

## **AMENDED CLASS ACTION SETTLEMENT AND RELEASE**

This Amended Class Action Settlement Agreement (“Settlement Agreement”) is entered into by and between Named Plaintiffs (as defined below), individually and on behalf of the Settlement Class Members, and Defendant State Compensation Insurance Fund (“State Fund”). Named Plaintiffs and State Fund are referred to in this Settlement Agreement as the “Parties.”

This Settlement Agreement is intended to fully, finally, and forever compromise, release, resolve, discharge, and settle the Released Claims subject to the terms and conditions set forth in this Settlement Agreement. This Settlement Agreement provides for the settlement of claims on behalf of the Settlement Class Members, as described further herein.

This Settlement Agreement supersedes the prior proposed settlement agreement submitted to the Court on May 27, 2022.

### **1. THE INSTANT ACTIONS**

#### **1.1 Background and Procedural History**

##### **1.1.1 Reynolds Files Its Class Action**

Named Plaintiff Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control (“Reynolds”) filed its class action complaint against State Fund in *Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control v. State Compensation Insurance Fund*, Los Angeles County Superior Court Case No. 19STCV05738, on February 21, 2019 (the “Reynolds class action”). Reynolds alleged (1) breach of contract, (2) unfair competition in violation of Business & Professions Code section 17200 *et seq.*, and (3) concealment on behalf of itself and other State Fund insureds whose premium was calculated using a tier modifier greater than 1.00. The case was assigned to the Honorable Amy D. Hogue in Department 7 of the Spring Street Courthouse.

##### **1.1.2 Jetter Files a Related Class Action**

Named Plaintiff American Jetter & Plumbing, Inc. (“Jetter”) filed its class action complaint against State Fund in *American Jetter & Plumbing, Inc. v. State Compensation Insurance Fund*, Los Angeles County Superior Court Case No. 19STCV36307, on October 10,

2019 (the “*Jetter* class action”). *Jetter* alleged (1) breach of contract, and (2) violations of Business & Professions Code section 17200 *et seq.* on behalf of itself and other State Fund insureds whose premium was calculated using a tier modifier in excess of 1.00. This case was also assigned to the Honorable Amy D. Hogue in Department 7 of the Spring Street Courthouse. *Jetter* filed an amended complaint on August 10, 2020, which added Resilience Treatment Center (“Resilience”) as a named plaintiff. On October 23, 2019, the court found the *Jetter* class action to be related to the *Reynolds* class action, and designated the *Reynolds* class action as the lead case.

#### 1.1.3 The Class Actions Are Stayed Pending an Administrative Ruling

State Fund filed a demurrer in the *Reynolds* class action. In response, on July 30, 2020, the court stayed the *Reynolds* class action proceedings and referred to the California Insurance Commissioner the issue of whether State Fund used an unlawful rate in calculating the premiums paid by Reynolds and putative class plaintiffs from 2013 to the present. The Insurance Commissioner’s Administrative Hearing Bureau accepted the issue for review and adjudication through an administrative appeal titled *In the Matter of the Appeal of Michael Reynolds Enterprise, Inc., dba Reynolds Termite Control*, File Number AHB-WCA-20-13 (“*Reynolds* administrative appeal”).

On September 11, 2020, State Fund filed a demurrer in the *Jetter* class action. On November 13, 2020, the Court overruled State Fund’s demurrer and declined to refer the *Jetter* class action to the California Insurance Commissioner. On November 23, 2020, State Fund moved for reconsideration of the Court’s order overruling State Fund’s demurrer in the *Jetter* class action. On April 1, 2021, the Court stayed the *Jetter* class action pending a decision by the California Insurance Commissioner in the *Reynolds* administrative appeal or in a separate administrative appeal, whichever was issued first.

#### 1.1.4 Proposed *Jetter* Second Amended Complaint

During the pendency of the litigation, *Jetter* and Resilience became aware that the factual and legal bases of their claims against State Fund materially differed from each other.

Accordingly, *Jetter* Plaintiffs and State Fund agreed that in the event that this Settlement Agreement was finalized, the Agreement would provide that *Jetter* Plaintiffs would file the Proposed *Jetter* Second Amended Complaint after the filing of this Settlement Agreement with the Court.

#### 1.1.5 The Court Orders the Parties to Make Amendments to the Proposed Settlement Agreement

On May 27, 2022, the Parties submitted to the Court a proposed settlement agreement of the *Reynolds* and *Jetter* class actions (the “Initial Settlement Agreement”) as part of Named Plaintiffs’ Unopposed Motion for Order Granting Preliminary Approval of Class Action Settlement, Conditional Certification, Approval of Class Notice and Setting of Final Approval Hearing. On July 11, 2022, the *Reynolds* and *Jetter* class actions were reassigned to Judge Lawrence P. Riff. On August 29, 2022, the Court issued an Order that, among other things, directed the Parties to amend the Initial Settlement Agreement to address certain issues raised by the Court. The Parties believe this amended Settlement Agreement addresses the Court’s concerns.

#### 1.1.6 State Fund Denies the Allegations

State Fund denies the allegations of the *Reynolds* and *Jetter* class actions, and any and all charges of wrongdoing or liability arising out of the acts, omissions, facts, matters, transactions, or occurrences alleged, or that could have been fairly alleged based on the facts of the lawsuit.

### **1.2 Parties’ Statements and Recognition of the Benefits of the Settlement**

Between the state court matters and the *Reynolds* administrative appeal, this dispute has been litigated for over three years. Reynolds Counsel and Jetter Counsel have vigorously prosecuted the *Reynolds* and *Jetter* class actions since the outset, having conducted an investigation into the facts of the actions and the Settlement Class Members’ claims.

The Parties also engaged in extensive arms-length negotiations with mediator Bruce Friedman over a period of several months, involving three separate spirited mediation sessions. As a result, Reynolds Counsel and Jetter Counsel have concluded that this Settlement Agreement

is fair, reasonable, and adequate and is in the best interest of the Settlement Class in light of all known facts and circumstances, including the risks associated with the continued prosecution of these costly, complex, and time-consuming lawsuits, the likelihood of success on the merits at trial and thereafter on appeal, and the potential damages at issue.

State Fund denies each and all of the claims in the *Reynolds* and *Jetter* class actions. State Fund has concluded that further litigation of the *Reynolds* and *Jetter* class actions would be protracted and expensive. State Fund, therefore, has determined that it is desirable and beneficial that the *Reynolds* and *Jetter* class actions be settled in a manner and upon the terms and conditions set forth in this Settlement Agreement. Neither this Settlement Agreement, nor any action taken to carry out this Settlement Agreement, may be construed as, or may be used by any person, party, or entity now or in the future as, an admission, concession, or indication by or against State Fund of any fault, wrongdoing or liability whatsoever as it relates to the Released Claims.

## **2. TERMS OF THE SETTLEMENT AGREEMENT**

### **2.1 Definitions**

As used in this Settlement Agreement, the following terms have the meanings specified below:

2.1.1 “Additional Premiums” means the amount of additional premiums paid by Settlement Class Members for any annual policy period due to being assigned a tier modifier in excess of 1.0 for that annual policy period.

2.1.2 “Administrative Costs” means the costs of administering the Settlement, including, without limitation, providing Notice of Settlement, establishing a website, establishing a toll-free number, making various efforts to locate Settlement Class Members, receiving and forwarding objections from Settlement Class Members, administering any disputes regarding payments to Participating Settlement Class Members, administering payment of claims on behalf of the Participating Settlement Class Members, and administering Service Payments to the

Named Plaintiffs and a payment of attorneys' fees to Reynolds Counsel and Jetter Counsel. To the extent agreed upon by the parties, administrative costs shall also include use of third-party technical support services and outside experts for analysis of data.

2.1.3 "Attorneys' Fees and Costs" refers to the attorneys' fees and costs to be paid to Reynolds Counsel and Jetter Counsel for their work in litigating the *Reynolds* and *Jetter* actions, pursuant to Section 2.4.2 of this Settlement Agreement.

2.1.4 "Claims Administrator" means CPT Group, Inc., who has been selected to provide Notice of Settlement to the Settlement Class and to perform all other necessary and related functions to administer the Settlement contemplated by this Settlement Agreement as described herein.

2.1.5 "Class Period" means the period from March 1, 2013 through the date of preliminary approval of this Settlement.

2.1.6 "Court" means the California Superior Court for the County of Los Angeles, and any Court-appointed referee or agent of the Court or other judicial entity with jurisdiction over this matter.

2.1.7 "Defendant" or "State Fund" means the State Compensation Insurance Fund.

2.1.8 "Effective Date" means the date by when both of the following have occurred: (a) the Court enters the Order of Final Approval and Judgment; and (b) the Order of Final Approval and Judgment is final. The Order of Final Approval and Judgment is final as of the latest of the following occurrences: (a) if no Participating Settlement Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Settlement Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Order of Final Approval and Judgment; or if a timely appeal from the Order of Final Approval and Judgment is filed, the day after the appellate court affirms the Order of Final Approval and Judgment and issues a remittitur.

2.1.9 "Final Approval Hearing" means the hearing to be conducted by the Court

to determine whether to finally approve the Settlement.

2.1.10 “Jetter Counsel” means Michael Liskow of the law firm Calcaterra Pollack LLP (Michael Liskow), 1140 Avenue of the Americas, 9th Floor, New York, New York 10036-5803; Priz Law, LLC (Scott M. Priz), 3230 S. Harlem Ave., Suite 221B, Riverside, Illinois 60546; and Wolf Haldenstein Adler Freeman & Herz LLP (Betsy C. Manifold), 750 B Street, Suite 1820, San Diego, California 92101.

2.1.11 “Jetter Plaintiffs” means plaintiffs American Jetter & Plumbing, Inc. and Resilience Treatment Center.

2.1.12 “Long Form Notice” means the form of Notice of Settlement to be emailed to the Settlement Class and posted on the Settlement Website that shall be substantially in the form attached hereto as Exhibit A. The terms of the release effectuated by this Settlement Agreement are included verbatim in the Long Form Notice.

2.1.13 “Motion for Preliminary Approval” means the motion for preliminary approval of this Settlement and its supporting papers.

2.1.14 “Named Plaintiffs” means Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control, American Jetter & Plumbing, Inc., and Resilience Treatment Center.

2.1.15 “Net Settlement Amount” means the total settlement amount, less the Administrative Costs, and any Service Payments and Attorneys’ Fees and Costs granted by the Court.

2.1.16 “Notice Program” means the methods provided for in this Agreement for notifying the Settlement Class of the Settlement, as described in the document attached as Exhibit E prepared by the Claims Administrator.

2.1.17 “Notice of Settlement” means collectively the official notices of settlement of the *Reynolds* and *Jetter* class actions, materially in the forms attached hereto as Exhibits A and B.

2.1.18 “Order Granting Preliminary Approval” refers to the Court order or statement of decision granting preliminary approval to this Settlement Agreement and the

sending of notice, in substantially the same form as Exhibit C.

2.1.19 “Order of Final Approval and Judgment” and “Final Approval” means the order and judgment, in a form substantially the same as in the attached Exhibit D, that finally and unconditionally grants final approval of this Settlement Agreement, and authorizes payments to the Claims Administrator, the Settlement Class Members, Reynolds Counsel, and Jetter Counsel as provided in this Settlement Agreement.

2.1.20 “Participating Settlement Class Members” means all Settlement Class Members who do not validly exclude themselves from this settlement.

2.1.21 “Proposed *Jetter* Second Amended Complaint” means the proposed second amended complaint to be filed in *Jetter* in the same or substantially similar form as the version attached as Exhibit F.

2.1.22 “Released Claims” means the claims released pursuant to Section 2.7.1 of this Settlement Agreement.

2.1.23 “Released Parties” means State Fund, including all of State Fund’s past and present successors, subsidiaries, parents, holding companies, sister and affiliated companies, divisions as well as directors, officers, and employees.

2.1.24 “Reynolds Counsel” means the law firm of Roxborough, Pomerance, Nye & Adreani LLP (Drew E. Pomerance and David R. Ginsburg), 5820 Canoga Avenue, Suite 250, Woodland Hills, California 91367.

2.1.25 “Service Payment” means a Court-approved sum to be paid to certain Named Plaintiffs in accordance with Section 2.4.3.

2.1.26 “Settlement Class” means “All insureds of State Fund whose workers’ compensation insurance premiums were calculated using a tier modifier in excess of 1.00, and where such calculation resulted in the payment of a higher premium than the insured would have otherwise paid, for any policy in effect from March 1, 2013, through the date of preliminary approval of this Settlement.” Excluded from the Settlement Class is State Fund, its affiliates, predecessors, successors, officers, directors, agents, servants and employees and the immediate

families of such persons. The Parties will propose that the Settlement Class be certified pursuant to Code of Civil Procedure section 382, and all Settlement Class Members will have the right to exclude themselves by way of an opt-out procedure set forth in the Preliminary Approval Order.

2.1.27 “Settlement Class Counsel” means Reynolds Counsel and Michael Liskow of the law firm Calcaterra Pollack LLP (Michael Liskow), 1140 Avenue of the Americas, 9th Floor, New York, New York 10036-5803.

2.1.28 “Settlement Class Members” means the persons or entities in the Settlement Class.

2.1.29 “Settlement Fund” or “Settlement Amount” means the Sixty-Five Million Dollars and 00/100 (\$65,000,000.00) that State Fund will pay in settlement of these class action lawsuits, which is the total and maximum amount State Fund will be required to pay under this Settlement plus any interest that may accrue on this amount. The Settlement Fund will be distributed in accordance with Section 2.4.

2.1.30 “Settlement Fund Account” means the interest-bearing account to be established by the Claims Administrator into which State Fund shall deposit the Settlement Amount and from which any and all payments in connection with this Settlement shall be made. Interest shall accrue in the Settlement Fund Account for the benefit of the Settlement Class Members.

2.1.31 “Settlement Payments” means the amounts to be paid to individual Participating Settlement Class Members pursuant to the terms and conditions of this Settlement Agreement.

2.1.32 “Short Form Notice” means the form of Notice of Settlement to be mailed to the Settlement Class Members in substantially the form attached as Exhibit B.

## **2.2 Settlement of the Action**

2.2.1 It is agreed by and among the Named Plaintiffs and State Fund that any and all claims, damages, remedies sought or causes of action arising out of or related to any of the claims asserted in either the *Reynolds* or *Jetter* class action lawsuits for any policy in effect



from March 1, 2013, through the date of preliminary approval of this Settlement, shall be settled and compromised as between the Named Plaintiffs and State Fund, subject to the terms and conditions set forth in this Settlement Agreement and the approval of the Court. This Settlement shall be a bar to Plaintiffs for any and all Released Claims, and may be pleaded as a complete and total defense to any Released Claims raised in the future including those that are or could be brought to the Insurance Commissioner and/or the Administrative Hearing Bureau.

2.2.2 The occurrence of the Effective Date is a prerequisite to any distributions from the Settlement Fund.

2.2.3 The Initial Settlement Agreement provided that within five (5) days of the execution of the Initial Settlement Agreement by all Parties, Jetter Plaintiffs would seek leave of the Court through its online message board to file the Proposed *Jetter* Second Amended Complaint and notify the Court that all Parties consent to the amendment. Jetter Plaintiffs did so and on June 10, 2022, with leave of the Court, filed the Proposed *Jetter* Second Amended Complaint. On July 26, 2022, the Court entered an order based upon a stipulation of the parties staying State Fund's response to the *Jetter* Second Amended Complaint pending settlement approval.

### **2.3 Cancellation of Settlement Agreement**

In the event that the Court does not enter the Order of Final Approval and Judgment, or the Order of Final Approval and Judgment is modified in any material respect on appeal (other than through a decision of the Court to not grant the Service Payment or Attorneys' Fees and Costs sought, or in order to account for the distribution of any portion of the Settlement Fund to any *Cy Pres* recipients pursuant to Section 2.10 of this Settlement Agreement), then (a) this Settlement Agreement shall be deemed cancelled, null and void, and shall be of no force or effect whatsoever, and shall not be referred to or utilized for any purpose whatsoever, and (b) State Fund shall be entitled to the return of all funds, except that the Parties will share, on a 50-50 basis, any Administrative Costs incurred, with State Fund providing 50%, Reynolds providing 25% and Jetter Plaintiffs providing 25%.

## **2.4 Settlement Fund Distribution**

### **2.4.1 Settlement Fund**

In consideration for settlement of the *Reynolds* and *Jetter* class actions, State Fund agrees to pay the sum of Sixty-Five million dollars (\$65,000,000.00) (“Settlement Fund” or “Settlement Amount”) to be allocated to the Claims Administrator, Reynolds Counsel, Jetter Counsel, any Named Plaintiffs receiving a Service Payment, and the Settlement Class Members, as described herein. The Settlement Fund is the total and maximum amount State Fund is required to pay for any and all purposes under this Settlement Agreement. No portion of the Settlement Fund will revert to State Fund.

### **2.4.2 Attorneys’ Fees and Costs**

(a) Settlement Class Counsel will apply to the Court in advance of the Final Approval Hearing for a determination of attorneys’ fees not to exceed, in the aggregate, thirty percent (30%) of the Settlement Fund, as well as reimbursement of reasonable expenses incurred.

(b) Any Attorneys’ Fees and Costs that are paid to Reynolds Counsel and Jetter Counsel will be paid solely from the Settlement Fund, which constitutes the common fund in the *Reynolds* and *Jetter* class actions.

### **2.4.3 Named Plaintiffs Service Payment**

In addition to the amounts determined to be due to them as Settlement Class Members under this Settlement Agreement, the Named Plaintiffs may apply to the Court through their counsel for a Class Representative Service Payment not to exceed \$25,000 each. Plaintiffs contend that such amount is reasonable in light of the circumstances as set forth in the Motion for Preliminary Approval. Any Service Payment approved by the Court in conjunction with the Settlement shall be paid from the Settlement Fund.

### **2.4.4 Claims Administration Costs**

The Claims Administrator shall be paid for the Administrative Costs from the Settlement Fund. The Parties agree to cooperate in the claims administration process and to

make all efforts to control and minimize the costs and expenses incurred in the administration of this Settlement.

#### 2.4.5 Calculation of Settlement Payments

(a) Participating Settlement Class Members will receive their Settlement Payment from the Settlement Fund. Each Settlement Class Member's Settlement Payment will be calculated by the Claims Administrator as a *pro rata* share of the Settlement Fund in a proportion equal to the Settlement Class Members' share of the total Additional Premiums paid to State Fund between March 1, 2013 and the date of preliminary approval as a result of a tier surcharge in excess of 1.0 using the methodology set forth in Section 2.4.5(b). The date range for participation as a Settlement Class Member will be between March 1, 2013 and the date of preliminary approval as a result of a tier modifier assigned in excess of 1.0. In no event shall any Settlement Class Member receive less than \$100.00. The average payment per class member is currently estimated to be approximately \$540.00.<sup>1</sup>

(b) Settlement Payments for Participating Settlement Class Members shall be calculated as follows:

- i. First, by calculating the total amount of Additional Premiums paid by each Participating Settlement Class Member.
- ii. Second, by calculating a "Base Share Factor" for each Participating Settlement Class Member, which shall be calculated as follows: (i) the Participating Settlement Class Member's Additional Premiums; divided by (b) the total aggregate Additional Premiums paid by all Participating Settlement Class Members.

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<sup>1</sup> This estimated average payment is based on the assumptions that the \$65,000,000 Settlement Fund will be reduced by (1) \$19,500,000 for Attorneys' Fees and Costs (at 30% of Settlement Fund); (2) \$159,000 for Administrative Costs (the maximum costs agreed to by the Claims Administrator); and \$75,000 for Service Payments to the Plaintiffs. The remaining \$45,266,000 Net Settlement Fund, when divided equally among the approximately 83,306 Settlement Class Members from March 1, 2013 through August 31, 2021, is \$543.37.

iii. Third, by calculating the “Base Distribution Amount” for each Participating Settlement Class Member as follows: (a) the Participating Settlement Class Member’s Base Share Factor; multiplied by (b) the Net Settlement Amount.

Participating Settlement Class Members with a Base Distribution Amount below \$100.00 are deemed “Minimum Payment Recipients.” Participating Settlement Class Members with a Base Distribution Amount of \$100.00 or above are deemed “Extra Payment Recipients.”

iv. Fourth, by allocating a “Minimum Payment” of one hundred dollars (\$100.00) to each Participating Settlement Class Member. The aggregate total of all Minimum Payments, for all Participating Settlement Class Members, shall be called the “Total Minimum Payments.”

v. Fifth, by calculating the “Additional Distribution Funds,” which shall be calculated as follows: (i) the Net Settlement Amount; minus (b) the Total Minimum Payments.

vi. Sixth, by calculating the “Extra Share Factor” amount for each Extra Premium Recipient, which shall be calculated as follows: (i) the Extra Premium Recipient’s Additional Premium; divided by (b) the total aggregate Additional Premiums paid by all Extra Premium Recipients.

vii. Seventh, by calculating the “Additional Distribution Amount” due each Extra Payment Recipient as follows: (a) the Extra Payment Recipient’s Extra Share Factor; multiplied by (b) the Additional Distribution Funds.

viii. Eighth, by calculating the Settlement Payment for each Participating Settlement Class Member as follows: (a) the Participating Settlement Class Member’s Minimum Payment; plus (b) any Additional Distribution Amount due if the Participating Settlement Class Member is an Extra Payment Recipient.

(c) In the event the aggregate amount of Settlement Payments dictated by the proportional payment structure described above exceeds the Net Settlement Amount, each

Settlement Payment shall be reduced pro rata until the aggregate amount of Settlement Payments no longer exceeds the Net Settlement Amount.

(d) Within fourteen (14) days following the Effective Date, the Claims Administrator shall provide to Settlement Class Counsel a computation of each Participating Settlement Class Member's Settlement Payment.

(e) In the event a Settlement Class Member disputes the amount of its Settlement Payment, the Settlement Class Member shall notify the Claims Administrator of such dispute and provide any materials or evidence in support of its claim. The Claims Administrator shall promptly notify counsel for the Parties of any such disputes and forward any materials or evidence received in support thereof to counsel for the Parties. If the Parties are unable to resolve the dispute, then the dispute shall be submitted to Bruce Friedman, who will arbitrate the dispute and make a binding decision. Mr. Friedman's fees for arbitrating the dispute shall be paid out of the Settlement Fund. In the event that Mr. Friedman is not available to arbitrate these disputes, the Parties will promptly meet and confer to determine a substitute arbitrator. If the Parties cannot agree on a substitute arbitrator within five (5) days, the Named Plaintiffs and State Fund will each submit two (2) proposed candidates to the Court for the Court's determination. For the avoidance of doubt, the Named Plaintiffs will collectively choose two (2) proposed arbitrators, and State Fund will choose two (2) proposed arbitrators, for a total of four (4).

## **2.5 Injunctive Relief**

In consideration for settlement of the Reynolds and *Jetter* class actions, State Fund also agrees to the following:

(a) State Fund will not file any portion of any rate filings pertaining to tier rating or tier modifiers confidentially with the California Department of Insurance for at least five (5) years from the date of Final Approval. If for five (5) years thereafter, State Fund seeks to file any of its tier modifier filings confidentially, it will notify Settlement Class Counsel in advance so as to give Settlement Class Counsel an opportunity to be heard.

(b) State Fund will make all tier rating rate filings publicly available as long as the current version of California Insurance Code §11735(b) remains in force and effect.

(c) State Fund will modify its current “Applicant Quote” document, provided to applicants for new or renewal State Fund insurance policies, to identify the applicant’s tier modifier as is currently done in current “Broker Quote” documents provided to Brokers. State Fund expects to implement the modification of its Applicant Quote document to include the tier modifier by the end of the first quarter of 2023. In the event State Fund’s implementation is delayed past the first quarter of 2023, State Fund will contact Class Counsel within thirty (30) days following the end of the first quarter of 2023 so that the parties may arrange a conference with the Court. State Fund will continue to provide all direct applicants who apply for new or renewal insurance policies without a Broker, with the modified Applicant Quote document for at least five (5) years, as long as it continues the use of tier modifiers during that five year period, running from the date of final approval of the Class Action Settlement. In the event that State Fund discontinues use of the modified Applicant Quote document for applicants without a Broker, within this time period, State Fund will continue to provide all applicants for new or renewal insurance policies with their tier modifier through other means for at least five (5) years from the date of final approval. Separately, in the event that any policyholder (or a policyholder’s broker) inquires about the basis for their tier rating modifier, State Fund will provide a reasonable and good faith explanation as to why the particular tier modifier was assigned to the policyholder’s policy.

## **2.6 Appointment and Duties of Claims Administrator**

2.6.1 Subject to the approval of the Court, the Parties have agreed to the appointment of CPT Group, Inc., a professional class action claims administration firm, as the Claims Administrator for the purpose of administering the settlement process. CPT Group, Inc. is one of the premier administrators of class action settlements in the United States, having administered thousands of class settlements and billions of dollars in class funds over the last 30

years. The Claims Administrator shall provide all services typically undertaken in administering a class action settlement, including the following:

- (a) Implement and conduct all aspects of the Notice Program;
- (b) Establish and maintain a settlement website and toll-free number for Settlement Class Members to make inquiries and receive information about the settlement. If practical, these services shall be in both English and Spanish;
- (c) Process all objections and opt-out requests pursuant to the time-frames agreed upon;
- (d) Calculate and distribute Settlement Payments, as well as any Service Payment and payments of Attorneys' Fees and Costs;
- (e) Any other services that are reasonable and customary in the administration of a Class Action Settlement.

2.6.2 The Claims Administrator shall keep counsel for all Parties timely apprised of the performance of all Claims Administrator responsibilities through weekly emails.

2.6.3 Any disputes relating to the Claims Administrator's performance of its duties will be referred to the Court, if necessary, which will have continuing jurisdiction over this Settlement until all payments and obligations contemplated by this Settlement Agreement have been fully carried out. Neither the Parties nor their counsel shall have any responsibility or liability for the acts or omissions of the Claims Administrator.

2.6.4 At least twenty-one (21) days before the Final Approval Hearing, the Claims Administrator shall provide to all counsel a declaration of due diligence detailing the completion of the Notice Program, and any attempts by the Claims Administrator to locate Settlement Class Members, and its inability to deliver Notice to the Settlement Class Members due to invalid mailing or email addresses ("Due Diligence Declaration"). Settlement Class Counsel shall be responsible for filing the Due Diligence Declaration with the Court.

## **2.7 Release of Claims by the Settlement Class Members**

2.7.1 Effective on the date that State Fund fully funds the entire Settlement Fund (within seven (7) days after the Effective Date), the Settlement Class Members, including their heirs, assigns, and estates, shall be deemed to fully forever, irrevocably and unconditionally release, and discharge State Fund and the Released Parties from any and all claims, debts, liabilities, demands, obligations, guarantees, penalties, costs, expenses, attorneys' fees, damages, liquidated damages, action or causes of action whatever kind or nature, whether known or unknown, contingent or accrued, against State Fund or the Released Parties or any of them, under any state or municipal statute, ordinance, regulation, order or common law, arising out of or related to any of the claims asserted in either the *Reynolds* or *Jetter* class action lawsuits, through the date of preliminary approval of this Settlement, and any related claims for interest (whether pre- or post-judgment) and/or attorneys' fees and costs (the "Released Claims").

2.7.2 This Settlement Agreement shall be binding on all Settlement Class Members whether or not they actually receive a payment pursuant to this Settlement Agreement, unless they have opted-out in accordance with the procedures set forth in this Agreement. This Settlement Agreement shall constitute, and may be pleaded as, a complete and total defense to any Released Claims raised in the future.

2.7.3 The Named Plaintiffs and Participating Settlement Class Members agree not to file a lawsuit in any court alleging any of the Released Claims, or participate as a party or a class member in any administrative or other legal proceedings, in any forum, against State Fund or the Released Parties, for any Released Claims under this Settlement Agreement. The Named Plaintiffs and Participating Settlement Class Members further agree they will not cause, encourage, assist, volunteer, advise or cooperate with any other potential plaintiffs to commence, maintain, initiate or prosecute, any action, lawsuit, proceeding, charge, petition, complaint or claim asserting any of the Released Claims against State Fund. In consideration for the promises made by State Fund in this Settlement Agreement, the Named Plaintiffs and Participating Settlement Class Members agree not to institute any suit, complaint, proceeding, grievance, or



action of any kind at law, in equity, or otherwise in any court of the United States, state, or municipality, or administrative agency, or any arbitration or other legal forum, against State Fund or the Released Parties for any claim included in the Released Claims. The Named Plaintiffs and Participating Settlement Class Members also agree that they will not join, participate in, or consent to opt in to any actions alleging that he, she, or it is similarly situated to any other policyholder with respect to any such Released Claims, and that each will elect to opt out of any such actions against State Fund or the Released Parties of which he, she, or it is involuntarily made a member or party. If any of the Settlement Class Members are joined in any class or collective lawsuits for any Released Claims, he, she, or it will receive no further compensation of any kind for such released claim or claims.

2.7.4 The Parties agree that the *Reynolds* lawsuit is premised upon the decision issued by the Insurance Commissioner entitled *In the Matter of the Appeal of A-Brite Blind & Drapery Cleaning* (AHB WCA-17-26) (“*A-Brite*”). The Parties further agree that the release given here covers all allegations, legal theories, and claims brought in the *Reynolds* lawsuit that are premised upon and/or rely on the *A-Brite* decision, which was attached as an exhibit to the *Reynolds* lawsuit.

2.7.5 The Released Claims defined herein specifically do not include, or otherwise affect, State Fund’s ability to pursue and collect outstanding premiums.

## 2.8 Preliminary Approval

### 2.8.1 Preliminary Approval Order

Promptly upon execution of this Settlement Agreement, the Named Plaintiffs shall file a Motion for Preliminary Approval, seeking an Order of Preliminary Approval and determination by the Court as to the fairness, adequacy, and reasonableness of this settlement, pursuant to California Rules of Court, Rule 3.769. Named Plaintiffs will file a Motion for Preliminary Approval seeking the following:

(a) Preliminarily approving this Settlement Agreement as fair, reasonable, and adequate as to the Settlement Class Members;

- (b) Approval as to form and content of the proposed Notices of Settlement;
- (c) Directing commencement of the Notice Program by the Claims

Administrator;

- (d) Appointing CPT Group, Inc. as Claims Administrator;
- (e) Appoint the Named Plaintiffs as the Class Representatives for the Settlement Class;
- (f) Appoint Reynolds Counsel and Michael Liskow as Settlement Class Counsel for the Settlement Class;
- (g) Approving the procedures and deadlines for objections and opt-outs; and
- (h) Scheduling a Final Approval Hearing on the question of whether the proposed Settlement should be finally approved.

#### 2.8.2 Denial Of Preliminary Approval Order

If the Court fails for any reason to enter the Preliminary Approval Order in substantially the same format as Exhibit C, or to certify the Settlement Class for settlement purposes consistent with the provisions hereof, and if the Parties do not agree jointly to either address the reasons given by the Court and seek further approval again, or to appeal such a ruling, then this Settlement Agreement will terminate and be of no further force or effect without any further action by the Parties.

#### 2.8.3 The Notice Program

(a) Within ten (10) days of entry of the Order Granting Preliminary Approval of Settlement, State Fund shall provide the Claims Administrator with all available contact information for the Settlement Class Members in an agreed upon format. Within thirty (30) days of entry of the Order Granting Preliminary Approval of Settlement, State Fund shall provide the Claims Administrator with all premium information necessary for the Claims Administrator to calculate the payments to be made to the Participating Settlement Class Members. The data provided to the Claims Administrator will remain confidential and will not be disclosed to any outside party, except as required by law, or with the express written consent of State Fund, or by

order of the Court. It is necessary to keep this data confidential because, among other reasons, it includes various identifying information of the Settlement Class Members including their premiums paid. The data provided under this Section shall be used only for the purpose of administering this Settlement.

(b) The Short Form Notice, as approved by the Court, shall be sent by the Claims Administrator to the Settlement Class Members, by First Class Mail to those addresses provided, as soon as practicable, but in any event within thirty (30) days after entry of the Preliminary Approval Order. The Short Form Notice shall set forth a brief description of the *Reynolds* and *Jetter* class actions, provide the definition of the Settlement Class, inform the Settlement Class Members of the nature and scope of the settlement of claims, set forth the requested Attorneys' Fees and Costs, disclose the Service Payment that will be requested by certain Named Plaintiffs, inform the Settlement Class Members of their opportunity to be heard at the Final Approval Hearing, inform the Settlement Class Members of their right to opt out of the Settlement Class, and inform the Settlement Class Members of their right to submit an objection to any term of the Settlement. The Short Form Notice will direct Settlement Class Members to the Settlement Website and to the toll-free number established by the Claims Administrator to obtain further information about the settlement.

(c) The Claims Administrator will attempt to locate any Settlement Class Members whose Short Form Notice is returned by the Post Office by performing a National Change of Address search on the entire list of Settlement Class Members and if needed, conducting one skip trace search regarding any returned Notice of Settlement.

(d) If a Short Form Notice has not been returned within twenty-one (21) days of the mailing, it shall be conclusively presumed that the person or entity to whom the notice was addressed received the Notice of Settlement.

(e) The Long Form Notice, as approved by the Court, shall be sent by the Claims Administrator to the Settlement Class Members by email to those addresses provided, as soon as practicable, but in any event within thirty (30) days after entry of the Preliminary

Approval Order. The Claims Administrator will take reasonable steps to resend returned emails as described in the Notice Program.

(f) The Claims Administrator shall establish and maintain a Settlement Website which shall contain all material information about the settlement, including the date, time and location of the Final Approval Hearing, the Long Form Notice, this Settlement Agreement, the Preliminary Approval Motion and Order, the Motions for Final Approval and for a Payment of Attorneys' Fees and Costs, and such other documents as counsel agree upon or the Court orders. The Settlement Website will be established by the Claims Administrator no later than thirty (30) days after entry of the Preliminary Approval Order. In the event that the date, time or location of the Final Approval Hearing is changed, notification of the change will be prominently displayed on the home page of the Settlement Website.

#### 2.8.4 Objecting to the Settlement

(a) The Notice of Settlement shall provide that Settlement Class Members who wish to object to this Settlement Agreement must submit to the Claims Administrator a written statement objecting to this Settlement Agreement. Such objection and any supporting materials must be in writing, mailed to the Claims Administrator and postmarked no later than twenty-eight (28) days prior to the Final Approval Hearing (the "Objection Deadline"). An objection must state the objector's name, current address, email address (if available) and telephone number, the basis for the objection, and be signed by the objector. Any Settlement Class Member to whom any Short Form Notice or Long Form Notice is resent after having been returned undeliverable to the Claims Administrator shall have an additional fourteen (14) calendar days beyond the Objection Deadline has expired.

(b) Promptly upon receipt of any objections, the Claims Administrator shall forward the objections and any supporting briefs or other materials to counsel for the Parties.

(c) Counsel for the Parties shall file the objections, and any responses to any objections, at least seven (7) days in advance of the Final Approval Hearing.

(d) Any Settlement Class Member may appear at the Final Approval Hearing.

## 2.8.5 Opt-Out/Requests For Exclusion From Settlement

(a) Requests For Exclusion. Settlement Class Members will be given the opportunity to be excluded from the Settlement Class. All requests by Settlement Class Members to be excluded must be in writing, sent to the Claims Administrator and postmarked no later than twenty-eight (28) days prior to the Final Approval Hearing (the “Opt-Out Deadline”). Any Settlement Class Member to whom any Short Form Notice or Long Form Notice is resent after having been returned undeliverable to the Claims Administrator shall have an additional fourteen (14) calendar days beyond the Opt-Out Deadline has expired. To be valid, a request for exclusion must be personally signed by the Settlement Class Member and must include: (i) the Settlement Class Member’s name, address and telephone number; (ii) a sentence stating that he, she or it believes that they are a Settlement Class Member; (iii) a statement making clear that the Settlement Class Member requests to be excluded from the Reynolds and Jetter class settlements; and (iv) the Settlement Class Members’ signature. No Settlement Class Member, or any person acting on behalf of or in concert or participation with that Settlement Class Member, may exclude any other Settlement Class Member from the Settlement Class.

(b) Delivery To Parties; Certification To The Court. The Claims Administrator will provide copies of the original requests for exclusion to the Parties by no later than seven (7) days after the opt-out deadline. Not later than seven (7) days before the Final Approval Hearing, the Parties will file with the Court the Due Diligence Declaration and a declaration by the Claims Administrator listing all of the valid opt-outs received.

(c) Effect. Settlement Class Members who timely exclude themselves from the Settlement Class will not be eligible to receive any payment pursuant to the Settlement, will not be permitted to object to the Settlement, will not be bound by any further orders or judgments in the *Reynolds* and *Jetter* class actions, and will preserve their ability to independently pursue any individual claims for damages they may have against State Fund by filing their own individual lawsuit at their own expense.

(d) Right To Withdraw For Excessive Opt-Outs. If more than three (3) percent of total Settlement Class Members timely and validly request exclusion from the settlement, then State Fund in its sole discretion may terminate this Settlement Agreement, and the Parties will be returned to the status quo ante as of August 27, 2021, for all litigation purposes, as if no settlement had been negotiated or entered into. If State Fund exercises this right to declare the Settlement Agreement void, it must provide Reynolds Counsel and Jetter Counsel with written notice of this election no later than ten (10) days before the Final Approval Hearing; provided, however, State Fund will remain responsible for paying all Administrative Costs incurred to that point.

## **2.9 Final Approval Hearing**

The Parties will request the Court to conduct a Final Approval Hearing to determine if the Settlement is fair, reasonable, and adequate, and if so, enter the Order of Final Approval and Judgment which will (a) approve the Settlement, adjudging the terms thereof to be fair, reasonable and adequate, and directing consummation of its terms and provisions; (b) certify the Settlement Class; (c) approve in whole or in part the application of Reynolds Counsel and Jetter Counsel for a payment of Attorneys' Fees and Costs; (d) approve in whole or in part any requests for Service Payment; and (e) permanently bar and enjoin all Participating Settlement Class Members from prosecuting any Released Claims against State Fund or any Released Parties. Within three (3) days of entry of any Order of Final Approval and Judgment by the Court, Settlement Class Counsel will cause the Claims Administrator to post the Order on the Settlement Website.

### 2.10 Funding the Settlement Amount and Distribution of Settlement Fund

2.10.1 State Fund will pay Sixty-Five Million Dollars and 00/100 (\$65,000,000.00), the full Settlement Amount, into the Settlement Fund Account within seven (7) days after the Effective Date. This Settlement Amount is inclusive of any award for Attorneys' Fees and Costs, or any Service Payments granted by the Court under this Settlement.

2.10.2 Within twenty-one (21) days after the Effective Date, the Claims Administrator will mail checks drawn from the Settlement Fund Account for all Settlement Payments to Participating Settlement Class Members, and direct payment from the Settlement Fund Account of any Court-approved Service Payments to Named Plaintiffs, any Court-approved payment of Attorneys' Fees and Costs to Reynolds Counsel and Jetter Counsel; and any Administrative Costs to the Claims Administrator. Any Court-approved payment of Attorneys' Fees and Costs to Reynolds Counsel and Jetter Counsel will be paid from the Settlement Fund Account to Reynolds Counsel and Jetter Counsel in amounts agreed to in writing by Reynolds Counsel and Jetter Counsel or as otherwise ordered by the Court. Disbursement of the Service Payments, Attorneys' Fees and Costs and Administrative Costs shall not precede the initial disbursement of Settlement Payments to Participating Settlement Class Members.

2.10.3 The Claims Administrator will issue checks for the Settlement Payments and send them to the Participating Settlement Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Claims Administrator will cancel all checks not cashed by the void date. The Claims Administrator will send checks for Settlement Payments to all Participating Settlement Class Members (including those for whom Class Notice was returned undelivered). Before mailing any checks, the Claims Administrator must update the recipients' mailing addresses using the National Change of Address Database.

2.10.4 The Class Administrator must conduct a Participating Settlement Class Member Address Search for all other Participating Settlement Class Members whose checks are returned undelivered without USPS forwarding address. Within seven (7) days of receiving a returned check the Claims Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Participating Settlement Class Member Address Search. The Claims Administrator need not take further steps to deliver checks to Participating Settlement Class Member whose re-mailed checks are returned as undelivered. The

Claims Administrator shall promptly send a replacement check to any Participating Settlement Class Member whose original check was lost or misplaced, requested by the Participating Settlement Class Member prior to the void date.

2.10.5 Within 60 days following the last day upon which all settlement checks have either been cashed or have become void, the Parties shall file a joint report with the Court that sets forth the total amount that was actually paid to the Participating Settlement Class Members, the total number of Participating Settlement Class Members who cashed checks (and the amount of such checks), the number of checks returned as undeliverable (and amount of such checks), the number of checks voided due to not being timely cashed (and amount of such checks), and the total dollar amount of monies (including any accrued interest) remaining in the Settlement Fund Account (the “Joint Settlement Report”).

2.10.6 If, after the first distribution, there is \$500,000 or less in the Settlement Fund Account, these residual funds will be distributed to any *Cy Pres* recipients in equal amounts as detailed *infra* in Section 2.10.8. If, however, after the first distribution there remains more than \$500,000 in the settlement fund account, there shall be a second distribution following the Court’s determination as to whether the residual funds ought to be dispersed only to those participating settlement class members who timely cashed their settlement checks, or whether the residual funds shall instead be paid to all Participating Settlement Class Members. In making this determination, the Court may hold a hearing with Settlement Class Counsel to review the Joint Settlement Report, and to discuss the relative pros and cons of whether to distribute the remaining residual funds to only those who timely cashed a settlement check, or to all Participating Settlement Class Members.

2.10.7 Within 60 days following the last day upon which all settlement checks from any second distribution have either been cashed or become void, the Parties shall file a second Joint Settlement Report with the Court. If, after the second distribution, there is \$500,000 or less in the Settlement Fund Account, these residual funds will be distributed to any *Cy Pres* recipients in equal amounts as detailed *infra* in Section 2.10.8. If, after the second



distribution, there still remains in excess of \$500,000 in the Settlement Fund Account, counsel for State Fund and Settlement Class Counsel will confer with the Court, in consultation with the Claims Administrator, as to whether any further distributions shall take place, or whether the residual amount shall be paid to any *Cy Pres* recipients in equal amounts.

2.10.8 Once the Parties and/or the Court determine that no additional distributions shall take place, any residual funds will be paid to any *Cy Pres* recipients approved by the Court in equal amounts. The *Cy Pres* recipients agreed to by the Parties are Worksafe (Worksafe.org) and Kids' Chance of California subject to approval by the Court. Worksafe satisfies the requirements of California Code of Civil Procedure section 384(b) because it is a California-based non-profit organization dedicated to promoting and protecting the basic right of all people to a safe and healthy workplace. Kids' Chance of California satisfies the requirements of California Code of Civil Procedure section 384(b) because it is a non-profit organization whose mission is to provide need-based educational scholarships to the children of California workers who have been fatally or seriously injured on the job. The Parties, Reynolds Counsel and Jetter Counsel have provided declarations, attached as Exhibits G-N, affirming that they have no interest or involvement in the governance or work of either of the proposed *Cy Pres* recipients. In the event that one of the two proposed *Cy Pres* recipients is deemed to not be suitable by the Court, the other, suitable *Cy Pres* recipient will receive the full amount of any residual funds. If the Court orders residual funds in the Settlement Fund Account to be disbursed to any *Cy Pres* recipients, the Court shall amend the Order of Final Approval and Judgment to direct the Claims Administrator to pay such remaining monies (including any accrued interest) to the designated *Cy Pres* recipients.

2.10.9 The payment of Settlement Payments shall not obligate State Fund to confer any additional benefits or make any additional payments to Participating Settlement Class Members beyond those specified in this Settlement Agreement, including any Attorneys' Fees and Costs or Service Payments not granted by the Court under this Settlement.

## 2.11 Confirmatory Discovery

The Parties acknowledge that State Fund has provided to Settlement Class Counsel a sworn declaration attesting to, *inter alia*, the following from March 1, 2013 through August 31, 2021 (1) the total Additional Premiums paid by the Settlement Class Members due to a tier rating score in excess of 1.0; (2) the total number of Settlement Class Members; and (3) the total discounts received by Settlement Class due to receiving a tier modifier below 1.0. The declaration includes a proper foundation as to the methodology employed by State Fund to obtain this information sufficient to warrant its accuracy. That sworn declaration is attached as Exhibit O, and is made a part of this Settlement Agreement. Within thirty (30) days of the Court's grant of the Motion for Preliminary Approval, State Fund will provide Settlement Counsel and the Claims Administrator with an updated version of the declaration reflecting data for the Settlement Class for the entire Class Period, through the date of Preliminary Approval.

## 2.12 Communications

2.12.1 Confidentiality Prior to Preliminary Approval. Settlement Class Members, Named Plaintiffs, Settlement Class Counsel and State Fund separately agree that until the Motion for Preliminary Approval of Settlement is filed, he/she/it will not to disclose, disseminate and/or publicize, cause or permit to disclose, disseminate or publicize, any of the terms of the Settlement Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Settlement Agreement confidential; (2) to the extent necessary to report income to appropriate taxing authorities; (3) in response to a court order or subpoena; or (4) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Settlement Class Members, Named Plaintiffs, Settlement Class Counsel and State Fund separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, with any third party regarding this Settlement Agreement or the matters

giving rise to this Settlement Agreement and further agree to respond to any conversation initiated by a third party by stating only that “the matter was resolved,” or words to that effect. This paragraph does not restrict Settlement Class Counsel’s communications with Settlement Class Members in accordance with Settlement Class Counsel’s ethical obligations owed to Settlement Class Members.

2.12.2 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Settlement Class Member to opt out of or object to the Settlement, or appeal from any Judgment approving the Settlement. Nothing in this paragraph shall be construed to restrict Settlement Class Counsel’s ability to communicate with Settlement Class Members in accordance with Settlement Class Counsel’s ethical obligations owed to Settlement Class Members.

2.12.3 Following the Order Granting Preliminary Approval, the Parties and their counsel will direct inquiries from Settlement Class Members to the Claims Administrator to ensure consistent and accurate communication with Settlement Class Members.

2.12.4 Nothing in this Settlement Agreement shall limit State Fund from communicating with its counsel regarding this Settlement Agreement, or Settlement Class Members from communicating with Reynolds Counsel or Jetter Counsel regarding this Settlement Agreement.

### 2.13 Continuing Jurisdiction of the Court

The Parties agree that the Court shall retain exclusive jurisdiction over the Parties, and over this Settlement Agreement, in order to, among other things: (i) monitor and enforce compliance with this Settlement Agreement, Final Approval, and any related order of this Court; and (ii) resolve any disputes over this Settlement Agreement or the administration of any benefits of this Settlement Agreement, including, disputes over entitlement to payments for Attorneys’ Fees and Costs.

**2.14 Dispute Resolution**

Except as otherwise authorized herein and in Section 2.4.5(e) with regard to Settlement Class Member disputes regarding Settlement Payments, all disputes concerning the interpretation, implementation, calculation, or payment of the Settlement Amount or other disputes regarding compliance with this Settlement Agreement will be resolved by the Court.

**2.15 Parties' Authority**

The signatories hereto hereby represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties hereto to the terms and conditions hereof.

**2.16 Mutual Full Cooperation**

The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement as expeditiously as possible, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Settlement Agreement and obtain Final Approval. The Parties to this Settlement Agreement shall use their best efforts, including all efforts contemplated by this Settlement Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Settlement Agreement and the terms set forth herein. As soon as practicable after execution of this Settlement Agreement, Reynolds Counsel and Jetter Counsel shall, with the assistance and cooperation of State Fund and its counsel, take all necessary steps to secure the Court's Final Approval of this Settlement Agreement. Reynolds Counsel and Jetter Counsel will also notify counsel for State Fund if they are subpoenaed or receive any other request for documents or information regarding any other action filed or potential action against State Fund or the Released Parties that covers or includes any Settlement Class Members.

**2.17 No Prior Assignments**

The Parties hereto represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged except as set forth herein.

## **2.18 No Admission**

Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of State Fund or any of the Released Parties, and they expressly deny liability or wrongdoing. Each of the parties hereto has entered into this Settlement Agreement with the sole purpose and intention to avoid further disputes and litigation with the attendant inconvenience and expenses. In the event this Settlement Agreement is not approved by the Court or otherwise does not become final, State Fund does not waive any defenses or rights. This Settlement Agreement is a settlement document and shall, pursuant to Federal Rule of Evidence 408, California Evidence Code section 1152, and any and all analogous state laws, be inadmissible in evidence except: (1) in action or proceeding to approve, interpret, or enforce this Settlement Agreement; (2) in an action or proceeding in which State Fund wishes to assert a defense to the Released Claims; or (3) in an action, proceeding or any other collection efforts by State Fund, or its assignees, to pursue and collect outstanding premium owed to State Fund.

## **2.19 Notices**

Unless otherwise specifically provided herein, all notices, demands, or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the third business day after mailing by United States registered or certified mail, return receipt requested, addressed as follows:

To Named Plaintiffs and the Settlement Class:

Drew E. Pomerance  
David Ginsburg  
ROXBOROUGH, POMERANCE, NYE & ADREANI LLP  
5820 Canoga Avenue, Suite 250  
Woodland Hills, California 91367

Michael Liskow  
CALCATERRA POLLACK LLP  
1140 Avenue of the Americas, 9th Floor  
New York, New York 10036-5803,

Scott M. Priz

PRIZ LAW, LLC  
3230 S. Harlem Ave., Suite 221B  
Riverside, Illinois 60546

Betsy C. Manifold  
WOLF HALDENSTEIN ADLER FREEMAN & HERZ LLP  
750 B Street, Suite 1820  
San Diego, California 92101.

To State Fund:

R. Timothy O'Connor  
John B. De Leon  
State Compensation Insurance Fund  
900 Corporate Center Drive, Suite 401  
Monterey Park, California 91754

## **2.20 Construction**

The Parties hereto agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arms-length negotiations between the Parties and that this Settlement Agreement shall not be construed in favor of or against any party by reason of the extent to which any party or his, her or its counsel participated in the drafting of this Settlement Agreement.

### 2.21 Captions and Interpretations

Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.

## **2.22 Modification**

This Settlement Agreement may not be changed, altered, or modified, except in writing and signed by State Fund, Reynolds Counsel, and Jetter Counsel, and Named Plaintiffs Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control, American Jetter & Plumbing, Inc., and Resilience Treatment Center. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties hereto.

**2.23 Integration Clause**

This Settlement Agreement contains the entire agreement between the Parties relating to the Settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements relating to this Settlement and the transaction contemplated hereby, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

**2.24 Binding on Assigns**

The provisions of this Settlement Agreement shall run in perpetuity. This Settlement Agreement shall be binding upon the Parties hereto and their spouses, heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of State Fund and the Released Parties, and their predecessors, successors, affiliates, subsidiaries, parent companies, partners, current and past employees, insurers, agents, legal representatives, each of which is entitled to enforce this Settlement Agreement.

**2.25 Signatories**

It is agreed that because the members of the Settlement Class are so numerous, it is impossible or impractical to have each member of the Settlement Class execute this Settlement Agreement. It is agreed that this Settlement Agreement may be executed on behalf of the Settlement Class by Reynolds Counsel, Jetter Counsel, and Named Plaintiffs Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control, American Jetter & Plumbing, Inc., and Resilience Treatment Center, and shall have the same force and effect as if executed by each Participating Settlement Class Member.

**2.26 Reasonableness of Settlement Agreement**

The Parties jointly warrant that this is a fair, reasonable, and adequate settlement and have arrived at this Settlement through arms-length negotiations, taking into account all relevant factors, present and potential.

**2.27 Named Plaintiffs' Understanding and Recognition of Their Responsibilities as Class Representatives**

Prior to the commencement of their involvement in the *Reynolds* and *Jetter* class action, each Named Plaintiff was informed of the duties and responsibilities that they were required to perform, and agreed to accept these responsibilities and duties. This is detailed further in the declarations submitted by Named Plaintiffs attached as Exhibits P-S.

**2.28 California Law and Interpretation**

All terms of this Settlement Agreement and its exhibits will be governed and interpreted by and according to the laws of the State of California, without giving effect to any conflict of law principles or choice of principles. If the Court determines that the release of claims in Section 2.7 above is unenforceable, for whatever reason, this entire Settlement Agreement will become null and void *ab initio*.

**2.29 Counterparts**

This Settlement Agreement may be executed in counterparts and by PDF or facsimile signature (“counterpart”), and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to all Parties.

**2.30 Entire Agreement**

After this Settlement Agreement is fully executed by the Parties, it will constitute the entire agreement of the Parties. No oral representations, warranties, inducements, or writings have been made by any Party concerning this Settlement Agreement, other than those expressly stated herein.

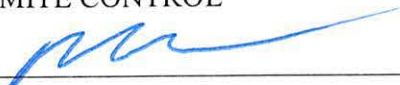
[SIGNATURES APPEAR ON THE NEXT TWO PAGES]



IN WITNESS WHEREOF, Named Plaintiffs Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control, American Jetter & Plumbing, Inc., and Resilience Treatment Center, State Fund, Reynolds Counsel, Jetter Counsel, and State Fund's counsel have executed this Settlement Agreement as of the date(s) indicated on the lines below.

Dated: October 10, 2022

NAMED PLAINTIFF MICHAEL REYNOLDS ENTERPRISE, INC. DBA REYNOLDS TERMITE CONTROL

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

Michael Reynolds

Dated: September \_\_, 2022

NAMED PLAINTIFF AMERICAN JETTER, INC.

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

Jesus Loya, Vice President

Dated: September \_\_, 2022

NAMED PLAINTIFF RESILIENCE TREATMENT CENTER

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

Jennifer Steiner, Chief Executive Officer

Dated: September \_\_, 2022

STATE COMPENSATION INSURANCE FUND

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

Ken Van Laar, Chief Risk Officer

IN WITNESS WHEREOF, Named Plaintiffs Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control, American Jetter & Plumbing, Inc., and Resilience Treatment Center, State Fund, Reynolds Counsel, Jetter Counsel, and State Fund's counsel have executed this Settlement Agreement as of the date(s) indicated on the lines below.

Dated: October \_\_, 2022

NAMED PLAINTIFF MICHAEL REYNOLDS ENTERPRISE, INC. DBA REYNOLDS TERMITE CONTROL

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

Michael Reynolds

Dated: October <sup>11</sup>\_\_, 2022

NAMED PLAINTIFF AMERICAN JETTER, INC.

By: \_\_\_\_\_  
DocuSigned by:  
59E0C387A6B8488...

Jesus Loya, Vice President

Dated: October \_\_, 2022

NAMED PLAINTIFF RESILIENCE TREATMENT CENTER

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

Jennifer Steiner, Chief Executive Officer

Dated: October 3, 2022

STATE COMPENSATION INSURANCE FUND

By: \_\_\_\_\_  
*Kenneth Van Laar*

Ken Van Laar, Chief Risk Officer

IN WITNESS WHEREOF, Named Plaintiffs Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control, American Jetter & Plumbing, Inc., and Resilience Treatment Center, State Fund, Reynolds Counsel, Jetter Counsel, and State Fund's counsel have executed this Settlement Agreement as of the date(s) indicated on the lines below.

Dated: October \_\_, 2022

NAMED PLAINTIFF MICHAEL REYNOLDS  
ENTERPRISE, INC. DBA REYNOLDS  
TERMITE CONTROL

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

Michael Reynolds

Dated: October \_\_, 2022

NAMED PLAINTIFF AMERICAN JETTER,  
INC.

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

Jesus Loya, Vice President

Dated: October 12, 2022

NAMED PLAINTIFF RESILIENCE  
TREATMENT CENTER

By: Jennifer Steiner

Jennifer Steiner, Chief Executive Officer

Dated: October 3, 2022

STATE COMPENSATION INSURANCE  
FUND

By: Kenneth Van Laar

Ken Van Laar, Chief Risk Officer

APPROVED AS TO FORM AND CONTENT:

Dated: October 7, 2022

ROXBOROUGH, POMERANCE, NYE &  
ADREANI LLP

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

Drew Pomerance  
David Ginsburg

Attorneys for Named Plaintiff Michael Reynolds  
Enterprise, Inc. dba Reynolds Termite Control

Dated: September \_\_, 2022

CALCATERRA POLLACK LLP

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

Michael Liskow  
Attorneys for Named Plaintiffs  
American Jetter & Plumbing, Inc. and  
Resilience Treatment Center

Dated: September \_\_, 2022

PRIZ LAW, LLC

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

Scott M. Priz  
Attorneys for Named Plaintiffs  
American Jetter & Plumbing, Inc. and  
Resilience Treatment Center

Dated: September \_\_, 2022

WOLF HALDENSTEIN ADLER  
FREEMAN & HERZ LLP

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

Betsy C. Manifold  
Attorneys for Named Plaintiffs  
American Jetter & Plumbing, Inc. and  
Resilience Treatment Center

APPROVED AS TO FORM AND CONTENT:

Dated: October \_\_, 2022

ROXBOROUGH, POMERANCE, NYE &  
ADREANI LLP

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

Drew Pomerance  
David Ginsburg  
Attorneys for Named Plaintiff Michael Reynolds  
Enterprise, Inc. dba Reynolds Termite Control

Dated: October 10, 2022

CALCATERRA POLLACK LLP

By: Michael Liskow

Michael Liskow  
Attorneys for Named Plaintiffs  
American Jetter & Plumbing, Inc. and  
Resilience Treatment Center

Dated: October 11, 2022

PRIZ LAW, LLC

By: Scott M. Priz

Scott M. Priz  
Attorneys for Named Plaintiffs  
American Jetter & Plumbing, Inc. and  
Resilience Treatment Center

Dated: October 11, 2022

WOLF HALDENSTEIN ADLER  
FREEMAN & HERZ LLP

By: Betsy C. Manifold

Betsy C. Manifold  
Attorneys for Named Plaintiffs  
American Jetter & Plumbing, Inc. and  
Resilience Treatment Center

**EXHIBIT A**  
**MODIFIED LONG FORM**  
**NOTICE**

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES

**If You Had A Workers' Compensation Insurance Policy with State  
Compensation Insurance Fund You May be Eligible to Receive a  
Cash Payment from a Class Action Settlement.**

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

*Si desea recibir esta notificación en español visite [\[website\]](#).*

- A proposed Settlement has been reached in two class action lawsuits against State Compensation Insurance Fund (“State Fund” or “Defendant”), about whether State Fund incorrectly charged excess premiums for certain workers’ compensation insurance policies from March 1, 2013 through [\[prelim approval date\]](#) (the “Class Period”). The Settlement resolves litigation over whether State Fund did in fact charge excess premiums.
- You may be eligible to participate in the proposed Settlement, if it is finally approved, if you had a workers’ compensation insurance policy through State Fund from March 1, 2013 through [\[prelim approval date\]](#) where your premiums were calculated using a tier modifier above 1.00. This may have occurred to you in either or both of the following two ways: State Fund may have applied a tier modifier above 1.00 to at least one of your policies during the Class Period based on the mathematical application of the tier modifier algorithm to your claims history and other information taken into account by the algorithm, and it caused you to pay more premiums than you otherwise would have. State Fund may also have applied a tier modifier above 1.00 to at least one of your policies during the Class Period due to State Fund’s determination that you failed to provide sufficient documentation of your claims history and other required information, and it caused you to pay more premiums than you otherwise would have. If you have been mailed or emailed notice of this class action settlement, it is because State Fund’s records indicate that you paid increased premiums for one or both of these reasons and therefore are a member of the Settlement Class. If you did not receive this notice directly, but had at least one workers’ compensation insurance policy through State Fund from March 1, 2013 through the present, you may contact the Claims Administrator at the phone number, email address or mailing address listed below in Section 23 to determine whether you may be eligible to participate in the Settlement.
- If you qualify for the Settlement and do not seek to exclude yourself from the Settlement you will be eligible for a cash payment if the Settlement is approved. If you are eligible, you do not need to take any action to receive a payment from the Settlement. If you qualify for the Settlement and do not seek to exclude yourself, you will be sent a check at the address this notice was mailed to. If you would like to provide an updated address for the check to be mailed to, please contact the Claims Administrator at the phone number, email address or mailing address listed below in Section 23 to provide an updated address.
- Your legal rights are affected whether you act, or don’t act. **Please read this notice carefully.**

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

<b>EXCLUDE YOURSELF BY <a href="#">[DATE]</a>, 2022</b>	Receive no payment from the Settlement. This is the only option that allows you to ever be, or continue to be, a part of any other lawsuit against State Fund about the legal claims in these cases.
<b>OBJECT BY <a href="#">[DATE]</a>, 2022</b>	Write to the Court about why you think the Settlement is unfair, inadequate, or unreasonable by following the instructions in this notice.
<b>GO TO A HEARING <a href="#">[DATE]</a>, 2022</b>	Ask to speak in Court about the fairness of the Settlement. You do not need to attend the hearing to receive payment.
<b>DO NOTHING</b>	If you do nothing you will be deemed to have accepted the Settlement and will automatically receive payment in the manner discussed below.

- These rights and options—**and the deadlines to exercise them**—are explained in this notice. The deadlines may be moved, canceled, or otherwise modified, so please check the Settlement Website, [website address], regularly for updates and further details.
- The Court in charge of these cases has yet to decide whether to finally approve the Settlement. Payments will be made if the Court finally approves the Settlement and after any appeals are resolved. Please be patient.

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## **BASIC INFORMATION**

### **1. Why is there a notice?**

This Notice relates to a proposed settlement of two class action lawsuits involving whether State Compensation Insurance Fund incorrectly charged excess premiums for certain workers' compensation insurance policies from March 1, 2013 through [prelim approval date]. You received this notice because you have been identified as a potential Settlement Class Member able to receive payment from a proposed settlement of the class action lawsuits *Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control v. State Compensation Insurance Fund*, Case No. 19STCV05738 and *American Jetter & Plumbing, Inc. v. State Compensation Insurance Fund*, Case No. 19STCV36307. You have a right to know about a proposed Settlement of these class action lawsuits, and about your options, before the Court decides whether to finally approve the Settlement.

These cases are taking place in the Superior Court of California, County of Los Angeles (the "Court"). Judge Lawrence P. Riff of the the Superior Court of California, County of Los Angeles, is in charge of these cases. The individuals who sued are called the Named Plaintiffs, and the company they sued, State Compensation Insurance Fund, is called the Defendant.

### **2. What is this lawsuit about?**

The lawsuit generally alleges that the Defendant breached its insurance agreements with insureds and violated certain state laws and regulations by charging insurance premiums calculated using a tier modifier above 1.00 during certain time periods and for different reasons as discussed below. The Defendant denies any and all wrongdoing of any kind whatsoever, and denies any liability to the Named Plaintiffs and to the Settlement Class.

### **3. Why is this a class action?**

In a class action, one or more people, called "Class Representatives," sue on behalf of people who have similar claims. All these people are in a "class" or are "class members," except for those who exclude themselves from the class. Judge Lawrence P. Riff of the Superior Court of California, County of Los Angeles is in charge of these class actions.

### **4. Why is there a Settlement?**

The Defendant does not admit that it did anything wrong and both sides want to avoid the cost of further litigation. The Court has not decided in favor of the Named Plaintiffs or the Defendant. The Parties and their attorneys think the Settlement is best for everyone who is affected. The Settlement provides Settlement Class Members with the opportunity to receive Settlement benefits.

## **WHO IS IN THE SETTLEMENT?**

### **5. How do I know if I am in the Settlement?**

The Settlement Class includes all insureds of State Fund whose workers' compensation insurance premiums were calculated using a tier modifier in excess of 1.00 for any policy in effect from March 1, 2013, through [prelim approval date]. This may have occurred to you in either or both of the following two ways: State Fund may have applied a tier modifier above 1.00 to at least one of your policies during the Class Period based on the mathematical application of the tier modifier algorithm to your claims history and other information taken into account by the algorithm, and it caused you to pay more premiums than you otherwise would have. State Fund may also have applied a tier modifier above 1.00 to at least one of your policies during the Class Period due to State Fund's determination that you failed to provide sufficient documentation of your claims history and other required information during your policy application process, and it caused you to pay more

premiums than you otherwise would have. If you directly received a copy of this or similar notice by postal mail and/or email you have been identified as having paid increased premiums for one of both of these reasons and therefore are a member of the Settlement Class.

**6. What if I am still not sure if I am included in the Settlement?**

If you are not sure whether you are a Settlement Class Member, or have any other questions about the Settlement, you should call the toll-free number [[phone](#)] for more information.

**SETTLEMENT BENEFITS**

**7. What does the Settlement provide?**

The Settlement provides for the establishment of a Settlement Fund of \$65,000,000.00 to pay for (1) claims of eligible “Participating Settlement Class Members” (meaning Settlement Class Members who do not exclude themselves from the Settlement); (2) the costs of providing notice of the Settlement to the Settlement Class and administration of the Settlement; (3) attorneys’ fees and costs approved by the Court; and (4) any service payments to the Named Plaintiffs approved by the Court. The actual amount recovered by each Participating Settlement Class Member will depend on the total amount of the payments due Participating Settlement Class Members who do not opt-out of the Settlement and is explained further below, **but in no event will be less than \$100.00, the minimum payment to be provided to each Participating Settlement Class Member.**

**8. What can I get from the Settlement?**

The amount of each Participating Settlement Class Members’ Settlement payment will be based first on their proportional share of the total excess premiums paid by all Participating Settlement Class Members during the Class Period (the “Base Payment”). If this total amount is less than \$100.00, the Participating Settlement Class Member will be entitled to a Base Payment of no less than \$100.00. Then, each Participating Settlement Class Member will receive a proportional share of the funds remaining from the \$65,000,000 Cash Settlement Amount after subtracting (1) the costs of notice to the Settlement Class and administration of the Settlement; (2) any attorneys’ fees and costs approved by the Court; and (3) any service payments to the Class Representatives approved by the Court. In the event that any checks for Settlement payments are not cashed within 180 days, they will be deemed void, and the unclaimed funds will either be further distributed to Participating Settlement Class Members who did cash their settlement checks, or sent to worthwhile charities potentially including Worksafe and Kids’ Chance of California. For further information on the manner in which each Participating Settlement Class Members’ payment will be calculated, and the manner in which unclaimed funds will be distributed, please review Section 2.4 of the Settlement Agreement, which is available on the Settlement Website, [[website address](#)].

**9. What am I giving up to stay in the Class?**

Unless you exclude yourself from the Settlement, you cannot sue the Defendant, continue to sue, or be part of any other lawsuit against the Defendant based on the issues in these cases. It also means that you will be bound by the Settlement Agreement and any final judgment by the Court. It is important that you carefully review and understand the claims that Participating Settlement Class Members are releasing, and the persons and entities being released from those claims. The full terms of the release are as follows, and are also available at Section 2.7 of the Settlement Agreement:

2.7.1 Effective on the date that State Fund fully funds the entire Settlement Fund (within seven (7) days after the Effective Date), the Settlement Class Members, including their heirs, assigns, and estates, shall be deemed to fully forever, irrevocably and unconditionally release, and discharge State Fund and the Released Parties from any and all claims, debts, liabilities, demands, obligations, guarantees, penalties, costs, expenses, attorneys’ fees, damages, liquidated damages, action or causes

of action whatever kind or nature, whether known or unknown, contingent or accrued, against State Fund or the Released Parties or any of them, under any state or municipal statute, ordinance, regulation, order or common law, arising out of or related to any of the claims asserted in either the *Reynolds* or *Jetter* class action lawsuits, through the date of preliminary approval of this Settlement, and any related claims for interest (whether pre- or post-judgment) and/or attorneys' fees and costs (the "Released Claims").

2.7.2 This Settlement Agreement shall be binding on all Settlement Class Members whether or not they actually receive a payment pursuant to this Settlement Agreement, unless they have opted-out in accordance with the procedures set forth in this Agreement. This Settlement Agreement shall constitute, and may be pleaded as, a complete and total defense to any Released Claims raised in the future.

2.7.3 The Named Plaintiffs and Participating Settlement Class Members agree not to file a lawsuit in any court alleging any of the Released Claims, or participate as a party or a class member in any administrative or other legal proceedings, in any forum, against State Fund or the Released Parties, for any Released Claims under this Settlement Agreement. The Named Plaintiffs and Participating Settlement Class Members further agree they will not cause, encourage, assist, volunteer, advise or cooperate with any other potential plaintiffs to commence, maintain, initiate or prosecute, any action, lawsuit, proceeding, charge, petition, complaint or claim asserting any of the Released Claims against State Fund. In consideration for the promises made by State Fund in this Settlement Agreement, the Named Plaintiffs and Participating Settlement Class Members agree not to institute any suit, complaint, proceeding, grievance, or action of any kind at law, in equity, or otherwise in any court of the United States, state, or municipality, or administrative agency, or any arbitration or other legal forum, against State Fund or the Released Parties for any claim included in the Released Claims. The Named Plaintiffs and Participating Settlement Class Members also agree that they will not join, participate in, or consent to opt in to any actions alleging that he, she, or it is similarly situated to any other policyholder with respect to any such Released Claims, and that each will elect to opt out of any such actions against State Fund or the Released Parties of which he, she, or it is involuntarily made a member or party. If any of the Settlement Class Members are joined in any class or collective lawsuits for any Released Claims, he, she, or it will receive no further compensation of any kind for such released claim or claims.

2.7.4 The Parties agree that the *Reynolds* lawsuit is premised upon the decision issued by the Insurance Commissioner entitled *In the Matter of the Appeal of A-Brite Blind & Drapery Cleaning* (AHB WCA-17-26) ("A-Brite"). The Parties further agree that the release given here covers all allegations, legal theories, and claims brought in the *Reynolds* lawsuit that are premised upon and/or rely on the *A-Brite* decision, which was attached as an exhibit to the *Reynolds* lawsuit.

2.7.5 The Released Claims defined herein specifically do not include, or otherwise affect, State Fund's ability to pursue and collect outstanding premiums.

For more information regarding the terms of the Settlement Agreement, you can review the complete Settlement Agreement on the Settlement Website, [[website](#)].

## **HOW TO GET A PAYMENT**

### **10. How can I get a payment?**

If you do not exclude yourself from the Settlement (discussed below), you do not need to do anything to receive a payment. If you qualify for the Settlement and do not seek to exclude yourself, and had an eligible workers' compensation insurance policy during the Class Period, you will be sent a check at the address on file with the

Claims Administrator. If you have moved recently, plan on moving or would like your check sent to a different address, you should contact the Claims Administrator by phone at [phone], or through the website [website].

**11. When will I get my payment?**

Settlement checks will be mailed within 21 days after (a) the Court enters the Order of Final Approval and Judgment; and (b) the Order of Final Approval and Judgment becomes final. Further information about when the Order of Final Approval and Judgment becomes final is available as Section 2.1.8 of the Settlement Agreement. If the Court approves the Settlement after a hearing on [Date], 2022, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time. Please be patient.

**EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from the Settlement Fund, and you want to keep the right to sue or continue to sue the Defendant about the issues in these cases, then you must take steps to remove yourself from the Settlement. This is called excluding yourself or “opting out” of the Settlement Class.

**12. How do I get out of the Settlement?**

To exclude yourself (or “opt-out”) from the Settlement, you must complete and mail to the Claims Administrator a written request that includes the following:

- Your full name, address, and telephone number;
- A sentence stating that you believe you are a Settlement Class Member in the cases;
- A statement making clear that you request to be excluded from the Reynolds and Jetter class settlements; and
- Your own signature.

You must mail your exclusion request, postmarked no later than [DATE], 2022 to:

*Reynolds; Jetter, et al v. State Compensation Insurance Fund*  
c/o CPT Group, Inc.  
50 Corporate Park  
Irvine, CA 92606

If you do not seek to exclude yourself, or do not submit your request for exclusion on time, you will remain a Settlement Class Member and, if the Settlement is finally approved, you will be bound by the Settlement and will not thereafter be able to sue the Defendant about the claims in this lawsuit.

**13. If I do not exclude myself, can I sue the Defendant for the same thing later?**

No. If you are a Settlement Class Member, unless you exclude yourself you give up any right to sue the Defendant for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that lawsuit immediately. You may need to exclude yourself from this Settlement Class in order to continue your own lawsuit.

**14. If I exclude myself, can I still get a payment?**

No. You will not get any money from the Settlement if you exclude yourself.

## OBJECTING TO THE SETTLEMENT

### 15. How can I tell the Court if I do not like the Settlement?

If you are a Settlement Class Member, you can object to the Settlement, to Settlement Class Counsel's request for attorneys' fees and costs, or to the Class Representatives' request for service payments. To object, your objection must include the following:

- Your full name, current address, email address (if available) and telephone number;
- The name of the cases: *Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control v. State Compensation Insurance Fund*, Case No. 19STCV05738 and *American Jetter & Plumbing, Inc. v. State Compensation Insurance Fund*, Case No. 19STCV36307;
- The factual and/or legal reason(s) why you object to the Settlement;
- Your own signature (your lawyer's signature is not sufficient).

Your objection must be in writing and mailed to the Claims Administrator and postmarked no later than **[DATE], 2022**. The Claims Administrator's mailing address is as follows:

*Reynolds; Jetter, et al v. State Compensation Insurance Fund*  
c/o CPT Group, Inc.  
50 Corporate Park  
Irvine, CA 92606

### 16. What is the difference between objecting and excluding (opting-out)?

Objecting is telling the Court that you do not like something about the Settlement. You can object to the Settlement only if you do not exclude yourself from the Settlement. Excluding yourself from the Settlement is telling the Court that you do not want to be part of the Settlement. If you exclude yourself from the Settlement, you cannot object to the Settlement because it no longer affects you.

## THE LAWYERS REPRESENTING YOU

### 17. Do I have a lawyer in these cases?

Yes. The Court has appointed certain attorneys and law firms as "Settlement Class Counsel," meaning that they were appointed to represent all Settlement Class Members: Roxborough, Pomerance, Nye & Adreani, LLP and Michael Liskow of Calcaterra Pollack LLP.

You will not be charged for these lawyers; they will be paid out of the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

### 18. How will the lawyers be paid?

Settlement Class Counsel intends to file a motion on or before **[DATE], 2022** seeking an amount not to exceed 30% of the Settlement Fund, or \$19,500,000.00, in attorneys' fees, which includes reimbursement of reasonable costs. The attorneys' fees and costs awarded by the Court will be paid from the Settlement Fund. The Court will determine the amount of attorneys' fees and costs to award. Settlement Class Counsel will also request a service payment not to exceed \$25,000 each for the three Class Representatives, who took risks and helped the lawyers in bringing these cases on behalf of, and to the benefit of, the Settlement Class.

## **THE COURT'S FINAL APPROVAL HEARING**

### **19. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a Final Approval Hearing on [DATE] at [TIME] at the Superior Court of the State of California, County of Los Angeles, before the Honorable Lawrence P. Riff, in Courtroom [REDACTED], in the Spring Street Courthouse, Department 7, 312 N. Spring St, Los Angeles, CA 90012.

In light of the ongoing COVID-19 pandemic, the hearing may be moved to a different date or time without additional notice, or could take place only online through videoconference, so it is a good idea to check the Settlement Website, [website], for updates. Please also review the Court's current social distancing procedures for attendance at hearings available at <https://www.lacourt.org/>. At the Final Approval Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court will also consider how much to award Settlement Class Counsel for attorneys' fees and costs, and the amount of any service payment to the Class Representatives. If there are objections, the Court will consider them at the hearing. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take. Within three days of the entry of any final order by the Court, the Order will be posted on the Settlement Website.

### **20. Do I have to come to the hearing?**

No. Settlement Class Counsel will answer any questions that the Court may have, but you may come at your own expense. You do not need to attend the hearing in order to receive a payment. If you mail the Claims Administrator an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time to the proper address, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

### **21. May I speak at the hearing?**

Yes. You may appear at the Final Approval Hearing and address the Court, in person or through an attorney.

## **IF YOU DO NOTHING**

### **22. What happens if I do nothing at all?**

If you do nothing, you will be deemed to have accepted the Settlement and will receive a payment from the Settlement. Unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendant about the issues arising out of or relating to these cases, ever again.

## **GETTING MORE INFORMATION**

### **23. How do I get more information?**

This notice summarizes the proposed Settlement. More details are in the Settlement Agreement. You can review a complete copy of the Settlement Agreement and other information at the Settlement Website, [website]. If you have additional questions, you can visit the Settlement Website, [website]. You can also write to the Claims Administrator by mail or email, or call toll-free.

**MAIL:** *Reynolds; Jetter, et al v. State Compensation Insurance Fund*, c/o CPT Group, Inc., 50 Corporate Park, Irvine, CA 92606

**EMAIL:** [case email address]

**PHONE:** [case toll-free phone]

Updates will be posted at the Settlement Website as information about the Settlement process becomes available.

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE CONCERNING THESE CASES.**

**EXHIBIT B**  
**MODIFIED SHORT FORM**  
**NOTICE**



## *Reynolds; Jetter, et al v. State Compensation Insurance Fund*

**What is this Litigation About?** A settlement (“Settlement”) has been reached with State Compensation Insurance Fund (“State Fund” or “Defendant”) in two class action lawsuits about whether State Fund incorrectly charged excess premiums for certain workers’ compensation insurance policies from March 1, 2013 through [prelim approval date] (the “Class Period”). The Court has not decided who is right. Instead, both sides agreed to the Settlement.

**Who is Included in the Settlement?** You are a “Settlement Class Member” if you had a workers’ compensation insurance policy through State Fund in effect from March 1, 2013, through [prelim approval date] where the premiums were calculated using a tier modifier in excess of 1.00, and where such calculation resulted in your paying a higher premium than you otherwise would have otherwise paid. You are receiving this notice because you, or someone at your current address, appears to meet these criteria. For more information on whether you may be a Settlement Class Member, please visit the Settlement Class Website at [website].

**What Does the Settlement Provide?** The Settlement provides a Settlement Amount of \$65,000,000.00 to pay (1) claims of eligible Settlement Class Members; (2) the costs of notice to the Settlement Class and administration of the Settlement; (3) attorneys’ fees and costs approved by the Court; and (4) any service payments to the plaintiffs in the case approved by the Court. The actual amount recovered by each Settlement Class Member will depend on the total amount of the payments due Settlement Class Members who do not opt-out of the Settlement.

**How Do I Get a Payment?** You do not need to do anything to receive a cash payment. If you do not exclude yourself from the Settlement (discussed below) and had a workers’ compensation insurance policy through State Fund as of [prelim approval date], you will be mailed a check by the Claims Administrator at the address to which this notice was mailed to. If you moved recently, plan on moving or would like your check sent to a different address, you should contact the Claims Administrator by phone at [phone], or through the website [website].

**Are There Other Options?** If you do not want to be legally bound by the Settlement, you must exclude yourself by [deadline]. If you do not exclude yourself, you will release your claims against Defendant about all the allegations in case. Please review the full details of what claims you will release in the Long Form Notice on the website. You may object to the Settlement by [deadline]. The Long Form Notice available on the website explains how to exclude yourself or object. The Court will hold a Final Approval Hearing on [date/time], to consider (1) whether to approve the Settlement; (2) whether to award the plaintiffs a service payment, and the Class Counsel attorneys’ fees and expenses; and (3) any objections. You or your attorney may attend and ask to appear at the Final Approval Hearing, but you do not have to. For more important information on the Final Approval Hearing visit [website].

[case website address]

[case toll-free number]

**COURT APPROVED NOTICE OF CLASS  
ACTION SETTLEMENT**

*Reynolds Enterprise, Inc. dba Reynolds Termite Control v.  
State Compensation Insurance Fund, Case No.  
19STCV05738*

*American Jetter & Plumbing, Inc. v. State Compensation  
Insurance Fund, Case No. 19STCV36307*

**You may be eligible for benefits from a class  
action settlement because you had a  
Workers' Compensation Insurance Policy  
with State Compensation Insurance Fund.**

*A court authorized this Notice. This is not a  
solicitation from a lawyer.*

To learn more about the settlement, including  
the claims released or to view the Long Form  
Notice, Settlement Agreement, Court Order  
or other case related documents, visit the  
settlement website at [website].

*Si desea recibir esta notificación en español  
visite [website].*

PRESORTED  
First Class  
US Postage  
PAID  
PBPS

**State Compensation Insurance Fund Settlement**  
c/o CPT Group, Inc.  
50 Corporate Park  
Irvine, CA 92606

**ELECTRONIC SERVICE REQUESTED**

CPT ID: «ID»  
«FullName»  
«Address1» «Address2»  
«City», «State» «Zip»