

**IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR THE COUNTY OF WASHOE**

SUNG MAN PAK, ESTATE OF VIVIAN PAK and)	CASE NO. CV98-04873
NANCY PAK ON BEHALF OF THEMSELVES AND)	
ALL OTHERS SIMILARLY SITUATED,)	Honorable Peter I. Breen
)
Plaintiffs,)	Dept 1A
)
vs.)	
)
FARMERS GROUP, INC., a Nevada corporation;)	
FARMERS INSURANCE EXCHANGE, a foreign)	
Corporation and DOES 1 through 20, inclusive,)	
)
Defendants.)	
)
)
)

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT
AND RELEASE OF CLAIMS**

**THIS NOTICE IS BEING SENT TO YOU BECAUSE YOU MAY BE ELIGIBLE TO RECEIVE MONETARY BENEFITS AS
PART OF A PROPOSED CLASS ACTION SETTLEMENT.**

READ THIS NOTICE AND THE ENCLOSED CLAIM FORM CAREFULLY, YOUR LEGAL RIGHTS MAY BE AFFECTED.

TO BE ELIGIBLE TO RECEIVE MONETARY SETTLEMENT BENEFITS, YOU MUST MEET THE DESCRIPTION OF THE SETTLEMENT CLASS IN PARAGRAPH 1 BELOW, **AND YOU MUST COMPLETE AND MAIL A VALID CLAIM FORM POSTMARKED ON OR BEFORE MAY 14, 2007**, AS EXPLAINED BELOW IN PARAGRAPH 3(A).

IF YOU DO NOT WANT TO BE PART OF THE SETTLEMENT, YOU MUST TAKE THE STEPS DESCRIBED IN PARAGRAPH 4(B) BY JANUARY 30, 2007 TO REQUEST EXCLUSION. OTHERWISE, YOU WILL BE BOUND BY ALL OF THE TERMS OF THE PROPOSED SETTLEMENT.

IF YOU HAVE ANY QUESTIONS ABOUT ANY PORTION OF THIS NOTICE, YOU MAY CALL **1-800-951-5396** OR YOU MAY VISIT **www.FarmersInsuranceExchangeSettlement.com**, WHERE YOU MAY OBTAIN A CLAIM FORM, OR VIEW THE COURT DOCUMENTS, SETTLEMENT AGREEMENT, AND OTHER PERTINENT MATERIAL.

PLEASE DO NOT CALL OR WRITE YOUR INSURANCE AGENT, ANY OF THE DEFENDANT INSURANCE CARRIERS OR CCC, THE COURT, OR THE CLERK'S OFFICE.

Para un formulario de reclamo en Español, por favor llame al **1-800-951-5396** o visite nuestro website (**<http://www.FarmersInsuranceExchangeSettlement.com>**).

1. Description of the Settlement Class

This Notice affects the following people:

All persons in the United States who, from January 28, 1989 through the date of preliminary approval of this proposed settlement,¹ (a) insured a private passenger automobile, truck or van with gross vehicle weight of 10,000 pounds or less, under an auto insurance policy issued by one or more of the Carriers; (b) made a first party claim of property damage or unrecovered theft under said policy; (c) were informed by the Carrier that the vehicle had been declared a total loss; (d) the Carrier had requested a valuation from CCC Information Services Inc., or its predecessor, Certified Collateral Corporation, ("CCC"); and (e) the insured was tendered a payment from the Carrier for the totaled vehicle.

¹ Preliminary approval was granted on January 20, 2006.

Excluded from this Settlement Class are the following persons: (1) Officers, directors, and employees of the Carriers, CCC, and Class Counsel; (2) Members of the Nevada State Court Judiciary and their immediate families; and (3) All persons who have timely elected to opt out of or exclude themselves from the Settlement Class in accordance with the Court's Orders.

The Carriers referred to above include Farmers Insurance Exchange and its affiliates listed in Exhibit 1.

The Settlement Class includes all persons who qualified for membership in class actions involving claims similar to those asserted in this case ("the Lawsuit") against Farmers Insurance Exchange, Farmers Group, Inc., or any of the Carriers listed in Exhibit 1, even if any such person opted out of class membership in such similar lawsuit.

2. Description of the Lawsuit:

The Plaintiffs alleged that the Carriers failed to pay to their insureds the amounts required under their respective policies of automobile insurance for total loss claims. According to the Plaintiffs, the Carriers based their total loss valuations of their insureds' vehicles, in whole or in part, on valuation reports prepared by CCC, which the Lawsuit alleges were "lower than the actual retail fair market value". Plaintiffs filed the Lawsuit in the Second Judicial District Court of the State of Nevada in the County of Washoe.

The Carriers and CCC deny the Plaintiffs' allegations; deny that they have engaged in any wrongdoing; deny that CCC's valuation reports systemically or otherwise undervalued automobiles; and maintain that they consistently have acted in accordance with the insurance policies at issue and all governing laws and regulations.

To avoid the uncertainty, expense, risk, and delay of continued litigation, Plaintiffs, the Carriers and CCC have agreed to a settlement. Plaintiffs and Class Counsel have concluded that settlement is in the best interest of the Settlement Class and that the settlement is fair, adequate, and reasonable.

Plaintiffs, the Carriers and CCC have reached a proposed settlement, which creates both monetary benefits and non-monetary relief. The Court preliminarily approved this settlement on January 20, 2006, conditionally certifying the Settlement Class for settlement purposes. Pursuant to the Order of Preliminary Approval, the Court permitted counsel to plaintiffs in certain other class cases filed against the Carriers, including counsel in *Edwards v. Illinois Farmers Insurance Company, et al.*, Madison County Third Judicial Circuit County (Illinois), Case No. 01-L151 ("the *Edwards* case"), to file and be heard on objections, if any, to the settlement. Following that hearing, on April 25, 2006, the Court entered an order, which overruled the objections that were filed (including objections filed by plaintiffs' counsel in the *Edwards* case) and confirmed the preliminary approval order. The Court's April 25, 2006 order also preliminarily enjoined the *Edwards* case class representatives, those they purport to represent, and their counsel from prosecuting, proceeding with or participating in the *Edwards* case unless and until the *Edwards* case class representatives and those they purport to represent opt out of the Settlement Class in this case. On or about May 24, 2006, the plaintiffs in the *Edwards* case and their counsel filed a notice of appeal of the Court's April 25, 2006 Order to the Supreme Court of Nevada. Class Counsel believe that the appeal is without merit and that the appeal will not delay or otherwise affect the settlement or settlement procedure described in this Notice.

On February 26, 2007, the Court will hold a hearing ("the Final Approval Hearing") to decide whether to finally approve the settlement. (See Paragraph 5(c) below.) Settlement benefits will be available only if the Court finally approves the settlement.

3. Summary of the Settlement Terms:

For a complete statement of the settlement terms, visit www.FarmersInsuranceExchangeSettlement.com, where you can view the Settlement Agreement and other pertinent material.

a. If the proposed settlement is given final approval by the Court, members of the Settlement Class will be eligible to receive a monetary benefit if they do the following: (i) fill out the mandatory portion of the Claim Form enclosed in this packet, (ii) sign the Claim Form, and (iii) mail the Claim Form, with first class postage prepaid, to the Settlement Administrator (see Paragraph 5(b) below) postmarked on or before May 14, 2007.

b. The amount of a Settlement Class member's possible monetary benefit depends upon a number of factors, including but not limited to (1) the value of the vehicle, as reflected in CCC's electronic databases or the Carriers' files; (2) the condition of the vehicle, as reflected in CCC's electronic databases or the Carriers' files; (3) the guidebook value for that vehicle, as reflected in CCC's electronic databases or as calculated by a formula set forth in the Settlement Agreement; and (4) certain additional information provided by the Settlement Class member. The amount of the possible monetary benefit to a qualifying Settlement Class member will range from \$5 - \$132. For a more detailed description of

the method for calculating a qualifying Settlement Class member's possible monetary benefit; visit www.FarmersInsuranceExchangeSettlement.com and review Paragraphs 17-20, 22-23, 28-32 and Exhibits 10, 11, and 12 of the Settlement Agreement. The Settlement Administrator will calculate a Settlement Class member's monetary benefit based on the above information.

c. In addition to a possible monetary benefit, members of the Settlement Class would receive relief in the form of monitoring of CCC's total loss valuations and the performance of validation studies by CCC on its total loss valuations, as set forth in Paragraphs 33 and 34 of the Settlement Agreement.

d. If the proposed settlement is given final approval by the Court, members of the Settlement Class who have not excluded themselves pursuant to Paragraph 4(b) below will release any and all claims they may have against the Carriers and CCC relating to the CCC total loss valuations described above in Paragraph 1. For a complete statement of the Released Claims, see Paragraphs 40-41 of the Settlement Agreement.

e. Class Counsel will apply to the Court for an award of attorneys' fees and costs not to exceed \$4,590,000. The Carriers have agreed to pay up to this amount, subject to Court approval. The Court has not yet ruled on the amount, if any, of the attorneys' fees award, and will consider this issue at the Final Approval Hearing. (See Paragraph 5(c) below.) Under the Settlement Agreement, any award of attorneys' fees to Class Counsel will be in addition to, and will not affect the benefits available to, the Settlement Class. To date, Class Counsel have not received any payment for their services in conducting the litigation.

f. The Court has preliminarily enjoined all Settlement Class members who do not exclude themselves from filing, commencing, prosecuting, intervening in, attempting to effect an exclusion of a class of individuals, or otherwise participating as a plaintiff, claimant, or class member in any other lawsuits in any jurisdiction based on the claims at issue in the Lawsuit, arising up to the date of the Preliminary Approval Order. If the proposed settlement is finally approved by the Court, the Court will enter a Final Order that will have a binding effect on all members of the Settlement Class who have not excluded themselves pursuant to Paragraph 4(b) below. Among other things, this Final Order will dismiss the Lawsuit on the merits with prejudice, will adjudge that the Settlement Class has settled and released claims against the Carriers and CCC, and will permanently enjoin members of the Settlement Class from filing or participating in any lawsuits relating to the claims and causes of action in the Lawsuit against the Carriers or CCC that existed as of the date of the Preliminary Approval Order.

4. Options available to members of the Settlement Class:

a. **You may remain a member of the Settlement Class.** If you wish to remain in the Settlement Class, then you need not take any action other than file a Claim Form to be eligible for monetary benefits from the settlement. The Claim Form must be postmarked on or before May 14, 2007 as explained above in Paragraph 3(a). Even if you do not file a claim form, you will remain a member of the Settlement Class unless you make a valid request for exclusion. As a member of the Settlement Class, if the Court finally approves the settlement, then you will be bound by the Final Order in the case, as explained above in Paragraph 3(f).

b. **You may request exclusion from the Settlement Class.** If you wish to exclude yourself from the Settlement Class, then you will not be eligible for any monetary benefit, and you will not be bound by the Final Order entered by the Court upon final approval of the settlement. You must send written notice of your request for exclusion to the Settlement Administrator (see Paragraph 5(b) below) so that it is postmarked on or before January 30, 2007. The written notice must include: (i) your name, address, telephone number, and social security number; (ii) the name of the Carrier that insured your vehicle when you filed your total loss vehicle claim; (iii) the statement: "I request to be excluded from the settlement class. I understand that this exclusion means that I will not receive any monetary benefit available under the proposed settlement," and (iv) if known, the Vehicle Identification Number ("VIN") of the total loss vehicle, and/or the claim number for your total loss vehicle claim, and/or the policy number of the policy under which your total loss claim was paid. If you do not exclude yourself from the class in the time and manner provided above, you will be bound by the terms of the proposed settlement.

c. **You may object to the settlement.** If you wish to object to the settlement or the attorneys' fees, then you must file a written statement of your objection with the Clerk of the Court in Department 1A at 75 Court Street, Reno, Nevada, 89501, and mail it to the Settlement Administrator (see Paragraph 5(b) below) so that it is postmarked on or before January 30, 2007. Your written objection must include (i) your name, address, telephone number, and social security number, (ii) the name of the Carrier that insured your vehicle when you filed your total loss vehicle claim; and (iii) if known; the Vehicle Identification Number ("VIN") of the total loss vehicle, and/or the claim number for your total loss vehicle claim, and/or the policy number of the policy under which your total loss claim was paid. Your written objection must also include the specific reasons for your objection, including any legal support or evidence you wish to bring to the attention of the Court. If you timely file a written objection, you do not need to appear at the Final Approval Hearing. The

Court will consider all timely objections. You may, however, appear at the Final Approval Hearing (see Paragraph 5(c) below), either in person or through an attorney retained and paid by you. If you or your attorney intend to appear at the Final Approval Hearing, you or your attorney must file a written Notice of Intention to Appear with the Clerk of the Court, Dept 1A, on or before January 30, 2007, and mail it to the Settlement Administrator (see Paragraph 5(b) below) so that it is postmarked on or before January 30, 2007. If you do not make an objection in the time and manner provided above, you will be forever barred from making any objection to the settlement, unless otherwise ordered by the Court.

5. Other important information regarding the settlement:

a. The Court has appointed as Counsel for the Settlement Class:

Vernon E. Leverty
Leverty & Associates Law, Chtd
832 Willow Street
Reno, Nevada 89502

Mark C. Choate
Carol P. LaPlant
Choate Law Firm LLC
424 North Franklin Street
Juneau, Alaska 99801

You will not be charged for the services of these or any other counsel representing the Settlement Class in this Lawsuit. Regardless of which option you select under Paragraph 4 above, you have the right to retain your own attorney in this matter, but if you do, you will be responsible for paying your own attorneys' fees and expenses.

b. The Settlement Administrator for this settlement is The Garden City Group, Inc., which may be contacted at 1-800-951-5396 or at

Farmers Insurance Exchange and Affiliates Total Loss Settlement
c/o The Garden City Group, Inc.
Claims Administrator
PO Box 9000 #6438
Merrick, NY 11566-9000

c. The Court will hold a Final Approval Hearing on February 26, 2007 to consider whether the proposed settlement is fair, reasonable, and adequate, and should be finally approved. The Final Approval Hearing will take place in the courtroom of Judge Peter I. Breen at 10:00 a.m. The Final Approval Hearing may be continued or postponed to a later date without further notice to members of the Settlement Class. The settlement may be approved with modifications, if any, consented to by the Class Counsel, counsel for the Carriers, and counsel for CCC, without further notice.

IF YOU HAVE ANY QUESTIONS ON ANY PORTION OF THIS NOTICE, YOU MAY CALL 1-800-951-5396 OR YOU MAY VISIT www.FarmersInsuranceExchangeSettlement.com, WHERE YOU MAY OBTAIN A CLAIM FORM, OR VIEW THE COURT DOCUMENTS, SETTLEMENT AGREEMENT, AND OTHER PERTINENT MATERIAL.

PLEASE DO NOT CALL OR WRITE YOUR INSURANCE AGENT, ANY OF THE DEFENDANT INSURANCE CARRIERS, CCC, THE COURT, OR THE CLERK'S OFFICE.

**List of Carriers That May Have Used CCC in the Adjustment of Total Loss Claims
and Current or Former Affiliates of Carriers**

Farmers Group, Inc.*
Farmers Insurance Exchange
Mid-Century Insurance Co.
Mid-Century Insurance Co. of Texas
Farmers Insurance Co. of Oregon
Farmers Insurance Co. of Washington
Farmers Insurance Co. of Arizona
Farmers Insurance Co. of Idaho
Civic Property & Casualty Co.
Exact Property & Casualty Co.
Farmers Insurance of Columbus, Inc.
Neighborhood Spirit P&C Co.
Texas Farmers Insurance Co.
Farmers Insurance Company, Inc.
Farmers New Century Insurance Co.
Illinois Farmers Insurance Co.
Farmers Texas County Mutual Insurance
Truck Insurance Exchange

* Farmers Group, Inc. is not an insurance company and does not issue policies of insurance.

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