

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 <https://www.cptgroupcaseinfo.com/SCIFSettlement>.*

- 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 November 30, 2022 (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 November 30, 2022 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 November 30, 2022, 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 MARCH 1, 2023</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 MARCH 1, 2023</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 MARCH 29, 2023</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, <https://www.cptgroupcaseinfo.com/SCIFSettlement>, 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 November 30, 2022. 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 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 November 30, 2022. 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 a 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 email SCIFSettlement@cptgroup.com, or call the toll-free number 1-888-318-0965 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 all Participating Settlement Class Members, Participating Settlement Class Members who did cash their settlement checks, or be 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, <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

#### **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, <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

## **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 email at [SCIFSettlement@cptgroup.com](mailto:SCIFSettlement@cptgroup.com), or through the website <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

### **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 **March 29, 2023**, 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 **March 1, 2023** 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 **March 1, 2023**. 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 **January 27, 2023**, 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 **March 29, 2023 at 10:00 a.m.** at the Superior Court of the State of California, County of Los Angeles, before the Honorable Lawrence P. Riff, in Department 7, in the Spring Street Courthouse, 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 video conference, so it is a good idea to check the Settlement Website, <https://www.cptgroupcaseinfo.com/SCIFSettlement>, 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, <https://www.cptgroupcaseinfo.com/SCIFSettlement>. If you have additional questions, you can visit the Settlement Website, <https://www.cptgroupcaseinfo.com/SCIFSettlement>. 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:** [SCIFSettlement@cptgroup.com](mailto:SCIFSettlement@cptgroup.com)

**PHONE:** 1-888-318-0965

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.**