, Farmers, and all their  
5 respective current and former employees, officers, directors, managing agents, and their respective  
6 agents, attorneys, attorneys-in-fact, insurers, predecessors, successors, shareholders, trustees,  
7 representatives, assigns, subrogees, parents, subsidiaries, and any other entity authorized to use the  
8 federally-registered "Farmers Insurance Group" service mark.

9 37. "Repair Estimate" means the estimate of the work and parts needed to repair the  
10 insured's vehicle. In the event there was an amended estimate or more than one estimate, "Repair  
11 Estimate" means the final estimate used in adjusting the Settlement Class Member's claim, including  
12 any documentation or notation indicating a different amount or part was used in adjusting the claim.

13 38. "Second Amended Complaint" means the Second Amended Complaint filed in  
14 this Litigation by Plaintiffs on February 27, 2001.

15 39. "Settlement Class Member(s)" or "Member(s) of the Settlement Class" means a  
16 member of the Class who has not been properly excluded from the Class.

17 40. "Settlement Class Period" means June 15, 1996 to November 1, 2006.

18 41. "Settlement Hearing" means the hearing(s) to be held by the Court to consider  
19 and determine whether the proposed settlement of this Litigation as contained in this Stipulation should  
20 be approved as fair, reasonable, and adequate, and whether the Judgment approving the settlement  
21 contained in this Stipulation should be entered.

22 42. "Settling Parties" means, collectively, Defendants and Plaintiffs, on behalf of  
23 themselves and each of the Settlement Class Members.

24 43. "Stipulation" means this Stipulation of Settlement, including its attached exhibits  
25 (which are incorporated herein by reference), duly executed by Class Counsel and counsel for  
26 Defendants.

1           44.    “Summary of Settlement Relief” means the summary to be included in the Class  
2 Notice Package as more fully described in §V.A.2 of this Stipulation and substantially in the form  
3 attached as Exhibit F.

4           B.    Capitalized terms used in this Stipulation but not defined above shall have the meaning  
5 ascribed to them in this Stipulation and the exhibits attached hereto.

6 **III.    CERTIFICATION OF THE SETTLEMENT CLASS**

7           Defendants hereby consent, solely for purposes of the settlement set forth herein, to the  
8 conditional certification of the Class, to the conditional appointment of Class Counsel, and to the  
9 conditional approval of Plaintiffs as suitable representatives of the Class; provided, however, that if this  
10 Stipulation fails to receive Court approval or otherwise fails to be consummated, including, but not  
11 limited to, the Judgment not becoming final as provided in §X of this Stipulation, then Defendants  
12 retain all rights they had immediately preceding the execution of this Stipulation to object to the  
13 maintenance of this Litigation as a class action by Class Counsel, and in that event, nothing in this  
14 Stipulation or other papers or proceedings related to the settlement shall be used as evidence or  
15 argument by any Party concerning whether the Litigation may properly be maintained as a class action,  
16 whether the purported class is ascertainable, or whether Class Counsel or the Plaintiffs can adequately  
17 represent the Settlement Class Members under applicable law.

18 **IV.    SETTLEMENT RELIEF**

19           The settlement relief includes cash payments to eligible Settlement Class Members and non-  
20 monetary relief. Defendants are responsible for all costs and expenses associated with providing this  
21 settlement relief.

22           **A.    Cash Payments to Settlement Class Members**

23           Each eligible Settlement Class Member will be entitled to a cash payment in the amount stated  
24 below for each part described in this §IV.A appearing on the Repair Estimate, pursuant to the terms and  
25 conditions stated in this Stipulation.

26           1.    Non-CAPA Crash Part. Each eligible Settlement Class Member whose claim  
27 was adjusted by specifying a Non-CAPA Crash Part (excluding (a) Non-OEM Bumper Reinforcements,  
28

1 (b) Non-OEM Bumper Absorbers, (c) Non-OEM Hoods, and (d) Non-Galvanized CAPA Hoods) will  
2 receive \$20.00 for each such part so specified.

3 2. Non-Galvanized CAPA Crash Parts. Each Settlement Class Member whose  
4 claim was adjusted by specifying a Non-Galvanized CAPA Crash Part will receive \$20.00 for each such  
5 part so specified.

6 3. Decertified CAPA Crash Parts. Each Settlement Class Member whose claim was  
7 adjusted by specifying a Decertified CAPA Crash Part (excluding Non-Galvanized CAPA Crash Parts  
8 and hoods) will receive \$20.00 for each part so specified.

9 4. Hoods. Each Settlement Class Member whose claim was adjusted by specifying  
10 one of the following hoods: (a) a Moratorium Hood; (b) a Decertified CAPA Crash Part that is a hood;  
11 (c) a Non-OEM Hood that was not certified by CAPA; or (d) a Non-Galvanized CAPA Hood will  
12 receive \$40.00 for each such part so specified.

13 5. Non-OEM Bumper Reinforcements and Non-OEM Bumper Absorbers. Each  
14 Settlement Class Member whose claim was adjusted by specifying either a Non-OEM Bumper  
15 Reinforcement or a Non-OEM Bumper Absorber will receive \$20.00 for each such part so specified.

16 6. Other Non-OEM Crash Parts. Each Settlement Class Member whose claim was  
17 adjusted by specifying a Non-OEM Crash Part not falling within the above-listed categories that is  
18 determined pursuant to the procedures set forth in §IV.B.1, below, to have failed, may, at the  
19 policyholder's option, (a) receive \$40.00 for each such hood and \$20.00 for each such other Non-OEM  
20 Crash Part; or (b) make a claim under the Farmers' Warranty, but in no case will the policyholder be  
21 entitled to relief under both subparagraphs (a) and (b).

22 **B. Delivery of Payments to Settlement Class Members**

23 1. Payment will be made directly to the Settlement Class Member by first class mail  
24 after such Settlement Class Member submits the Claim Form and the claim is accepted for payment  
25 pursuant to the terms of this Stipulation.

26 (a) Failure to provide all information requested in the Claim Form will not  
27 result in nonpayment of the claim. Instead, Farmers will take all steps necessary to determine the  
28 Settlement Class Member's eligibility for payment and the amount of payment based on the information

1 contained in the Claim Form, the electronic databases described in §V.B.1, below, and hard copies of  
2 files maintained by Farmers or its vendors, including claim files, electronic records, body shop files and  
3 any other data from which eligibility for payment can be determined.

4 (b) In the event Farmers is unable to determine eligibility for payment from  
5 the sources described in the preceding paragraph, the Claimant must present his or her vehicle to  
6 Farmers for determination of eligibility and payment under this Stipulation. Farmers shall make a  
7 written record of the results of the inspection. Presentation of the vehicle must be made at a location  
8 reasonably convenient to the Settlement Class Member and within 60 days of Farmers' demand.

9 (c) Claim Forms must be postmarked no later than June 1, 2007.

10 2. Farmers shall review all electronic and paper records to determine a Settlement  
11 Class Member's eligibility for payment. Payment shall be made on each part in accordance with §IV.A,  
12 above, where the records concerning the Settlement Class Member do not clearly and explicitly provide  
13 that the part specified in adjusting the claim was not a part giving rise to relief under this Stipulation.

14 3. Timing of Payments. Within the time provided in this §IV.B.3, Farmers shall  
15 send payment to eligible Settlement Class Members or, as applicable, a letter explaining the rejection of  
16 the claim and the appeal of eligibility process, as follows:

17 (a) For Settlement Class Members whose claims may be determined without  
18 the requirement that the subject vehicles be presented, as soon as practicable, but in no event more than  
19 120 days from the Effective Date or the deadline for submission of Claim Forms, whichever is later;

20 (b) For those Settlement Class Members coming within the provisions of  
21 §IV.B.1(b), above, as soon as practicable, but in no event more than 120 days after the inspection of the  
22 Claimant's vehicle.

23 4. Appeals of Eligibility. Any Claimant who believes his or her claim was  
24 improperly rejected may appeal the rejection by sending written notice of his or her appeal to the  
25 designated Class Action Settlement Administrator. The Settlement Class Member shall select a single  
26 neutral arbitrator from the list of arbitrators that Farmers confirms are neutral and that have not  
27 previously acted as an arbitrator in any proceeding in which Farmers was a party or was an insurance  
28 carrier for a party in any proceeding except in connection with the implementation of this Stipulation.

1 The list of neutrals shall be included with the rejection letter. The decision of the neutral arbitrator shall  
2 be final. Defendants will bear all of the expenses and fees associated with the appeals process charged  
3 by the neutral.

4 **C. Other Relief, Including Prospective Relief**

5 1. Clarification of Acceptable Parts. Within 30 days of the Effective Date, Farmers  
6 will issue a bulletin to all claims personnel and Circle of Dependability Shops expressly stating that it  
7 may adjust claims as appropriate using only OEM Crash Parts, salvage Crash Parts or CAPA Crash  
8 Parts that have not been decertified. Nothing in the Stipulation or in any order or judgment entered  
9 pursuant to this Stipulation represents any finding regarding CAPA Crash Parts.

10 2. Warranty. Farmers will provide to all Settlement Class Members (through the  
11 Class Notice Package) and, for a period of one year after the Effective Date, to all future insureds  
12 making auto physical damage claims under their policies where Non-OEM Crash Parts are specified the  
13 Farmers Warranty. Nothing in this Stipulation, or any orders or judgment issued in connection with this  
14 Stipulation, shall in any way affect the warranty rights of Settlement Class Members for the repair of  
15 their vehicles or the parts used in any such repair except as provided in §IV.A.6 of this Stipulation.

16 3. Training of Claims Personnel. All claims personnel and Circle of Dependability  
17 or other direct repair facility personnel shall receive meaningful training educating them about Farmers'  
18 aftermarket parts policy. Farmers agrees to comply with and not to change its current guidelines, which  
19 will be effective January 1, 2007, concerning the use of Non-OEM Crash Parts for a period of one year  
20 after the Effective Date.

21 4. Disclosure Concerning the Use of Non-OEM Parts. Farmers shall comply with  
22 the terms and conditions of its insurance policies and all applicable state laws and regulatory  
23 requirements regarding disclosure and consent to the use of Non-OEM Parts.

24 5. Training on CAPA Complaint Process. Farmers will instruct all claims  
25 personnel, Circle of Dependability Coordinators and Circle of Dependability Shops (and any of the  
26 direct repair facilities) on CAPA's complaint process and encourage its use.

27 6. Audit of Settlement Implementation. The Court may order an audit at  
28 Defendants' expense to ensure the procedures outlined in this Stipulation are properly implemented and

1 followed and the settlement relief is properly determined and adequately distributed to and among all  
2 eligible Settlement Class Members.

3 **V. NOTICE TO THE CLASS, COMMUNICATIONS WITH SETTLEMENT**  
4 **CLASS MEMBERS AND REDEMPTION OF SETTLEMENT RELIEF**

5 **A. Class Notice Packages**

6 1. Class Notice Packages shall contain a Class Notice, a Summary of Settlement  
7 Relief, a Claim Form and Farmers Warranty.

8 2. Summary of Settlement Relief. The Summary of Settlement Relief shall provide  
9 the Settlement Class Member with a simplified summary of certain information in the Class Notice,  
10 including the settlement relief provided, and also shall provide to the extent feasible,

11 (a) the Settlement Class Member's name;

12 (b) the policy(ies) and claim number(s) of the Settlement Class Member  
13 eligible for relief; and

14 (c) a statement of how the Settlement Class Member may obtain a cash  
15 payment.

16 3. Class Notice. The Class Notice shall conform to all applicable requirements of  
17 the California Code of Civil Procedure, the California Rules of Court, the United States Constitution  
18 (including the Due Process Clause), and any other applicable law, and shall otherwise be in the manner  
19 and form agreed upon by the Parties and approved by the Court. Each Class Notice Package shall  
20 contain a Class Notice setting forth the following information:

21 (a) General Terms. The Class Notice shall:

22 (i) inform Settlement Class Members that, if they do not exclude  
23 themselves from the Class, they may be eligible to receive the relief under the proposed settlement;

24 (ii) contain a short, plain statement of the background of the  
25 Litigation, the Class certification and the proposed settlement;

26 (iii) describe the proposed settlement relief outlined in this Stipulation;

27 (iv) explain that the impact of the proposed settlement on any existing  
28 litigation, arbitration or other proceeding; and

1 (v) state that any relief to Settlement Class Members is contingent on  
2 the Court's final approval of the proposed settlement.

3 (b) Notice of Exclusion and Objection Rights. The Class Notice shall inform  
4 Settlement Class Members:

5 (i) that they may exclude themselves from the Class by submitting a  
6 written exclusion request postmarked no later than 30 days before the date of the Settlement Hearing;

7 (ii) that any Settlement Class Member who has not submitted a  
8 written request for exclusion may, if he or she desires, object to the proposed settlement by filing and  
9 serving a written statement of objections along with proof of membership in the Class no later than 30  
10 days before the Settlement Hearing;

11 (iii) that any Settlement Class Member who has filed and served  
12 written objections to the proposed settlement may, if he or she so requests, enter an appearance at the  
13 Settlement Hearing either personally or through counsel;

14 (iv) that any Judgment entered in the Litigation, whether favorable or  
15 unfavorable to the Class, shall include, and be binding on, all Settlement Class Members who have not  
16 been excluded from the Class, even if they have objected to the proposed settlement and even if they  
17 have any other claim, lawsuit or proceeding pending against Farmers; and

18 (v) of the terms of the release.

19 4. Claim Forms. Claim Forms will be self-addressed with return postage prepaid  
20 and will be included in the Class Notice Packages and will be available online. Claim Forms in Class  
21 Notice Packages will be customized to include as much of the following Settlement Class Member  
22 information as is available from the electronic databases described in §V.B.1, below:

23 (a) Name and address of policyholder/Claimant;

24 (b) Policy number; and

25 (c) Claim number.

26 5. Farmers Warranty. The Class Notice Package shall include the Farmers  
27 Warranty.

1           **B.     Delivery of Class Notice Packages**

2           1.     Mailing of Class Notice Packages. Notice will be sent by first class mail no later  
3 than 60 days before the Settlement Hearing to all Settlement Class Members whose addresses can be  
4 identified using all databases available to any entity constituting or affiliated with Farmers, including all  
5 policyholder administrative databases and claims vendor databases such as Farmers Automated Claims  
6 Tracking System (“FACTS”), the Auto Policy Processing Systems (“APPS”), the Customer Restoration  
7 Network (“CRN”), CCC, Mitchell, ADP and Process Claims. Before mailing, all addresses will be  
8 updated using the National Change of Address registry.

9           2.     Remailing and Additional Notice. Through the Class Action Settlement  
10 Administrator, Defendants shall at their cost (a) re-mail any notice returned by the Postal Service with a  
11 forwarding address that is received at least 20 days before the Settlement Hearing, (b) attempt to find an  
12 address for any returned Class Notice that does not include a forwarding address, or retain an address  
13 research firm for this purpose using credit header records, and (c) if an address research firm is retained,  
14 provide addresses from any returned notice to the address research firm as soon as practicable following  
15 receipt. In addition, the Preliminary Approval Order shall provide that (1) any retained address research  
16 firm shall provide to the Class Action Settlement Administrator in connection with each returned notice,  
17 as soon as is practicable, either an updated address or a statement that, following due research, it has  
18 been unable to obtain an updated address, and (2) the Class Action Settlement Administrator shall  
19 re-mail the notice to any Settlement Class Member for whom the address research firm provide an  
20 updated address. Defendants shall pay the costs associated with notice.

21           **C.     Other Notice**

22           No later than 60 days before the Settlement Hearing, the Class Action Settlement Administrator  
23 will cause to be published the content of the Publication Notice, a copy of which is attached as  
24 Exhibit H, pursuant to the media plan attached as Exhibit I, and on Farmers’ Internet website and Class  
25 Counsel’s Internet websites. Defendants shall pay the costs associated with the Publication Notice,  
26 except for the costs incurred by Class Counsel in publishing the Publication Notice on Class Counsel’s  
27 Internet website.  
28

1           **D.     Retention of Class Action Settlement Administrator**

2           Upon consultation and approval of Class Counsel, Defendants shall at their cost retain one or  
3 more Class Action Settlement Administrators (including subcontractors) to help implement the terms of  
4 the proposed Stipulation.

5           1.     The Class Action Settlement Administrator(s) shall assist with various  
6 administrative tasks, including, without limitation, (a) mailing or arranging for the mailing or other  
7 distribution of the Class Notice Packages to Settlement Class Members, (b) arranging for publication of  
8 the Publication Notice, (c) handling returned mail not delivered to Settlement Class Members,  
9 (d) attempting to obtain updated address information for Settlement Class Members identified in  
10 §V.B.2, above, and for any Class Notice Packages returned without a forwarding address or an expired  
11 forwarding address, (e) making any additional mailings required under the terms of this Stipulation,  
12 (f) arranging for and staffing a toll-free telephone number to assist the Parties in responding to inquiries  
13 from Settlement Class Members and others, (g) answering written inquiries from Settlement Class  
14 Members and/or forwarding such inquiries to Class Counsel or their designee, (h) receiving and  
15 maintaining on behalf of the Court and the Parties any Settlement Class Member correspondence  
16 regarding requests for exclusion to the settlement, (i) establishing a website that posts notices, claim  
17 forms and other related documents, (j) receiving and processing claims and distributing payments to  
18 Settlement Class Members, and (k) otherwise assisting Defendants and Class Counsel with  
19 administration of the Stipulation. Defendants will pay the fees and expenses of the Class Action  
20 Settlement Administrator(s).

21           2.     Class Counsel and/or their designee shall be entitled to observe and monitor the  
22 performance of the Class Action Settlement Administrator to assure compliance with the Stipulation.

23           3.     The contract between Defendants and the Class Action Settlement Administrator  
24 shall obligate the Class Action Settlement Administrator to abide by the following performance  
25 standards:

26           (a)     The Class Action Settlement Administrator shall accurately and neutrally  
27 describe, and shall train and instruct its employees and agents to accurately and objectively describe, the  
28 provisions of this Stipulation in communications with Settlement Class Members;

1 (b) The Class Action Settlement Administrator shall provide prompt, accurate  
2 and objective responses to inquiries from Class Counsel or their designee, Defendants and/or  
3 Defendants' Counsel.

4 (c) If, in the course of any communication with a Settlement Class Member,  
5 the Settlement Class Member requests that the Class Action Settlement Administrator and/or its agent  
6 or employee refer the communication to Class Counsel or Defendants, then the Class Action Settlement  
7 Administrator and/or its agent or employee shall promptly fulfill such request.

8 (d) If, in the course of any communication with a Settlement Class Member,  
9 an agent or employee of the Class Action Settlement Administrator reasonably concludes that the  
10 Settlement Class Member is not satisfied with the information and/or assistance provided, then the  
11 agent or employee shall promptly refer the Settlement Class Member's communication to a supervisor  
12 on duty and Class Counsel or their designee.

13 4. If the Class Action Settlement Administrator makes a material or fraudulent  
14 misrepresentation to, or fraudulently conceals requested material information from Class Counsel or  
15 Defendants' Counsel, then the Party to whom the misrepresentation is made (or, in the case of a  
16 concealment, the requestor of the information) shall have the right to demand that the Class Action  
17 Settlement Administrator immediately be replaced. If the Class Action Settlement Administrator fails  
18 to perform adequately on behalf of Defendants and the Class, the Parties can agree to remove the Class  
19 Action Settlement Administrator.

20 **E. Communication with Settlement Class Members and Policyholders –the**  
21 **Non-OEM Parts Settlement Administration Center**

22 1. The Class Action Settlement Administrator will establish the Non-OEM Parts  
23 Settlement Administration Center for the purpose of facilitating and providing information to  
24 Settlement Class Members regarding the settlement and their rights under it. The Non-OEM Parts  
25 Settlement Administration Center shall include, among other things, a telephone bank with a toll-free  
26 telephone number for responding to inquiries from Settlement Class Members and other policyholders  
27  
28

1 about the proposed settlement and any issues related to the Stipulation or the Litigation. Defendants  
2 shall pay all costs associated with the Non-OEM Parts Settlement Administration Center.

3 (a) The Non-OEM Parts Settlement Administration Center shall operate five  
4 days per week, 14 hours per day, excluding Legal Holidays, beginning on the date the first Class Notice  
5 Package is mailed and ending six months after the Effective Date.

6 (b) At the Defendants' expense and with the aid of Class Counsel or their  
7 designees and Defendants' Counsel or their designees, the Class Action Settlement Administrator will  
8 be responsible for (i) staffing the telephone bank with telephone representatives, (ii) educating the  
9 telephone representatives about the background of the Litigation, the concepts relevant to this proposed  
10 settlement, the notice, terms and chronology of the proposed Stipulation, (iii) training the telephone  
11 representatives to explain to Settlement Class Members the procedures and relief available to them  
12 under the Stipulation, (iv) training the telephone representatives to answer inquiries from Settlement  
13 Class Members and others, (v) providing scripts and model questions and answers for the telephone  
14 representatives to use in answering inquiries from Settlement Class Members and others, (vi) training  
15 the telephone representatives to refer inquiries to appropriate sources, including, but not limited to,  
16 Class Counsel or their designees if the Settlement Class Member so requests or where otherwise  
17 appropriate, (vii) advise policyholders how to inquire if they are Settlement Class Members,  
18 (viii) providing for a translation service for non-English speaking callers who call the toll-free number,  
19 (ix) providing callers access to a terminal for the deaf and hard of hearing, (x) maintaining records  
20 reflecting communications with all callers, (xi) providing on site facilities for Plaintiffs' Counsel and  
21 Defendants' Counsel, and (xii) taking any other steps to promote accurate and efficient communications  
22 with Settlement Class Members and others.

23 (c) Class Counsel or their designees may monitor and participate in the  
24 education and training process for telephone representatives.  
25

1 (i) Class Counsel or their designee may observe any communications  
2 between Defendants or their designee and the telephone representatives and supervisors of telephone  
3 representatives, including any training and instruction. Class Counsel or their designee may participate  
4 in all training sessions, speak with telephone representatives and supervisors, and provide additional  
5 comment and/or instruction to telephone representatives and/or supervisors as they deem necessary.  
6 Defendants may observe any communications between Class Counsel or their designee and the  
7 telephone representatives and supervisors. Defendants, Class Counsel or their designees may request  
8 and obtain a pause or cessation in any training session or other communication with a telephone  
9 representative or supervisor to confer regarding the content of the communication or training. All  
10 training and other communications between the Parties and telephone representatives and/or supervisors  
11 must be agreed upon by the Parties.

12 (ii) Defendants and Class Counsel or their designees shall consult in  
13 advance and agree on the preparation of all telephone scripts to be used by the telephone  
14 representatives, and all training materials and presentations, whether written or oral, provided to  
15 telephone representatives. Class Counsel shall be provided with complete drafts of all telephone scripts,  
16 written materials or written presentations at least five days prior to their use in training. Any proposed  
17 changes, modifications or additions to the telephone scripts or written training materials by either Party  
18 must be provided to the other Party with sufficient time to permit meaningful comment prior to use.  
19 The Parties shall negotiate in good faith concerning any such changes, modifications or additions to  
20 facilitate providing clear, understandable and complete information to Settlement Class Members.

21 (iii) Class Counsel and their designees may be present on-site at the  
22 telephone bank to monitor telephone representatives' handling of callers' telephone inquiries and also to  
23 speak directly with any Settlement Class Member who requests to speak to Class Counsel or where such  
24 communications with Class Counsel is otherwise appropriate.

25 (iv) If during monitoring of a telephone call to the toll free number  
26 Class Counsel or their designee believe that an inaccurate statement has been made to a Settlement  
27 Class Member, or that the information provided to the Settlement Class Member was confusing,  
28

1 misleading or incomplete, Class Counsel or their designee may contact the Settlement Class Member to  
2 address such statements or information.

3           2.     Farmers' insurance agents will be instructed that they are prohibited from  
4 discussing this settlement with Settlement Class Members and that they must refer all inquiries from  
5 Settlement Class Members about the proposed settlement to the toll-free number established to respond  
6 to such inquiries.

7           3.     Mass and/or generalized communications with Settlement Class Members  
8 regarding the proposed settlement, whether by Class Counsel or Defendants, and whether by mail,  
9 telephone scripts, or any other means, shall be made jointly with, or with the approval of, the other  
10 Party.  
11

12 **VI.    APPROVAL PROCEDURES AND RELATED PROVISIONS**

13           **A.    Preliminary Approval Order and Settlement Hearing**

14           Promptly after execution of this Stipulation, the Parties shall submit this Stipulation to the Court  
15 and shall jointly apply for entry of a Preliminary Approval Order preliminarily approving this  
16 Stipulation, providing for mailing of the Class Notice, and scheduling a Settlement Hearing.

17           **B.    Requests for Exclusion**

18           1.     Any potential Settlement Class Member who wishes to be excluded from the  
19 Class must mail or deliver a written request for exclusion to the Clerk of the Court, care of the address  
20 provided in the Class Notice, postmarked or delivered no later than 30 days before the Settlement  
21 Hearing, or as the Court otherwise may direct, and one or more policy numbers for identification  
22 purposes. The written request for exclusion must request exclusion from the Class and must be signed  
23 by the Settlement Class Member or a representative who has legal authority to sign on behalf of the  
24 Settlement Class Member. A list reflecting all requests for exclusion shall be filed with the Court by  
25 Defendants at or before the Settlement Hearing.

26           2.     Any potential Settlement Class Member who does not file a timely written  
27 request exclusion as provided in the preceding §VI.B.1 shall be bound by all subsequent proceedings,  
28

1 orders and the Judgment in this Litigation relating to this Stipulation, even if he or she has pending, or  
2 subsequently initiates, litigation, arbitration or any other proceeding against Defendants relating to the  
3 Released Claims.

4 **VII. RELEASES**

5 As of the Effective Date, Plaintiffs and each Settlement Class Member who has not validly  
6 excluded himself or herself from the Settlement Class pursuant to §VI.B.1 of this Stipulation shall be  
7 deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released,  
8 relinquished, and discharged all Released Claims against the Released Persons. In connection with the  
9 Released Claims, each Settlement Class Member shall be deemed as of the Effective Date to have  
10 waived any and all provisions, rights, and benefits conferred by §1542 of the California Civil Code and  
11 any statute, rule, and legal doctrine similar, comparable, or equivalent to California Civil Code §1542,  
12 which reads as follows:

13 A general release does not extend to claims which the creditor does not know or suspect  
14 to exist in his or her favor at the time of executing the release, which if known by him or  
her must have materially affected his or her settlement with the debtor.

15 As of the Effective Date, each Settlement Class Member shall be deemed to have expressly waived and  
16 fully, finally, and forever settled and released any known or unknown, suspected or unsuspected,  
17 contingent or noncontingent claim with respect to the Released Claims defined herein, whether or not  
18 concealed or hidden, without regard to subsequent discovery or existence of different or additional  
19 facts.

20 As of the Effective Date, the Released Persons shall be deemed to have, and by operation of the  
21 Judgment shall have, fully, finally and forever released, relinquished and discharged any and all manner  
22 of actions, claims, demands, rights, suits, causes of action, whether class, individual or otherwise in  
23 nature, liabilities of any nature whatsoever, including costs, expenses, penalties and attorneys' fees,  
24 known or unknown, suspected or unsuspected, in law or equity that the Released Persons, including  
25 their respective predecessors, successors, agents, representatives, executors, administrators, decedents,  
26 dependants, heirs, assignors and assignees, ever had, now has or hereafter can, shall, or may have,  
27 known or unknown, against Plaintiffs, Plaintiffs' Counsel, including Class Counsel, and all lawyers,  
28 partners, partnerships, predecessors and successors of Plaintiffs' Counsel, including Class Counsel,

1 arising in any manner or otherwise relating to the Litigation. In connection with this release, the  
2 Released Persons shall be deemed as of the Effective Date to have waived any and all provisions, rights  
3 and benefits conferred by §1542 of the California Civil Code and any statute, rule and legal doctrine  
4 similar, comparable or equivalent to California Civil Code §1542, which reads as follows:

5 A general release does not extend to claims which the creditor does not know or suspect  
6 to exist in his or her favor at the time of executing the release, which if known by him or  
her must have materially affected his or her settlement with the debtor.

7 **VIII. PLAINTIFFS' COUNSEL'S ATTORNEYS' FEES, COSTS AND EXPENSES**

8 A. Plaintiffs' Counsel agrees to make, and Defendants agree not to oppose, an application  
9 for the award of attorneys' fees and expenses in the Litigation not to exceed a total of \$17,000,000.  
10 Such fees will be paid by the Defendants within fifteen (15) days of the Effective Date. If the Court  
11 awards more than \$17,000,000, Defendants will have the right to withdraw from the settlement. In the  
12 event that a Settlement Class Member appeals the decision for attorneys' fees, costs and expenses,  
13 Defendants and Farmers shall not take a position contrary to this Stipulation.

14 B. Class Counsel, in their sole discretion, shall allocate and distribute this award of  
15 attorneys' fees and expenses among Plaintiffs' Counsel.

16 **IX. PLAINTIFFS' SETTLEMENT CONSIDERATION AND PAYMENTS**

17 In consideration for Plaintiffs' execution of a release of Plaintiffs' Released Claims,  
18 substantially in the form of Exhibit I to the Stipulation, Defendants will pay to each Plaintiff the amount  
19 of \$25,000 within five days of the Effective Date. Plaintiffs may participate in the Class settlement  
20 relief described in § IV of this Stipulation as any other Settlement Class Member.

21 **X. CONDITIONS OF SETTLEMENT, EFFECT OF DISAPPROVAL,  
22 CANCELLATION OR TERMINATION**

23 A. The Effective Date of this Stipulation shall be the first date after which all of the  
24 following events and conditions have been met or have occurred:

- 25 1. The Court has preliminarily approved this Stipulation;
- 26 2. The Court has entered the Judgment; and
- 27 3. Unless the Parties otherwise agree in writing to waive all or any portion of the  
28 following provision, there has occurred: (i) in the event there is a properly and timely filed objection to

1 entry of the Final Judgment and Order, the expiration (without the filing or noticing of an appeal) of the  
2 time to appeal from the Final Judgment and Order; (ii) the final dismissal of an appeal from the Final  
3 Judgment and Order; (iii) affirmance on appeal of the Final Judgment and Order in substantial form;  
4 (iv) if a ruling or decision is entered by an appellate court with respect to affirmance of the Final  
5 Judgment and Order, the time to petition for a writ of *certiorari* with respect to such ruling or decision  
6 has expired; or (v) if a petition for a writ of *certiorari* with respect to the Final Judgment and Order is  
7 filed, the petition has been denied or dismissed or, if granted, has resulted in affirmance of the Final  
8 Judgment and Order in substantial form.

9 B. If all of the conditions specified in §X.A of this Stipulation are not met, then this  
10 Stipulation shall be canceled and terminated unless Class Counsel and Defendants mutually agree in  
11 writing to proceed with this Stipulation.

12 C. In the event that more than two percent of the Settlement Class Members opt out of the  
13 Class, Defendants shall have the right, at their option, to cancel or terminate the Stipulation.

14 D. In the event that this Stipulation is not approved by the Court or the settlement set forth  
15 in this Stipulation is terminated or fails to become effective in accordance with its terms, the Settling  
16 Parties shall be restored to their respective pre-settlement positions in the Litigation and this entire  
17 Stipulation shall become null and void.

## 18 **XI. MISCELLANEOUS PROVISIONS**

19 A. The Parties hereto and their undersigned counsel agree to undertake their best efforts and  
20 mutually cooperate to promptly effectuate this Stipulation and the terms of the settlement set forth  
21 herein, including taking all steps and efforts contemplated by this Stipulation and any other steps and  
22 efforts which may become necessary by order of the Court or otherwise.

23 B. The undersigned counsel represent that they are fully authorized to execute and enter  
24 into the terms and conditions of this Stipulation on behalf of their respective clients.

25 C. This Stipulation contains the entire agreement among the Parties hereto and supersedes  
26 any prior agreements or understandings between them. All terms of this Stipulation are contractual and  
27 not mere recitals and shall be construed as if drafted by all Parties. The terms of this Stipulation are and  
28 shall be binding upon each of the Parties, their agents, attorneys, employees, successors and assigns,

1 and upon all other Persons claiming any interest in the subject matter through any of the Parties,  
2 including any Settlement Class Member.

3 D. Whenever this Stipulation requires or contemplates that one Party shall or may give  
4 notice to the other, notice shall be provided by facsimile and/or next day (excluding Sunday) express  
5 delivery service as follows:

6 1. If to Plaintiffs, then to:

7 Timothy G. Blood  
8 Lerach Coughlin Stoia Geller Rudman  
& Robbins LLP  
9 655 West Broadway, Suite 1900  
10 San Diego, California 92101  
Telephone: 619/231-1058  
Facsimile: 619/231-7423

11 2. If to Defendants, then to:

12 Raoul D. Kennedy  
13 Skadden, Arps, Slate, Meagher & Flom LLP  
14 Four Embarcadero Center, Suite 3800  
San Francisco, California 94111-4144  
15 Telephone: 415/984-6400  
Facsimile: 415/984-2698

16 E. All time periods set forth herein shall be computed in business days if seven days or less  
17 and calendar days if eight days or more unless otherwise expressly provided. In computing any period  
18 of time prescribed or allowed by this Stipulation or by order of the Court, the day of the act, event or  
19 default from which the designated period of time begins to run shall not be included. The last day of  
20 the period so computed shall be included, unless it is a Saturday, a Sunday or a legal holiday, or, when  
21 the act to be done is the filing of a paper in Court, a day in which weather or other conditions have  
22 made the office of the clerk of the Court inaccessible, in which event the period shall run until the end  
23 of the next day as not one of the aforementioned days. As used in this subsection, "legal holiday"  
24 includes New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Memorial Day, Independence  
25 Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, Christmas Day and any other day  
26 appointed as a holiday by the President or the Congress of the United States or by the State of  
27 California.  
28

1 F. The Parties, their successors and assigns, and their attorneys undertake to implement the  
2 terms of this Stipulation in good faith and to use good faith in resolving any disputes that may arise in  
3 the implementation of the terms of this Stipulation.

4 G. This Stipulation may be amended or modified only by a written instrument signed by  
5 any of Class Counsel and any of Defendants' Counsel. Amendments and modifications may be made  
6 without additional notice to the Settlement Class Members unless such notice is required by the Court.

7 H. This Stipulation shall be subject to, governed by, construed, and enforced pursuant to the  
8 laws of the State of California.

9 I. The exhibits to this Stipulation are an integral part of the Settlement and are hereby  
10 incorporated and made a part of this Stipulation.

11 J. Neither this Stipulation nor the settlement, nor any act performed or document executed  
12 pursuant to or in furtherance of this Stipulation or the settlement: (i) is or may be deemed to be or may  
13 be used as an admission of, or evidence of, the validity of any Released Claim, or Plaintiffs' Released  
14 Claims, or of any wrongdoing or liability of Defendants, or of the propriety of Class Counsel  
15 maintaining this Litigation as a class action; or (ii) is or may be deemed to be or may be used as an  
16 admission of, or evidence of, any fault or omission of Defendants in any civil, criminal or  
17 administrative proceeding in any court, administrative agency, or other tribunal, except that Defendants  
18 may file this Stipulation or the Judgment in any action that may be brought against any Released Person  
19 in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel,  
20 release, good faith settlement, judgment bar, or reduction or any other theory of claim preclusion or  
21 issue preclusion or similar defense or counterclaim.

22 K. The Court shall retain jurisdiction with respect to the implementation and enforcement of  
23 the terms of this Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of  
24 implementing and enforcing the settlement embodied in this Stipulation, including the authority set  
25 forth in §IV.C.6 of this Stipulation.

26 L. This Stipulation shall be deemed to have been executed upon the last date of execution  
27 by all of the undersigned.

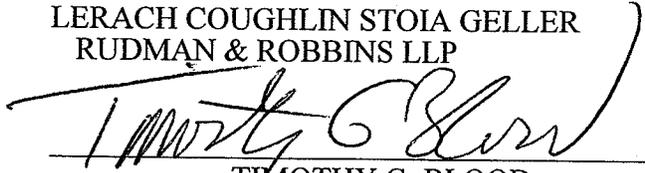
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1 M. This Stipulation may be executed in counterparts, each of which shall constitute an  
2 original.

3 IN WITNESS WHEREOF, the Settling Parties hereto have caused this Stipulation to be  
4 executed by their duly authorized representatives.

5 DATED: December 4, 2006

6 LERACH COUGHLIN STOIA GELLER  
7 RUDMAN & ROBBINS LLP

8 

TIMOTHY G. BLOOD

9 655 West Broadway, Suite 1900  
10 San Diego, CA 92101  
11 Telephone: 619/231-1058  
12 619/231-7423 (fax)

Class Counsel

13 DATED: December 4, 2006

14 PARRY, DEERING, FUTSCHER  
15 & SPARKS, PSC

16 

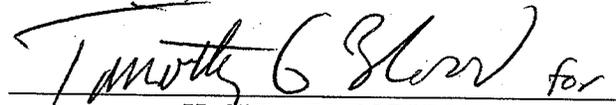
DAVID FUTSCHER

17 411 Garrard Street  
18 Covington, KY 41011  
19 Telephone: 859/291-9000  
20 859/291-9300 (fax)

Class Counsel

21 DATED: December 4, 2006

22 BONNETT, FAIRBOURN, FRIEDMAN  
23 & BALINT, P.C.

24 

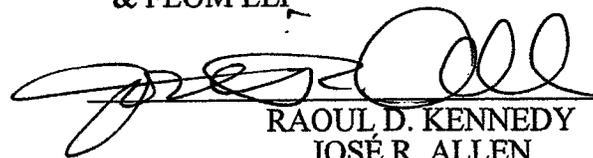
H. SULLIVAN BUNCH  
ELAINE A. RYAN

25 2901 N. Central Avenue, Suite 1000  
26 Phoenix, AZ 85012-3311  
27 Telephone: 602/274-1100  
28 602/274-1100 (fax)

Class Counsel

1 DATED: December 4, 2006

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP

  
RAOUL D. KENNEDY  
JOSE R. ALLEN

Four Embarcadero Center, Suite 3800  
San Francisco, California 94111-4144  
Telephone: 415/984-6400  
415/984-2698 (fax)

Attorneys for Defendants  
Farmers Group, Inc., dba Farmers Underwriters  
Association, and Farmers Insurance Exchange

10 DATED: December \_\_, 2006

FARMERS GROUP, INC., DBA FARMERS  
UNDERWRITERS ASSOCIATION

By: \_\_\_\_\_  
its \_\_\_\_\_

14 DATED: December \_\_, 2006

FARMERS INSURANCE EXCHANGE

By: \_\_\_\_\_  
its \_\_\_\_\_

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1 DATED: December \_\_, 2006

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP

2

3

RAOUL D. KENNEDY  
JOSÉ R. ALLEN

4

5

Four Embarcadero Center, Suite 3800  
San Francisco, California 94111-4144  
Telephone: 415/984-6400  
415/984-2698 (fax)

6

7

Attorneys for Defendants  
Farmers Group, Inc., dba Farmers Underwriters  
Association, and Farmers Insurance Exchange

8

9

10 DATED: December 4, 2006

FARMERS GROUP, INC., DBA FARMERS  
UNDERWRITERS ASSOCIATION

11

12

*Kathleen D. Katovich*  
By: Kathleen D. Katovich  
its ASSISTANT SECRETARY

13

14

15 DATED: December 4, 2006

FARMERS INSURANCE EXCHANGE

16

*Doren Hohl*  
By: Doren Hohl  
its Secretary

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# **EXHIBIT A**

## LEBRILLA v FARMERS SETTLEMENT CLAIM FORM

To receive benefits under the settlement, you must complete and return the claim form **postmarked on or before** \_\_\_\_\_, **2007**. The claim form should be returned to:

Claims Administrator  
P.O. Box XXXX  
Minneapolis, MN 55440-XXXX.

If you have questions regarding the settlement, contact the Claims Administrator by calling (xxx) xxx-xxxx or going on line at [www.xxxxxx.com](http://www.xxxxxx.com).

If you have submitted a Request for Exclusion from the class, do not submit a Claim Form. Please submit one Claim Form per accident.

### PART I: Claimant Information

Please make name and address changes:

[Name] \_\_\_\_\_  
[Address] \_\_\_\_\_  
[Address2] \_\_\_\_\_  
[City], [St] [Zip] \_\_\_\_\_

Daytime Phone: ( \_\_\_ \_\_\_ ) - \_\_\_ - \_\_\_\_\_

Policy Number: [Policy] \_\_\_\_\_

Insurance Company Name (if known): \_\_\_\_\_

### PART II: Claim Information

**You must complete this section to the best of your ability. If you do not know, please leave it blank.**

Date of accident: \_\_\_ / \_\_\_ / \_\_\_\_\_

Claim Number: \_\_\_\_\_

Date of insurance claim: \_\_\_ / \_\_\_ / \_\_\_\_\_

Auto Make/Model/Year: \_\_\_\_\_

Part(s) Replaced: \_\_\_\_\_

If you have your repair estimate, please send a copy.

**QUESTIONS? CALL 1-XXX-XXX-XXXX TOLL FREE, OR VISIT [WWW.XXXXXXXX.COM](http://WWW.XXXXXXXX.COM)**

**PART III: Claimant Certification**

**You must sign for your claim to be considered valid.**

I certify that I have read this Claim Form; I believe all of the information on this Claim Form is true and correct to the best of my knowledge.

\_\_\_\_\_  
Signature of Policyholder

If you are making this claim as the administrator of an estate or as a legal representative of the above-listed class member, please provide your contact information below:

Name: \_\_\_\_\_

Title/Relationship: \_\_\_\_\_

Daytime Phone: ( \_\_\_\_ ) - \_\_\_\_ - \_\_\_\_\_

# **EXHIBIT B**

SUPERIOR COURT OF THE STATE OF CALIFORNIA, COUNTY OF ORANGE

**IF YOU ARE INSURED BY FARMERS, DAMAGED YOUR AUTO OR TRUCK IN AN ACCIDENT AND MADE A CLAIM WITH FARMERS, YOU MAY BE ENTITLED TO A CASH PAYMENT FROM A CLASS ACTION SETTLEMENT.**

*A California Court authorized this notice. This is not a solicitation from a lawyer.*

- A settlement has been proposed in a class action lawsuit about the quality of certain car parts. To those who qualify, the settlement will provide **cash payments** to people who were insured by Farmers Insurance Exchange, Mid-Century Insurance Company or any other affiliated company (“Farmers”), had an accident, and had insurance claims adjusted based on certain categories of these parts, known as “non-OEM crash parts,” between June 15, 1996 and November 1, 2006.
- “Non-OEM crash parts” are generally the sheet metal exterior of your car or truck, such as hoods and fenders, that were not made by, or for, the vehicle’s original maker. That is, they are parts that were not made by or for companies like Ford, GM or Toyota.
- You must send in a claim form to determine if you qualify for the benefits of this settlement. You may also object to the settlement.
- Your legal rights are affected whether you act, or don’t act. **Read this notice carefully.**

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:</b>	
<b>SUBMIT A CLAIM FORM</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF</b>	Write to exclude yourself from the settlement. Get no payment.
<b>OBJECT</b>	Write to the Court about why you don’t like the settlement.
<b>GO TO A HEARING</b>	Ask to speak in Court about the fairness of the settlement.
<b>DO NOTHING</b>	Get no payment. Give up your rights.

- These rights and options – **and the deadlines to exercise them** – are explained in this notice.
- The settlement will resolve the lawsuit. The Court in charge of this case still has to decide whether to approve the settlement. Payments will only be made if the Court approves the settlement and after appeals, if any, are resolved. Please be patient.

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**Questions?** Call XXX-XXX-XXXX or visit [www.yyyyyyy.com](http://www.yyyyyyy.com)

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## BASIC INFORMATION

### 1. WHAT IS THIS LAWSUIT ABOUT:

The people bringing this lawsuit (known as the Class Representatives) claim that certain “non-OEM crash parts” do not meet the quality standards required by Farmers’ insurance policies, and Farmers breaches its insurance policies by using those parts to determine how much money to pay on an insurance claim. Farmers denies all allegations of wrongdoing.

Farmers has had internal guidelines concerning the use of certain non-OEM parts such as those certified by the Certified Automobile Parts Association (“CAPA”). When Farmers specifies these parts, it does so to keep repair costs down. Through this lawsuit, it has now been brought to Farmers’ attention that a number of the parts it specified did not meet those guidelines. The Court has made no determination of the quality of the parts involved in this case.

### 2. WHAT IS A CLASS ACTION?

In a class action, one or more people, called class representatives, sue on behalf of others with similar legal claims. All of these people together are called a class or class members. One court resolves the issues for all class members, except for those who asked to be excluded from the class.

### 3. WHY IS THERE A SETTLEMENT?

The Court did not decide in favor of the Class or Farmers. Instead, the Class Representatives and Farmers have agreed to a settlement. That way, they avoid further costs and delay of court proceedings and the people affected will get compensation, while allowing for minimal interruption of Farmers’ business. The Class Representatives and the attorneys think the settlement is best for all Class Members.

### 4. WHO IS INCLUDED IN THE CLASS?

You may be a member of the Class if your automobile insurance was with Farmers, you made a claim under your policy, and had an estimate written or approved by Farmers between June 15, 1996 and November 1, 2006, and had certain non-OEM parts listed on your repair estimate.

### 5. WHAT DOES THIS SETTLEMENT PROVIDE?

A detailed explanation of the types of parts included in this settlement and the money Class Members may receive is available at the website, [www.yyyyyyyyy.com](http://www.yyyyyyyyy.com) or by calling XXX-XXX-XXXX.

If you are a qualifying Class Member and submit a claim form, you will receive **a cash payment of \$20.00** for each of the following parts used to figure out how much Farmers would pay on your automobile insurance claim:

- metal non-OEM bumper reinforcement or bumper absorber;
- each of the following parts that were never certified by CAPA or that were decertified by CAPA:

Fenders	Truck beds
Door shells	Box sides
Quarter panels	Body side panels
Rear outer panels	Tailgates
Deck lids	Lift gates
Trunk lids	

- any non-OEM crash part other than a hood that failed to perform in the same way the original part would have.

Qualifying Class Members who submit a claim form will also be entitled to a **cash payment of \$40.00** for every non-OEM hood that: (1) was not certified by CAPA or was decertified by CAPA; or (2) was used in a claim between October 29, 1999 and June 30, 2003; or (3) any non-OEM hood not falling into one of the above categories that has failed to perform in the same way the original part would have.

Qualifying Class Members who submit a claim form will also be entitled to a **cash payment of \$20.00** for every non-OEM crash part that was not galvanized where the corresponding OEM part was galvanized; and a **cash payment of \$40.00** for every non-galvanized non-OEM hood where the corresponding OEM hood was galvanized, on claims adjusted between June 15, 1996 and December 31, 1998.

Class Members are entitled to payment for each part listed above that was used to adjust their claim.

*Not sure if your repair estimate contains the parts listed above? You should submit a claim form.*

## 6. HOW DO I GET A CASH PAYMENT?

To receive a cash payment, you must fill out and submit a claim form on time. You can complete, to the best of your knowledge, the enclosed claim form and send it in along with **copies** of any other information you may have to help Farmers identify your claim. You may also obtain a claim form online by going to [www.yyyyyyy.com](http://www.yyyyyyy.com). The enclosed claim form contains instructions about how to fill it out. Read the instructions carefully, fill out the claim form completely and mail it postmarked by \_\_\_\_\_ to:

Claims Administrator  
 Farmers Non-OEM Parts Settlement  
 Post Office Box \_\_\_\_\_  
 Minneapolis, Minnesota [ZIP CODE]

## 7. WHAT ELSE DOES THIS SETTLEMENT PROVIDE?

Under the settlement, Farmers will also do the following:

- Train and instruct those handling claims about Farmers' aftermarket parts policy.
- Provide to all Class Members its warranty. This settlement does not in any way affect the warranty rights of Class Members.
- Comply with and not change its current company guidelines concerning the use of non-OEM crash parts for a period of one year.
- Comply with the terms and conditions of its insurance policies regarding the use of non-OEM parts.
- Instruct those handling claims on CAPA's complaint process and encourage its use.

## 8. WHO REPRESENTS MY INTERESTS IN THIS SETTLEMENT?

The Court has designated a number of the plaintiffs who brought these actions as Class Representatives. Class Counsel are the lawyers for the Class. If you are a member of the Class, these Class Representatives and these lawyers will act as your representatives and lawyers for this settlement with Farmers.

If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing at your own expense. If you do not do so, you will be represented by the following Class Counsel:

Timothy G. Blood  
Lerach Coughlin Stoia Geller  
Rudman & Robbins LLP  
655 West Broadway, Suite 1900  
San Diego, California 92101  
e-mail: [webmaster@lerachlaw.com](mailto:webmaster@lerachlaw.com)

David Futscher  
Parry, Deering, Futscher  
& Sparks, PSC  
411 Garrard Street  
Covington, Kentucky 41011

H. Sullivan Bunch  
Bonnett, Fairbourn, Friedman  
& Balint, P.C.  
2901 N. Central Avenue, Suite 1000  
Phoenix, Arizona 85012

## 9. DO I HAVE TO PAY MONEY TO PARTICIPATE IN THE CLASS?

No. You will not be personally responsible for any costs or attorney's fees incurred in this lawsuit. If the Court approves the proposed settlement, the lawyers for the Class will request that the Court award the attorney's fees and costs in an amount not to exceed \$17,000,000. The amount awarded by the Court will be paid by Farmers separate and apart from the payments made to the Class.

**10. IF I PARTICIPATE IN THE CLASS, WHAT ARE MY CHOICES?**

As a Class Member, you will be bound by any judgment benefiting or adverse to the Class and you may not maintain a separate lawsuit. You will have your claim for money and other relief decided in this lawsuit and receive any payment you are entitled to under the settlement.

**11. I WISH TO EXCLUDE MYSELF FROM THE SETTLEMENT. HOW DO I EXCLUDE MYSELF?**

If you do not wish to be included in the Class, you must mail or deliver a written request for exclusion to the Clerk of the Court, care of [ADMINISTRATOR ADDRESS]. Your written request to be excluded must be postmarked or delivered by \_\_\_\_\_. Your written request to be excluded must contain one or more of your Farmers automobile insurance policy numbers for identification purposes. Finally, your written request for exclusion must request exclusion from the Class and must be signed by you.

**12. I WISH TO OBJECT TO THE SETTLEMENT. HOW DO I OBJECT?**

If there is something about the settlement that you do not like, you may file an objection with the Court. You will still be in the settlement, you will still be bound by any judgment, and you will still receive benefits if the settlement is approved and you timely submit a valid claim form.

If you want to object, you must file your objection in writing with the Court. Your objection must include:

- (1) Your name, address and telephone number;
- (2) Your Farmers' automobile insurance policy number(s);
- (3) Date of accident(s);
- (4) Claim Number(s) (if known);
- (5) The reasons you do not like the settlement;
- (6) The case name and number of this lawsuit;
- (7) Any proof you may have that you are a member of the Class.

**You must file your written objection with the Court no later than \_\_\_\_\_, 2007.** Mail your objection to Clerk of the Court, Orange County Superior Court, Complex Civil Center, 751 West Santa Ana Boulevard, Santa Ana, California 92701.

You also *must* deliver copies of your objection to the attorneys in the case:

Raoul D. Kennedy  
José R. Allen  
Skadden, Arps, Slate, Meagher & Flom LLP  
Four Embarcadero Center, Suite 3800  
San Francisco, CA 94111-4144

Counsel for Defendants Farmers Group, Inc., dba Farmers Underwriters  
Association, and Farmers Insurance Exchange

Timothy G. Blood  
Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
655 West Broadway, Suite 1900  
San Diego, California 92101

Counsel for the Class

The Court and the attorneys *must receive* your objection by \_\_\_\_\_, or your objection may not be considered.

**13. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO GRANT FINAL APPROVAL OF THE SETTLEMENT?**

The Court has scheduled a hearing at \_\_\_\_\_ on \_\_\_\_\_, 2007 at the Orange County Superior Court, Complex Civil Center, 751 West Santa Ana Boulevard, Santa Ana, California 92701. At this hearing, the Court will consider whether the settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court may also decide how much to pay Class Counsel. After the hearing, the Court will decide whether to grant final approval of the settlement.

**14. ADDITIONAL INFORMATION.**

All references in this notice to pleadings and Court orders are only summaries. Complete copies of the pleadings, orders and other documents filed in this litigation may be examined and copied at any time during regular office hours at the offices of the Clerk of the Court, Orange County Superior Court, Complex Civil Center, 751 West Santa Ana Boulevard, Santa Ana, California 92701. The case is *Lebrilla, et al. v. Farmers Group, Inc., et al.*, Case No. 00-CC-07185.

Certain documents and other information are also available on the Internet at [www.yyyyyyy.com](http://www.yyyyyyy.com).

If you have any questions concerning any matter raised in this notice, please visit the website at [www.yyyyyyy.com](http://www.yyyyyyy.com) or call XXX-XXX-XXXX.

**PLEASE DO NOT CALL OR WRITE TO THE COURT FOR INFORMATION OR ADVICE.**

DATED: \_\_\_\_\_, 2006

BY ORDER OF THE SUPERIOR COURT  
OF THE STATE OF CALIFORNIA,  
COUNTY OF ORANGE

# **EXHIBIT C**

## **Farmers' Warranty**

When you have your vehicle repaired after an accident and the repair estimate includes the use of certain non-OEM sheet metal crash parts (parts not made by or for your vehicle's original manufacturer), Farmers will stand behind those parts for as long as you own the vehicle.

Parts covered by this warranty are limited to hoods, fenders, door shells, truck beds, box sides, tailgates, lift gates, quarter panels, rear outer panels, body side panels, trunk lids and deck lids.

For assistance, contact your nearest Farmers Claims Office or Agent.

### **DISCLAIMER**

**This warranty and any representations made herein are non-transferable and its benefits extend only to the party owning the vehicle at the time of the repair. It is not part of your insurance policy and does not constitute an extension of coverage thereunder.**

# **EXHIBIT D**

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF ORANGE

REMIGIO LEBRILLA, et al., On Behalf of Themselves, All Others Similarly Situated and the General Public,	)	Case No. 00-CC-07185
	)	<u>CLASS ACTION</u>
Plaintiffs,	)	Assigned To: Judge Jonathan H. Cannon
vs.	)	DEPT: CX102
FARMERS GROUP, INC. d/b/a FARMERS UNDERWRITERS ASSOCIATION, et al.,	)	DATE ACTION FILED: 06/15/00
Defendants.	)	JUDGMENT, FINAL ORDER AND DECREE
_____		)

1 This matter came on for hearing on \_\_\_\_\_, 2007. The Court has considered the  
2 Stipulation of Settlement (“Stipulation”), objections and comments received regarding the proposed  
3 settlement, the record in the Litigation, the evidence presented, and the arguments and authorities  
4 presented by counsel. Good cause appearing,

5 IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

6 1. The Court, for purposes of this Judgment, Final Order and Decree (“Judgment”) adopts  
7 the terms and definitions set forth in the Stipulation.

8 2. This Court has jurisdiction over the subject matter of this litigation and over all parties to  
9 the Litigation and the members of the Class.

10 3. The Court finds that the notice to the Class of the pendency of the Litigation and of this  
11 settlement pursuant to the Order Re: Preliminary Approval of Class Action Settlement (“Preliminary  
12 Approval Order”) and the Stipulation constitute the best notice practicable under the circumstances to  
13 all persons and entities within the definition of the Class and fully complied with the requirements of  
14 due process of all applicable statutes and laws.

15 4. The Court hereby adopts and approves the Stipulation, and finds that it is in all respects  
16 fair, reasonable, adequate, just and in compliance with all applicable requirements of the California  
17 Code of Civil Procedure and the California Civil Code, the United States Constitution (including the  
18 Due Process Clause), and all other applicable law, and in the best interests of the parties and the Class.  
19 The objections have been considered and are overruled. Accordingly, the Court directs the parties and  
20 their counsel to implement and consummate this settlement in accordance with the terms and conditions  
21 of the Stipulation. Pursuant to Cal. Code Civ. Proc. §382 and Cal. Civ. Code §1781, the Class as finally  
22 certified shall consist of all persons who, from June 15, 1996 to November 1, 2006: (1) were insured by  
23 a private passenger automobile insurance policy issued in the United States by Farmers; (2) made a  
24 first-party claim for vehicle repairs pursuant to their policy; and (3) had one or more Non-OEM Crash  
25 Parts specified in their Repair Estimates.

26 5. This Court now finds and concludes that:

27 (a) the members of the Class are so numerous that joinder of all Class members in  
28 the Litigation is impracticable;

1 (b) there are questions of law and fact common to the Class which, as to the  
2 Settlement and all related matters, predominate over any individual questions;

3 (c) the claims of the Plaintiffs are typical of the claims of the Class members;

4 (d) Plaintiffs and Plaintiffs' Counsel are, can and have fairly and adequately  
5 represented and protected the interests of the Settlement Class Members;

6 (e) a class action is superior to other available methods for the fair and efficient  
7 adjudication of the controversy considering (1) the interests of the members of the Class in individually  
8 controlling the prosecution of separate actions, (2) the extent and nature of any litigation concerning the  
9 controversy already commenced by members of the Class, (3) the desirability or undesirability of  
10 concentrating the litigation of these claims in this particular forum, and (4) the difficulties likely to be  
11 encountered in the management of this class action.

12 6. Except as to any individual claim of those persons who have validly and timely  
13 requested exclusion from the Class, this Court hereby dismisses on the merits and with prejudice and  
14 without costs (except as otherwise provided in the Stipulation) the Litigation.

15 7. As of the Effective Date, Plaintiffs and each Settlement Class Member who has not  
16 validly excluded himself or herself from the Class pursuant to the Preliminary Approval Order and the  
17 Stipulation shall be deemed to have, and by operation of the Judgment shall have, fully, finally and  
18 forever released, relinquished and discharged all Released Claims against the Released Persons. In  
19 connection with the Released Claims, each Settlement Class Member shall be deemed as of the  
20 Effective Date to have waived any and all provisions, rights, and benefits conferred by Cal. Civ. Code  
21 §1542 and any statute, rule and legal doctrine similar, comparable, or equivalent to Cal. Civ. Code  
22 §1542. As of the Effective Date, each Settlement Class Member shall be deemed to have expressly  
23 waived and fully, finally and forever settled and released any known or unknown, suspected or  
24 unsuspected, contingent or noncontingent claim with respect to the Released Claims, as defined in the  
25 Stipulation, whether or not concealed or hidden, without regard to subsequent discovery or existence of  
26 different or additional facts.

27 8. As of the Effective Date, the Released Persons shall be deemed to have, and by operation  
28 of this Judgment shall have, fully, finally and forever released, relinquished and discharged any and all

1 manner of actions, claims, demands, rights, suits, causes of action, whether class, individual or  
2 otherwise in nature, liabilities of any nature whatsoever, including costs, expenses, penalties and  
3 attorneys' fees, known or unknown, suspected or unsuspected, in law or equity that the Released  
4 Persons, including their respective predecessors, successors, agents, representatives, executors,  
5 administrators, decedents, dependants, heirs, assignors and assignees, ever had, now has or hereafter  
6 can, shall, or may have, known or unknown, against Plaintiffs, Plaintiffs' Counsel, including Class  
7 Counsel, and all lawyers, partners, partnerships, predecessors and successors of Plaintiffs' Counsel,  
8 including Class Counsel, arising in any manner or otherwise relating to the Litigation. In connection  
9 with this release, the Released Persons shall be deemed of the Effective Date to have waived any and  
10 all provisions, rights and benefits conferred by Cal. Civ. Code §1542 and any statute, rule and legal  
11 doctrine similar, comparable or equivalent to Cal. Civ. Code §1542.

12 9. Without affecting the finality of this Judgment in any way, this Court hereby retains  
13 continuing jurisdiction over (a) implementation of this settlement and any award or distribution to the  
14 Settlement Class Members; (b) hearing and determining an application for attorneys' fees, costs,  
15 interest and expenses; and (c) all Parties for the purpose of enforcing and administering the Stipulation,  
16 pursuant to Cal. Code Civ. Proc. §664.6 or otherwise.

17 10. As more fully addressed by separate order, Class Counsel's application for an award of  
18 attorneys' fees and expenses in the amount of \$\_\_\_\_\_ is approved, and shall be paid by  
19 Defendants in the time and manner set forth in the Stipulation.

20 11. The Clerk of the Court is hereby ordered to enter this Judgment forthwith.

21 Final Judgment is hereby entered on this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

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THE HONORABLE JONATHAN CANNON  
JUDGE OF THE SUPERIOR COURT

# **EXHIBIT E**

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF ORANGE

REMIGIO LEBRILLA, et al., On Behalf of Themselves, All Others Similarly Situated and the General Public,	)	Case No. 00-CC-07185
	)	<u>CLASS ACTION</u>
Plaintiffs,	)	Assigned To: Judge Jonathan H. Cannon
vs.	)	DEPT: CX102
FARMERS GROUP, INC. d/b/a FARMERS UNDERWRITERS ASSOCIATION, et al.,	)	DATE ACTION FILED: 06/15/00
Defendants.	)	ORDER RE: PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT

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1           WHEREAS, the above-styled Litigation has been tried to the Court through the close of  
2 evidence; and

3           WHEREAS, this Court has reviewed and considered the Stipulation of Settlement  
4 (“Stipulation”) entered into among the Parties in this Litigation, together with all exhibits thereto, the  
5 record in this case, and the arguments of counsel; and

6           WHEREAS, this Court preliminarily finds that the Litigation meets all the prerequisites of Cal.  
7 Code Civ. Proc. §382 and Cal. Civ. Code §1781, including numerosity, ascertainability, community of  
8 interest, predominance of common issues, superiority and typicality, and that Plaintiffs and Plaintiffs’  
9 Counsel are adequate representatives of the Class (as defined below),

10           THEREFORE, for good cause appearing, it is hereby ordered as follows:

11           1.       All capitalized terms and definitions used herein have the same meanings as set forth in  
12 the Stipulation.

13           2.       The proposed settlement set forth in the Stipulation is hereby preliminarily approved as  
14 being within the range of reasonableness such that notice thereof should be given to the Settlement  
15 Class Members.

16           3.       Pursuant to Cal. Code Civ. Proc. §382, Cal. Civ. Code §1781, and Cal. Rules of Court  
17 1859(c) & (d), the Court hereby certifies the following Class:

18           All persons who, from June 15, 1996 to November 1, 2006: (1) were insured by a  
19 private passenger automobile insurance policy issued in the United States by Farmers;  
20 (2) made a first party claim for vehicle repairs pursuant to their policy; and (3) had one  
or more Non-OEM Crash Parts specified in their Repair Estimates.

21           4.       Remigio Lebrilla, Karen Balfour and Paul Balfour are designated as Class  
22 representatives. Timothy G. Blood of Lerach Coughlin Stoia Geller Rudman & Robbins LLP, David  
23 Futscher of Parry, Deering, Futscher & Sparks, PSC, H. Sullivan Bunch and Elaine A. Ryan of Bonnett,  
24 Fairbourn, Friedman & Balint, P.C. are designated as Class Counsel. As Class representatives, the  
25 Plaintiffs have claims typical of those held by the Settlement Class and no conflicts exist which would  
26 render them unsuitable representatives. Class Counsel and the Plaintiffs are adequate representatives of  
27 the Class.  
28

1           5.       Certification of the Class shall be solely for settlement purposes and without prejudice to  
2 the Parties in the event that the Stipulation is not finally approved by this Court or otherwise does not  
3 take effect in accordance with the terms of the Stipulation. Certification of the Class shall be vacated  
4 and shall have no effect in the event the Stipulation is not finally approved by this Court or otherwise  
5 does not take effect.

6           6.       The contents of the Class Notice Package, which includes the Summary of Settlement  
7 Relief, the Class Notice, the Claim Form and Farmers Warranty, which are attached to the Settlement  
8 Agreement as Exhibits F, B, A and C, respectively, are hereby approved as to form.

9           7.       The Parties are hereby authorized to administer and supervise the notice plan , as more  
10 fully set forth in the Stipulation, as follows:

11                 (a)       No later than 60 days before the Settlement Hearing, Defendants will cause the  
12 Class Action Settlement Administrator to send a Class Notice Package by first-class mail, postage  
13 prepaid, to each reasonably identifiable Settlement Class Member's last known address, as identified  
14 pursuant to the provisions of the Stipulation, including section V.B.1 of the Stipulation, after a National  
15 Change of Address ("NCOA") search has been conducted.

16                 (b)       Commencing no later than 60 days before the Settlement Hearing, Defendants  
17 shall cause the Class Action Settlement Administrator to publish the Publication Notice, a copy of  
18 which is attached to the Stipulation as Exhibit H, pursuant to the Media Plan attached to the Stipulation  
19 as Exhibit I and on Farmers' internet Web site. Class Counsel shall also post the Publication Notice on  
20 their internet Web sites. The Publication Notice is hereby approved as to form.

21                 (c)       No less than seven calendar days prior to the Settlement Hearing, Defendant's  
22 Counsel shall serve on Class Counsel and file with the Court proof, by declaration, that Notice as set  
23 forth in paragraphs 7(a)-(c) of this Order has been completed.

24           8.       The Court finds that the forms of Notice to the Settlement Class Members regarding the  
25 pendency of the Litigation and of this settlement, including the methods of dissemination to the  
26 Settlement Class Members in accordance with the terms of this Order constitute the best notice  
27 practicable under the circumstances and constitute valid, due and sufficient Notice to all Settlement  
28

1 Class Members, complying fully with the requirements of Cal. Code Civ. Proc. §382, Cal. Civ. Code  
2 §1781, the California and United States Constitutions, and any other applicable law.

3 9. The Court hereby approves Rust Consulting, Inc. and Kinsella/Novak Communications  
4 Ltd. as Class Action Settlement Administrators (the “Administrators”). The Administrators shall be  
5 responsible for performing the acts specified in the Stipulation and such other acts upon which the  
6 Parties may agree.

7 10. Any Settlement Class Member who does not, in connection with the Settlement Notices,  
8 file a valid and timely request for exclusion, will be bound by the Judgment, dismissing the Litigation  
9 on the merits and with prejudice.

10 11. Any Settlement Class Member may enter an appearance in the Litigation and/or may  
11 seek to intervene in the Litigation, individually or through the counsel of their choice at his or her  
12 expense. Settlement Class Members who do not enter an appearance and do not exclude themselves  
13 from the Class will be represented by Class Counsel.

14 12. Any Settlement Class Member who seeks to be excluded from the Class must send a  
15 request by first-class mail, postmarked on or before \_\_\_\_\_, 2006 to:

16 **[ADDRESS OF THE ADMINISTRATOR]**

17 13. Objections by any Settlement Class Member to: (a) the certification of the Class and the  
18 proposed settlement contained in the Stipulation and described in the Class Notice; (b) the payment of  
19 fees and reimbursement of expenses to Plaintiff’s Counsel; and/or (c) entry of the Judgment shall be  
20 heard, and any papers submitted in support of said objection shall be considered by the Court at the  
21 Settlement Hearing only if, on or before \_\_\_\_\_, 2006, such objector files with the Clerk of  
22 the Superior Court of the County of Orange: (1) a notice of his, her or its objection and a statement of  
23 the basis for such objection; (2) if applicable, a statement of his, her or its intention to appear at the  
24 Settlement Hearing; (3) documentary proof that he, she or it is a Member of the Settlement Class,  
25 including the policy or claim number of the auto physical damage claim made by the objector that  
26 resulted in the specification of a Non-OEM Crash Part that is the subject of this Litigation; and  
27 (4) serves copies of the foregoing and all other papers in support of such objections (including any  
28 briefs or declarations) on counsel for the Parties identified in the Class Notice. In order to be

1 considered for hearing, all objections must be actually received by the counsel identified in the Class  
2 Notice on or before \_\_\_\_\_, 2006. A Settlement Class Member need not appear at the  
3 Settlement Hearing in order for his, her or its objection to be considered.

4 14. No later than seven days before the Settlement Hearing, the Parties shall file all papers in  
5 support of the Application for Final Approval of the Settlement, the Application for Payment of  
6 Attorneys' Fees and Reimbursement of Expenses, and/or any papers in response to any valid and timely  
7 objection with the Court, and shall serve copies of such papers upon each other and upon any objector  
8 who has complied with the provisions of paragraph 13 of this Order.

9 15. A hearing (the "Settlement Hearing") shall be held by the Court on \_\_\_\_\_,  
10 2007 at \_\_\_\_\_ .m., in Department CX102 at the Superior Court for the County of Orange,  
11 Civil Complex Center, 751 West Santa Ana Boulevard, Santa Ana, California 92701, to consider and  
12 determine whether the requirements for certification of the Class have been met, and whether the  
13 proposed settlement of the Litigation on the terms set forth in the Stipulation should be approved as fair,  
14 just, reasonable, adequate and in the best interests of the Class; whether Plaintiffs' Counsels' attorneys'  
15 fees and reimbursement of expenses should be approved; and whether the Judgment approving the  
16 settlement and dismissing the Litigation on the merits and with prejudice against the Plaintiffs and all  
17 Settlement Class Members who have not properly been excluded should be entered.

18 16. The Settlement Hearing may, from time to time and without further notice to the  
19 Settlement Class Members (except those who have filed timely and valid objections), be continued or  
20 adjourned by order of the Court.

21 17. All reasonable costs incurred in identifying and notifying Settlement Class Members, as  
22 well as administering the settlement claims process, shall be paid as set forth in the Stipulation. In the  
23 event that the Stipulation is not approved by the Court, or otherwise fails to become effective, neither  
24 the Plaintiffs nor any of Plaintiffs' Counsel shall have any obligation to repay the amounts actually and  
25 properly disbursed to accomplish such notice and administration.

26  
27  
28



# **EXHIBIT F**

## **FARMERS AUTO INSURANCE POLICYHOLDERS:**

You may be entitled to a cash payment of *at least* \$20 to \$40 from Farmers Insurance Exchange, Mid-Century Insurance Company or any other affiliated company (“Farmers”). But to receive it, you *must* return the enclosed *claim form*.

The information in this packet will tell you about a class action settlement for certain Farmers automobile insurance policyholders. *Only* those who submit the enclosed claim form have an opportunity to receive money.

Your rights are below. Please read this information carefully. If you think you may be entitled to a cash payment, please complete and return the enclosed self-addressed, postage prepaid claim form.

If you have any questions, please call toll free (XXX) XXX-XXXX or go online at [www.website.com](http://www.website.com).

# **EXHIBIT G**

## ATTENTION

### Have you ever had auto insurance with Farmers?

**If so, your rights may be affected by a proposed settlement and you may be entitled to a cash payment, but you must submit a claim form to get it.**

If your car or truck was insured by Farmers Insurance Exchange, Mid-Century Insurance Company or any other affiliated company ("Farmers"), was damaged in an accident and you made a claim with Farmers, a class action settlement may affect your rights.

\* \* \*

There is a proposed settlement of a class action lawsuit involving Farmers' specification of certain "non-OEM" car and truck parts that the lawsuit alleges do not meet the quality standards required by Farmers' automobile insurance policies. "Non-OEM" car and truck parts are generally the sheet metal exterior of a car or truck, such as hoods and fenders, that were not made by, or for, the vehicle's original maker. That is, parts that were not made by companies such as GM, Toyota, Volkswagen or Ford. A Notice explaining all of the benefits available under the settlement, including how you can receive cash if you qualify, is available at the website shown below.

***To receive a claim form and more information, call toll-free (XXX) XXX-XXXX  
or go online to [www.website.com](http://www.website.com)***

If you are eligible, you will receive \$40.00 for each eligible hood specified by Farmers for any claim you made following an accident from June 15, 1996 to November 1, 2006. You will also receive \$20.00 for any claim you made during the same period for each of the following parts that are eligible:

Fenders	Box sides
Door shells	Body side panels
Quarter panels	Tailgates
Rear outer panels	Lift gates
Truck beds	Metal bumper absorbers
Deck lids	Metal bumper reinforcements
Trunk lids	

**Information About Your Warranty from Farmers.** You will also receive information about the warranty Farmers provides for each non-OEM car and truck part listed above.

If you are a member of the proposed settlement class, you also have the right to ***exclude yourself from this settlement, object to this settlement, seek leave to intervene in the lawsuits***, and exercise other important rights. These rights must be exercised by \_\_\_\_\_, 2007.

# **EXHIBIT H**

## MEDIA SCHEDULE

PUBLICATION	ON-SALE DATE
<i>Newsweek</i> (California)	January 29, 2007
<i>Sports Illustrated</i> (Illinois)	February 7, 2007
<i>Sports Illustrated</i> (Texas)	February 7, 2007
<i>People</i> (National)	February 10, 2007
Local Newspaper (Sunday – California)	February 11, 2007
Local Newspaper (Sunday – Texas)	February 11, 2007
Local Newspaper (Weekday – California)	February 13-15, 2007
Local Newspaper (Weekday – Illinois)	February 13-15, 2007
Local Newspaper (Weekday – Texas)	February 13-15, 2007
<i>People</i> (National)	February 17, 2007
<i>USA Weekend</i> (National)	February 18, 2007
<i>Parade</i> (National)	February 18, 2007
Asian Newspapers	Week of February 19, 2007
Hispanic Newspapers	Week of February 19, 2007
<i>Sunset</i>	February 20, 2007
<i>Texas Monthly</i>	February 22, 2007
<i>People</i> (California)	February 24, 2007
<i>People</i> (Illinois)	February 24, 2007
<i>People</i> (Texas)	February 24, 2007
<i>USA Weekend</i> (Illinois)	February 25, 2007
<i>USA Weekend</i> (Texas)	February 25, 2007
<i>Parade</i> (California)	February 25, 2007
<i>Parade</i> (Illinois)	February 25, 2007
<i>Parade</i> (Texas)	February 25, 2007
<i>Newsweek</i> (California)	February 26, 2007
<i>National Geographic</i>	February 28, 2007

# **EXHIBIT I**

## **PLAINTIFFS' RELEASE OF INDIVIDUAL CLAIMS**

Capitalized terms used herein but not separately defined shall have the meanings ascribed to such terms as used in the Stipulation of Settlement between Plaintiffs Remigio Lebrilla, Karen Balfour and Paul Balfour, on behalf of themselves and each of the Settlement Class Members, and Defendants Farmers Group, Inc., dba Farmers Underwriters Association, and Farmers Insurance Exchange.

### **RELEASE**

As of the Effective Date, Plaintiffs shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Plaintiffs' Released Claims against the Released Persons. In connection with the Plaintiffs' Released Claims, Plaintiffs shall be deemed as of the Effective Date to have waived any and all provisions, rights, and benefits conferred by §1542 of the California Civil Code and any statute, rule, and legal doctrine similar, comparable, or equivalent to California Civil Code §1542, which reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

As of the Effective Date, Plaintiffs shall be deemed to have expressly waived and fully, finally, and forever settled and released any known or unknown, suspected or unsuspected, contingent or noncontingent claim with respect to the Plaintiffs' Released Claims defined herein, whether or not concealed or hidden, without regard to subsequent discovery or existence of different or additional facts.