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7 [Additional Counsel Listed on Signature Page]

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF LOS ANGELES, SPRING STREET COURTHOUSE**

10 MICHAEL REYNOLDS
11 ENTERPRISE, INC. DBA
REYNOLDS TERMITE CONTROL,
12 individually and on behalf of all
others similarly situated,

13 Plaintiff,

14 vs.

15 STATE COMPENSATION
16 INSURANCE FUND, a public
enterprise fund; and DOES 1 through
17 50, inclusive,

18 Defendants.

Case No. 19STCV05738
Honorable Lawrence P. Riff

**SUPPLEMENTAL MEMORANDUM OF POINTS
AND AUTHORITIES IN SUPPORT OF MOTION
FOR ORDER GRANTING FINAL APPROVAL
OF CLASS ACTION SETTLEMENT AND
MOTION FOR AN AWARD OF ATTORNEYS'
FEES AND COSTS, AND NAMED PLAINTIFFS'
SERVICE PAYMENTS**

Hearing Date: March 29, 2023
Time: 10:00 a.m.
Dept. 7

Complaint Filed: February 21, 2019

19 And Related Case:

20
21 AMERICAN JETTER &
PLUMBING, INC. and
22 RESILIENCE TREATMENT
CENTER, on behalf of themselves
23 and all others similarly situated,

24 Plaintiffs,

25 vs.

26 STATE COMPENSATION
INSURANCE FUND, a public
27 enterprise fund; and DOES 1 through
50, inclusive,

28 Defendants.

Case No. 19STCV36307
Honorable Lawrence P. Riff

Amended Complaint Filed: August 10, 2020

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Plaintiffs Michael Reynolds Enterprise, Inc. dba Reynolds Termite Control (“Reynolds”),
4 American Jetter & Plumbing, Inc. (“Jetter”), and Resilience Treatment Center (“Resilience”)
5 (collectively, “Named Plaintiffs”¹) submit this supplemental memorandum in support of Named
6 Plaintiffs’ Motion for Order Granting Final Approval of Class Action Settlement (“Motion for
7 Final Approval”) and Motion for an Award of Attorneys’ Fees and Costs, and Plaintiffs’ Service
8 Payments (“Fee Motion”). Named Plaintiffs are pleased to report that as of close of business
9 yesterday, March 21, 2023, no objections have been submitted by the nearly 90,000 Settlement
10 Class Members, while only nine (9) Settlement Class Members have submitted timely requests
11 for exclusion from the Settlement. Named Plaintiffs also submit this supplemental memorandum
12 in order to provide the Court with updates regarding (1) the completion of the Notice Program;
13 (2) the implementation by defendant State Fund of certain injunctive relief provided for in the
14 Settlement Agreement; and (3) the class damages calculations. In light of the overwhelming
15 support for the Settlement by the Settlement Class, and for the reasons stated in Named
16 Plaintiffs’ prior filings and herein, Settlement Class Counsel respectfully request that the Court
17 grant both motions in their entirety.

18 **A. The Settlement Class Overwhelmingly Supports the Settlement, with No**
19 **Objections and Only Nine Opt-Outs**

20 With the deadlines for all Settlement Class Members to object or opt-out of the
21
22

23 _____
24 ¹ All capitalized terms used and not otherwise defined herein have the definitions set
25 forth in the Amended Class Action Settlement and Release (“Settlement Agreement”), a true and
26 correct copy of which is attached as Exhibit 1 to the Declaration of Drew Pomerance in Support
27 of Plaintiffs’ Motions for Order Granting Final Approval of Class Action Settlement and for an
28 Award of Attorneys’ Fees and Costs, and Plaintiffs’ Service Payments (“Pomerance Final
Declaration”), submitted to the Court on January 30, 2023.

1 Settlement having now passed,² as of March 21, 2023 not a single one of the 89,931 Settlement
2 Class Members has objected to any aspect of the Settlement or Fee Motion, while only nine (9)
3 have submitted timely requests to opt-out of the Settlement. *See* Exhibit 1 (Due Diligence
4 Declaration of Jeremy Talavera on Behalf of CPT Group, Inc. (“CPT Declaration”)), ¶¶ 20-23.
5 This is an unambiguously favorable reaction by the Settlement Class Members, and a clear
6 demonstration of the Settlement Class Members’ strong support for final approval of the
7 Settlement and the grant of the attorney’s fees, costs and Service Payments requested in the Fee
8 Motion. *See Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 245 (few or no
9 objections supports final approval) (citing *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794,
10 1802). *See also, e.g., Gonzalez-Tzita v. City of L.A.* (C.D. Cal. Aug. 25, 2020) 2020 U.S. Dist.
11 LEXIS 156069, at *13 (“The lack of objections and limited requests for exclusion support
12 approval of the settlement.”); *Foster v. Adams & Assocs.* (N.D. Cal Feb. 11, 2022) 2022 U.S.
13 Dist. LEXIS 25071, at *28 (“lack of any Class Member objections also supports the fee award”).

14 **B. The Notice Program is Now Complete in Accordance With the Court’s**
15 **Orders and Satisfies Due Process**

16 As detailed in the CPT Declaration, the Notice Program has been completed. *See id.*, ¶¶
17 7-19; 24. This includes mailing and emailing the notice materials to the New Class Members.
18 *See id.*, ¶¶ 9, 14. The notice materials provided to the New Class Members made clear that they
19 had until March 17, 2023, to object to or opt-out of the Settlement. *See id.*, ¶ 14; Exs. B and E.

20 The Claims Administrator also mailed and emailed entities and individuals who were
21

22
23 ² It is still possible that timely objections filed by the Settlement Class Members who
24 were not included in the list of Initial Class Members, and therefore still needed to be provided
25 notice (the “New Class Members”) may reach the Claims Administrator, as New Class Members
26 had until March 17, 2023 to postmark any objections mailed to the Claims Administrator. *See*
27 Court’s January 26, 2023 Order, ¶ 2. In the event any late objections are received, Settlement
28 Counsel will notify the Court at or before the Final Approval Hearing. Moreover, pursuant to the
Court’s January 26, 2023 Order, if either the mailed Short Form Notice or emailed Long Form
notice is resent to any New Class Members after having been returned undeliverable to the
Claims Administrator, these New Class Members have until March 24, 2023 to postmark their
request to opt out of or object to the Settlement. *See id.*, ¶ 3.

1 erroneously provided class notice because it was subsequently determined that they did not meet
2 the criteria to be Settlement Class Members (the “Non-Class Members”). *See id.*, ¶¶ 10, 15.

3 The Notice Program met and exceeded the requirements of due process because, per the
4 Claims Administrator’s estimate, it reached, or will reach, approximately 95.46% of the
5 Settlement Class via the mail and email notice efforts alone. *See id.*, ¶ 24. The reach was further
6 extended by the Settlement Website and Telephone Hotline. *See id.* This reach exceeds the
7 guidelines set forth in the Federal Judicial Center’s Judges’ Class Action Notice and Claims
8 Process Checklist and Plain Language Guide 2010, which states that “[a] high percentage (e.g.,
9 between 70–95%) can often reasonably be reached by a notice campaign.” *See* CPT Declaration,
10 ¶ 24.

11 **C. Update on Settlement Class Damages**

12 In the Fee Motion Named Plaintiffs stated that the class member data available at that
13 time was limited to the Settlement Class Members through August 31, 2021, but that prior to the
14 Final Approval Hearing the parties would provide this data updated through the end of the Class
15 Period, November 30, 2022. *See id.* at 11 n.9. The Supplemental Declaration of R. Timothy
16 O’Connor (“Supplemental O’Connor Declaration”), attached as Exhibit 2, reflects the following
17 information regarding the Settlement Class:

- 18 • Total Settlement Class Members: 89,931 (*see id.*, ¶ 5);
- 19 • Total Additional Premiums paid by Settlement Class Members: \$751,895,767
20 (*see id.*, ¶ 6);
- 21 • Total discounts received by Settlement Class Members due to application of tier
22 modifiers below 1.0 during Class Period: \$404,694,646 (*see id.*, ¶ 11);
- 23 • Total net Additional Premiums paid by Settlement Class Members: \$347,201,121
24 (*see id.*)

25 On February 8, 2023, the Claims Administrator posted the Supplemental O’Connor Declaration
26 on the Settlement Website. *See* CPT Declaration, ¶ 5.

27 **D. State Fund Has Already Implemented Certain Injunctive Relief**

28 The Settlement Agreement provides that State Fund will make certain changes to its

1 practices, including, among others, that:

2 State Fund will modify its current "Applicant Quote" document, provided to applicants
3 for new or renewal State Fund insurance policies, to identify the applicant's tier modifier
4 as is currently done in current "Broker Quote" documents provided to Brokers. State
5 Fund expects to implement the modification of its Applicant Quote document to include
6 the tier modifier by the end of the first quarter of 2023. In the event State Fund's
7 implementation is delayed past the first quarter of 2023, State Fund will contact Class
8 Counsel within thirty (30) days following the end of the first quarter of 2023 so that the
9 parties may arrange a conference with the Court.

10 *See id.*, ¶ 2.5(c). State Fund has already implemented this practice, having begun doing so
11 within the timeframe required by the Settlement Agreement. *See* Exhibit 3 (Declaration of
12 Steven L. Clarence re: Injunctive Relief), ¶¶ 2-3.

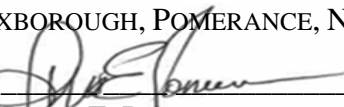
13 **II. CONCLUSION**

14 For the reasons stated herein, as well as in the Motion for Final Approval and Fee
15 Motion, the Court should grant Named Plaintiffs' Motion for Final Approval and Fee Motion in
16 their entirety.

17 Respectfully submitted,

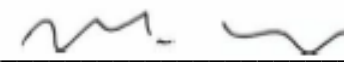
18 Dated: March 22, 2023

ROXBOROUGH, POMERANCE, NYE & ADREANI, LLP

19 By:  _____
DREW E. POMERANCE

20 DAVID R. GINSBURG
21 Attorneys for Plaintiff Michael Reynolds
Enterprise, Inc. dba Reynolds Termite Control

22 Dated: March 22, 2023

23 By:  _____
Michael Liskow (SBN 243899)

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Attorney for Plaintiffs American Jetter & Plumbing,
Inc. and Resilience Treatment Center

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Exhibit 1

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

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES, SPRING STREET COURTHOUSE

MICHAEL REYNOLDS ENTERPRISE, INC.
DBA REYNOLDS TERMITE CONTROL,
individually and on behalf of all others
similarly situated,
Plaintiff,

Case No. 19STCV05738

Honorable Lawrence P. Riff

**DUE DILIGENCE DECLARATION OF
JEREMY TALAVERA ON BEHALF
OF CPT GROUP, INC.**

vs.

STATE COMPENSATION INSURANCE
FUND, a public enterprise fund; and DOES 1
through 50, inclusive,
Defendants.

And Related Case:

AMERICAN JETTER & PLUMBING, INC.
and RESILIENCE TREATMENT CENTER,
on behalf of themselves and all others similarly
situated,

Plaintiffs,

vs.

STATE COMPENSATION INSURANCE
FUND, a public enterprise fund; and DOES 1
through 50, inclusive,
Defendants.

1 **DUE DILIGENCE DECLARATION OF JEREMY TALAVERA**

2 I, Jeremy Talavera, declare as follows:

3 1. I am a Case Manager for CPT Group, Inc. (“CPT”). I have personal knowledge of
4 the facts stated herein, and, if called upon to testify, I could and would testify competently to such
5 facts.

6 **DATA PROVIDED BY STATE FUND**

7 2. On December 9, 2022, CPT received a data file from Defense Counsel that
8 contained names, last known mailing addresses, and email addresses. The finalized class list
9 contained 90,438 Settlement Class Members (the “Initial Class Members”).

10 3. After the distribution of direct mail notice and direct email notice to the Initial Class
11 Members, detailed *supra*, CPT was informed by the Parties that certain Settlement Class Members
12 were not included in the list of Initial Class Members, and therefore still needed to be provided
13 notice (the “New Class Members”). At the same time CPT was informed that certain other
14 Settlement Class Members who were identified on the list of Initial Class Members were
15 erroneously included on the list because it was determined that did not meet the criteria to be
16 Settlement Class Members (the “Non-Class Members”).

17 4. On January 27, 2023, CPT received a data file from Defense Counsel that contained
18 names, last known mailing addresses and email addresses for the New Class Members and Non-
19 Class Members. The finalized class list contained 7,666 New Class Members and 8,173 Non-Class
20 Members.

21 5. On February 6, 2023, CPT was provided with the Supplemental Declaration of R.
22 Timothy O’Connor, dated February 6, 2023 (the “Supplemental O’Connor Declaration”). The
23 Supplemental O’Connor Declaration provided, *inter alia*, the total additional premiums paid
24 (\$751,895,767) by the 89,931 Settlement Class Members. On February 8, 2023, the Supplemental
25 O’Connor Declaration was posted to the Settlement Website.

26 6. On March 15, 2023, CPT received a data file from Defense Counsel containing the
27 calculations for each Settlement Class Members’ Settlement Payments, as well as the underlying
28 data substantiating the calculations. CPT is in the process of reviewing the method(s) and data

1 used to obtain the calculations, and will consult with the parties to the extent that CPT believes
2 any modifications to the calculations are required.

3 **COMPLETION OF NOTICE PROGRAM**

4 **Direct Mail Notice**

5 7. On December 23, 2022, CPT conducted an NCOA search in an attempt to update
6 the class list of postal addresses as accurately as possible, for all Initial Class Members. A search
7 of this database provides updated postal addresses for any individual who moved in the previous
8 four years and notified the U.S. Postal Service of a change of address. As a result of the NCOA,
9 CPT was able to locate 3,492 updated addresses for Initial Class Members.

10 8. On December 30, 2022, CPT mailed the postcard Short Form Notice, via First Class
11 USPS mail, to 90,438 Initial Class Members. A true and correct copy of the version of the Short
12 Form Notice mailed to Initial Class Members is attached hereto as Exhibit A.

13 9. On February 3, 2023, CPT mailed the postcard Short Form Notice, via USPS mail,
14 to 7,666 New Class Members. A true and correct copy of the version of the Short Form Notice
15 mailed to New Class Members is attached hereto as Exhibit B.

16 10. On February 10, 2023, CPT mailed postcard notices informing Non-Class Members
17 of their erroneous inclusion in the class list (the "Correction Notice"), via USPS mail, to 8,173
18 Non-Class Members. A true and correct copy of the Correction Notice mailed to Non-Class
19 Members is attached hereto as Exhibit C.

20 11. As of March 21, 2023, 3,944 Short Form Notices and 723 Correction Notices have
21 been returned to our office by the USPS, 23 of which included a forwarding address. CPT
22 performed a Skip Trace on all returned mail with no forwarding addresses in an effort to locate a
23 better address using Accurint, one of the most comprehensive address databases available. It
24 utilizes hundreds of different databases supplied by credit reporting agencies, public records and
25 a variety of other national databases. 148 Short Form Notices and 60 Correction Notices have been
26 re-mailed to date. As of March 21, 2023, there were ultimately 3,796 Short Form Notices and 663
27 Correction Notices undeliverable with no forwarding address, where no new address could be
28 found through skip trace.

1 **Direct Email Notice**

2 12. Prior to disseminating the Long Form Notice by email to Settlement Class
3 Members, to increase the success rate of deliverability, CPT ran the email list through a scan to
4 remove any invalid or abuse email addresses.

5 13. On December 30, 2022, CPT emailed a version of the Long Form Notice to 8,011
6 Initial Class Members. A true and correct copy of the Long Form Notice emailed to the Initial
7 Settlement Class Members is attached hereto as Exhibit D. This version of the Long Form Notice
8 was successfully delivered to 6,639 Initial Class Member email addresses and a bounceback was
9 received for 1,372 email addresses.

10 14. On February 10, 2023, CPT emailed a version of the Long Form Notice to 3,431
11 New Class Members. A true and correct copy of the Long Form Notice emailed to the New Class
12 Members, which notified the New Class Members that they would have until March 17, 2023, to
13 object to or opt-out of the Settlement, is attached hereto as Exhibit E. This version of the Long
14 Form Notice was successfully delivered to 3,410 New Class Member email addresses and a
15 bounceback was received for 21 email addresses.

16 15. On February 10, 2023, CPT emailed the Correction Notice to 2,642 Non-Class
17 Members. A true and correct copy of the Correction Notice emailed to the Non-Class Members is
18 attached hereto as Exhibit F. The Correction Notice was successfully delivered to 2,624 Non-Class
19 Member email addresses and a bounceback was received for 18 email addresses.

20 16. The verbatim language of the Settlement Agreement’s release is included in each
21 version of the Long Form Notice. All Settlement Class Members who were sent an email notice
22 were also sent a postcard Short Form Notice.

23 **Settlement Website**

24 17. On or before December 30, 2023, CPT established the case-specific Settlement
25 Website, www.cptgroupcaseinfo.com/SCIFSettlement/, to provide information to the Settlement
26 Class Members and to answer frequently asked questions. The Settlement Website includes links
27 to the complaint in the Actions, the Settlement Agreement and exhibits, the Preliminary Approval
28 Order and other relevant documents. A banner written in Spanish is also displayed on the home

1 page directing visitors to a downloadable version of the Long Form Notice in Spanish. The
2 Settlement Website also includes the date, time and location of the Final Approval Hearing, and
3 in the event that the date, time or location of the Final Approval Hearing is changed, notification
4 of the change will be prominently displayed on the home page of the Settlement Website. The
5 Final Approval Order and Judgment will be posted to the Settlement Website within three days of
6 their entry. The Settlement Website address is also included in the Short Form Notice, Long Form
7 Notice and Correction Notice. Finally, the Supplemental O'Connor Declaration was posted on the
8 Settlement Website on February 8, 2023.

9 **Toll-Free Telephone Helpline**

10 18. On or before December 30, 2023, CPT established a toll-free telephone hotline,
11 (888) 318-0965, for potential Settlement Class Members. The telephone hotline is accessible 24
12 hours a day, 7 days a week, and has Interactive Voice Response ("IVR") capabilities to provide
13 potential members of the Settlement Class with (a) general and detailed information about the
14 Actions; (b) answers to frequently asked questions, and (c) information relating to Settlement Class
15 Members' options under the terms of the Settlement Agreement. Callers have the option of
16 speaking to a live agent during normal business hours Monday through Friday, 8:30 AM – 5:30
17 PM PST or to leave a voicemail, which is returned during normal business hours. IVR and live
18 support is available in both English and Spanish. As of March 21, 2023, the Claims Administrator
19 has received a total of 310 calls to the telephone hotline.

20 **Customer Service Email**

21 19. On or before December 30, 2023, CPT established a dedicated email address,
22 SCIFSettlement@cptgroup.com, for Settlement Class Members to contact the Claims
23 Administrator and Settlement Class Counsel with any questions about the Settlement. As of March
24 21, 2023, the Claims Administrator has received a total of 335 emails to the dedicated email
25 address.

26 **Objections to the Settlement**

27
28

1 20. Initial Class Members, who were sent notice on December 30, 2022, had until
2 March 1, 2023 to submit objections to the Settlement. New Class Members, who were sent notice
3 on February 10, 2023, had until March 17, 2023, to submit objections to the Settlement.

4 21. As of March 21, 2023, CPT has not received any written objections to the settlement
5 from any Settlement Class Members.

6 **Requests for Exclusion from the Settlement**

7 22. Initial Class Members, who were sent notice on December 30, 2022, had until
8 March 1, 2023, to submit requests for exclusion from the Settlement. New Class Members, who
9 were sent notice on February 10, 2023, had until March 17, 2023, to submit requests for exclusion
10 from the Settlement.

11 23. As of March 21, 2023, CPT has received nine (9) timely written requests for
12 exclusion.

13 **Reach of Notice Program**

14 24. CPT estimates that the Notice Program reached, or will reach, approximately
15 95.46% of the Settlement Class via the mail and email notice efforts alone. The reach was further
16 extended by the Settlement Website and Telephone Hotline. This reach exceeds the guidelines set
17 forth in the Federal Judicial Center’s Judges’ Class Action Notice and Claims Process Checklist
18 and Plain Language Guide 2010, which states “[a] high percentage (e.g., between 70–95%) can
19 often reasonably be reached by a notice campaign.”

20 **ADMINISTRATIVE COSTS**

21 25. As of March 21, 2023, CPT estimates its total cost of administration to be
22 \$186,500.00. This amount includes estimated costs to date as well as through the completion of
23 this matter. CPT’s estimated costs are based on certain information provided to CPT by the parties
24 as well as standard costs based on claims administration services.

25 26. The costs are based on various standard expenses necessary to complete CPT’s
26 varied tasks, including, among other things, the costs of postage, translation of notices, Spanish
27 translation services and project management costs. Attached as Exhibit G is CPT’s detailed
28 breakdown of its costs.

1 27. CPT has agreed to cap its administration costs at \$186,500.00 if there is only a
2 single distribution to the Participating Settlement Class Members, and \$275,000.00 if there is a
3 second distribution, with the additional costs to be paid from the residual funds prior to the second
4 distribution.

5 28. As part of the Motion for Preliminary Approval CPT agreed to cap its total fees at
6 \$159,000 for a single distribution, and \$235,000 for a second distribution. This cap has now
7 increased due to (a) additional New Class Members being added to the class list since the Motion
8 for Preliminary Approval and (b) the cost of sending Correction Notices to the Non-Class
9 Members, as discussed *supra*.

10
11 I declare under penalty of perjury under the laws of the State of California that the foregoing
12 is true and correct. Executed this 22nd of March, 2023, at Irvine, California.

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16 _____
17 Jeremy Talavera
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EXHIBIT A

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 November 30, 2022 (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 November 30, 2022 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 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 <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

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 November 30, 2022, 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 1-888-318-0965, by email at SCIFSettlement@cptgroup.com, or through the website <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

Are There Other Options? If you do not want to be legally bound by the Settlement, you must exclude yourself by March 1, 2023. If you do not exclude yourself, you will release your claims against Defendant about all the allegations in the 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 March 1, 2023. The Long Form Notice available on the website explains how to exclude yourself or object. The Court will hold a Final Approval Hearing on March 29, 2023 at 10:00 a.m., 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 <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

Questions? Visit the Settlement Administrator’s website at <https://www.cptgroupcaseinfo.com/SCIFSettlement>, or email at SCIFSettlement@cptgroup.com.

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

Si desea recibir esta notificación en español visite <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

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»

«IMBarCode»

EXHIBIT B

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 November 30, 2022 (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 November 30, 2022 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 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 <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

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 November 30, 2022, 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 1-888-318-0965, by email at SCIFSettlement@cptgroup.com, or through the website <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

Are There Other Options? If you do not want to be legally bound by the Settlement, you must exclude yourself by March 17, 2023. If you do not exclude yourself, you will release your claims against Defendant about all the allegations in the 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 March 17, 2023. The Long Form Notice available on the website explains how to exclude yourself or object. The Court will hold a Final Approval Hearing on March 29, 2023 at 10:00 a.m., 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 <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

Questions? Visit the Settlement Administrator’s website at <https://www.cptgroupcaseinfo.com/SCIFSettlement>, or email at SCIFSettlement@cptgroup.com.

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

Si desea recibir esta notificación en español visite <https://www.cptgroupcaseinfo.com/SCIFSettlement>.

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»
<<Barcode>>

EXHIBIT C

***YOU WERE INCORRECTLY DEEMED A CLASS MEMBER.
PLEASE READ CAREFULLY.***

- You were previously sent an email and/or a mailing informing you that you might be a class member in a proposed Settlement that has been reached in two class action lawsuits against State Compensation Insurance Fund (“State Fund”), 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”).
- After a further review it has been determined that you are not an eligible class member because you did not pay excess premiums to State Fund during the Class Period due to State Fund’s actions alleged in the litigation. If you have any questions about this determination, you may contact the Claims Administrator at the following phone number, email address or mailing address:

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

PHONE: 1-888-318-096

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK’S OFFICE
CONCERNING THIS NOTICE**

**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 were incorrectly deemed a class member of
the above class actions. Please read the reverse
side of this postcard carefully.**

*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>

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»
<<Barcode>>

EXHIBIT D

To: [Class Member Email Address]
From: SCIFSettlement@cptgroup.com
Subject: Notice of Class Action Settlement – **Michael Reynolds Enterprise, Inc., et al. v. State Compensation Insurance Fund.**
Body of Email:

To: <<FullName>>
CPT ID: <<ID>>

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

EXCLUDE YOURSELF BY MARCH 1, 2023	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.
OBJECT BY MARCH 1, 2023	Write to the Court about why you think the Settlement is unfair, inadequate, or unreasonable by following the instructions in this notice.
GO TO A HEARING MARCH 29, 2023	Ask to speak in Court about the fairness of the Settlement. You do not need to attend the hearing to receive payment.
DO NOTHING	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.

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, 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

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

EXHIBIT E

To: [Class Member Email Address]
From: SCIFSettlement@cptgroup.com
Subject: Notice of Class Action Settlement – **Michael Reynolds Enterprise, Inc., et al. v. State Compensation Insurance Fund.**
Body of Email:

To: <<FullName>>
CPT ID: <<ID>>

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.

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*Si desea recibir esta notificación en español visite
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- 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

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OBJECT BY MARCH 17, 2023	Write to the Court about why you think the Settlement is unfair, inadequate, or unreasonable by following the instructions in this notice.
GO TO A HEARING MARCH 29, 2023	Ask to speak in Court about the fairness of the Settlement. You do not need to attend the hearing to receive payment.
DO NOTHING	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.

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, 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 17, 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 17, 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

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

EXHIBIT F

To: [Class Member Email Address]
From: SCIFSettlement@cptgroup.com
Subject: IMPORTANT UPDATE TO NOTICE OF CLASS ACTION SETTLEMENT – **Michael Reynolds Enterprise, Inc., et al. v. State Compensation Insurance Fund.**
Body of Email:

To: <<FullName>>
CPT ID: <<ID>>

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

**YOU WERE INCORRECTLY DEEMED A CLASS MEMBER.
PLEASE READ CAREFULLY.**

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>*

- You were previously sent an email and/or a mailing informing you that you might be a class member in a proposed Settlement that has been reached in two class action lawsuits against State Compensation Insurance Fund (“State Fund”) 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”).
- After a further review it has been determined that you are not an eligible class member because you did not pay excess premiums to State Fund during the Class Period due to State Fund’s actions alleged in the litigation. If you have any questions about this determination you may contact the Claims Administrator at the following phone number, email address or mailing address:

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

PHONE: 1-888-318-0965

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK’S
OFFICE CONCERNING THIS NOTICE**

EXHIBIT G



www.cptgroup.com

Contact Name: Ryan Schley, Esq.
Alan Rock
Corporate Headquarters
50 Corporate Park, Irvine CA 92606
Ryan@cptgroup.com
Direct Number: (949) 358-0404
Headquarters: (800) 542-0900
Fax Number: (949) 428-1023

In re Reynolds Termite Control v State Fund LASC Case No. 19STCV05738

Date: **January 23, 2023**

All-In Settlement

Requesting Attorney: **Drew E. Pomerance**
Plaintiff or Defense: **Plaintiff**
Firm Name: **Roxborough Pomerance Nye & Adreani**
Telephone: **(818) 992-9999**
Email: dep@rpnalaw.com

* Class Members: **90,438**
Opt-Out Rate: **0.05%**
Opt-Outs Received: **45**
Postage Total: **\$91,048.73**
Grand Total: **\$207,572.64**
CAPPED FEE: \$186,500.00

SUMMARY OF SERVICES: STATIC WEBSITE / EMAIL NOTICE / POSTCARD NOTICE / PROCESS RETURNED UNDELIVERABLE MAIL / SECOND EMAIL NOTICE / SECOND MAILING NOTICE / SKIP TRACE AND REMAIL POSTCARDS / 0.05% OPT-OUT RATE / DISPUTE AND OPT-OUT PROCESSING / IVR TFN WITH LIVE CALL CENTER SUPPORT / CALCULATIONS / WEEKLY REPORTS / MICR CHECK DISBURSEMENT / TAX REPORTING / DECLARATION

* This number is an estimate provided by counsel. If the actual number is different, our cost estimate will change accordingly.

CASE SETUP

Upon Intake of the Class Data, CPT will Scrub all Records to a Useable Format to Reduce Duplicates, Anomalies and Increase the Success Rate of Deliverability of the Class Notice. Throughout the Duration of the Settlement, Class Members will be Assigned a Unique Mailing ID. CPT will Translate Court Legal Notice Documents into Spanish Translation. CPT will Establish and Maintain a Static Website for Up to One Year After Disbursement. The Settlement Website will Post the Full-Length Notice and all Pertinent Settlement Documents for Download.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
Project Manager	\$	95.00	20	\$ 1,900.00
System Programming/Data Base Setup	\$	150.00	20	\$ 3,000.00
Toll-Free Number Establish/Setup	\$	150.00	2	\$ 300.00
Spanish Translation	\$	1,200.00	1	\$ 1,200.00
Static Website	\$	500.00	1	\$ 500.00
TOTAL				\$ 6,900.00

DIRECT EMAIL NOTIFICATION - INITIAL MAILING

It's Estimated Defendant will Provide Email Addresses for 44,361 Class Members. Before Email Notification, CPT will Perform a Third-Party Email Validation Scan to Improve the Success Rate of Deliverability and Reduce the Number of Undeliverable Emails. Upon Completion of the Initial Email Notice, CPT will Attempt to Resend to Soft Bounced Emails.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
Project Manager-Email Notice Format	\$	95.00	2	\$ 190.00
Third-Party Email Validation to Reduce Undeliverable Emails	\$	0.03238	44,361	\$ 1,436.00
Email Notification Setup/Establish/Formatting	\$	150.00	5	\$ 750.00
Email Notification Segmentation/Sending	\$	150.00	7	\$ 1,050.00
Email Notification Reporting/Monitoring	\$	150.00	7	\$ 1,050.00
Email Summary Notices - Initial Notification + Two Attempts to Soft Bounced Emails	\$	0.026	44,361	\$ 1,148.95
Total				\$ 5,624.95

DIRECT MAIL NOTIFICATION - INITIAL MAILING

CPT Estimates Defendant will Provide Mailing Addresses for all Class Members. To Ensure Mailing to the Most Current Address Possible, CPT will Perform an Address Update via NCOA and Further Skip Trace Using XML LexID, if Necessary. CPT will Mail a 4x6 Summary Notice Postcard to the Best Address on Record.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
NCOA	\$	0.01	90,438	\$ 904.38
XML LexID (10%)	\$	0.30	9,044	\$ 2,693.70
Project Manager- Notice Format	\$	95.00	2	\$ 190.00
Project Manager-Opt-Out/Notice Format	\$	95.00	2	\$ 190.00
Print & Mail 4x6 Summary Postcard	\$	0.10	90,438	\$ 9,369.38
Estimated Postcard Postage*	\$	0.3804	90,438	\$ 34,402.62
TOTAL				\$ 47,750.07

*The final rate may be subject to change and will be determined at the time of mailing.

PROCESS RETURNED UNDELIVERABLE MAIL

Based Upon CPT's Historical Data, 6% of the Postcards will be Returned Undeliverable. Upon Receipt, CPT will Perform a Skip Trace in an Attempt to Obtain a Current Address; Thus, 91% of the Skip Traced Postcards will be Rемаiled.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
Update Undeliverable	\$	0.15	6,368	\$ 955.20
Skip Traces	\$	0.28	5,413	\$ 1,542.16
Remail Summary Postcard	\$	0.10	4,926	\$ 510.33
Estimated Postcard Postage	\$	0.3804	4,926	\$ 1,873.85
Clerical Staff	\$	60.00	32	\$ 1,920.00
TOTAL				\$ 6,801.55

DIRECT EMAIL NOTIFICATION - ADDITIONAL MAILING

CPT will Email Approximately 8,200 People Notifying Them They Were Erroneously Added to the Class. Additionally, Defendant will Provide Email Addressees for Approximately 5,625 New Class Members (75% of 7,500). Before Email Notification, CPT will Perform a Third-Party Email Validation Scan to Improve the Success Rate of Deliverability and Reduce the Number of Undeliverable Emails for the New Class Members. Upon Completion of the Initial Email Notice, CPT will Attempt to Resend to Soft Bounced Emails.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
Project Manager-Email Notice Format	\$	95.00	2	\$ 190.00
Third-Party Email Validation to Reduce Undeliverable Emails	\$	0.04440	5,625	\$ 250.00
Email Notification Setup/Establish/Formatting	\$	150.00	4	\$ 600.00
Email Notification Segmentation/Sending	\$	150.00	6	\$ 900.00
Email Notification Reporting/Monitoring	\$	150.00	6	\$ 900.00
Email Summary Notices - Initial Notification + Two Attempts to Soft Bounced Emails	\$	0.194	13,825	\$ 2,685.51
Total				\$ 5,525.51

DIRECT MAIL NOTIFICATION - ADDITIONAL MAILING

CPT will Mail a Summary Postcard to Approximately 8,200 People Notifying Them They Were Erroneously Added to the Class. Additionally, Defendant will Provide 7,500 Mailing Addresses for all New Class Members. To Ensure Mailing to the Most Current Address Possible, CPT will Perform an Address Update via NCOA and Further Skip Trace Using XML LexID, if Necessary. CPT will Mail a 4x6 Summary Notice Postcard to the Best Address on Record.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
NCOA	\$	0.05	7,500	\$ 375.00
XML LexID (10%)	\$	0.39	750	\$ 291.38
Project Manager- Notice Format	\$	95.00	2	\$ 190.00
Project Manager-Opt-Out/Notice Format	\$	95.00	2	\$ 190.00
Print & Mail 4x6 Summary Postcard	\$	0.19	15,700	\$ 3,049.73
Estimated Postcard Postage*	\$	0.3804	15,700	\$ 5,972.28
TOTAL				\$ 10,068.38

*The final rate may be subject to change and will be determined at the time of mailing.

PROCESS RETURNED UNDELIVERABLE MAIL - ADDITIONAL MAILING

Based Upon CPT's Historical Data, 6% of the Postcards will be Returned Undeliverable. Upon Receipt, CPT will Perform a Skip Trace in an Attempt to Obtain a Current Address; Thus, 91% of the Skip Traced Postcards will be Rемаiled.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
Update Undeliverable	\$	0.20	942	\$ 188.40
Skip Traces	\$	0.33	801	\$ 266.73
Remail Summary Postcard	\$	0.19	729	\$ 141.61
Estimated Postcard Postage	\$	0.3804	729	\$ 277.31
Clerical Staff	\$	60.00	5	\$ 300.00
TOTAL				\$ 1,174.05

OPT-OUT PROCESSING ADMINISTRATION

CPT will Process and Validate all Opt-Out's and Other Responses from Class Members. Deficient Opt-Out's will Receive a Deficiency Notice by Mail and Provided Opportunity to Cure. CPT will Scrub the Opt-Out's Filed to Eliminate Duplicates, Fraudulent, and Otherwise Invalid. CPT will Maintain a Dedicated Toll-Free Phone Number with IVR Capabilities and Live Bi-Lingual (English/Spanish) Class Member Support Representatives During our Normal Business Hours (Monday-Friday 9:00am - 5:30pm, PST).

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
Programming of Opt-Out Data Base	\$	150.00	4	\$ 600.00
Opt-Out Processing	\$	5.00	45	\$ 225.00
Clerical Staff	\$	60.00	1	\$ 60.00
Deficiency/Dispute Letters	\$	20.00	2	\$ 40.00
Estimated Postage (up to 1 oz.)	\$	0.58	2	\$ 1.16
Project Manager	\$	95.00	1	\$ 95.00
IVR Spanish Translation Services	\$	1,200.00	1	\$ 1,200.00
IVR (Spanish & English) w/ Live Class Member Support Representatives	\$	2.00	2,653	\$ 5,306.90
			TOTAL	\$ 7,528.06

DISTRIBUTION SERVICES

CPT will Establish and Manage the Qualified Settlement Fund (QSF) Up to Two Years After Final Disbursement. Upon Final Approval of the Settlement, CPT will Perform all Necessary Settlement Calculations. CPT will Mail an 8.5"x11" MICR Check to Valid Class Members. CPT Uses a Payee Positive Pay System to Reconcile Checks Cashed and Conducts Monthly Account Reconciliations for the QSF.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
Programming Database-Calculate Totals	\$	150.00	5	\$ 750.00
Project Supervisor Review of Distribution	\$	150.00	48	\$ 7,200.00
Project Manager-Correspond w/ Attorney	\$	95.00	24	\$ 2,280.00
Obtain EIN, Setup QSF/Bank Account	\$	150.00	3	\$ 450.00
Programming/Setup & Printing of Checks	\$	150.00	10	\$ 1,500.00
Print & Mail Checks	\$	0.50	90,393	\$ 45,196.50
First Class Postage (up to 1 oz.)	\$	0.5064	90,393	\$ 45,775.02
			TOTAL	\$ 103,151.52

SETTLEMENT CONCLUSION & TAX REPORTING

Any Check Returned Undeliverable is Skip Traced to Locate a Current Address and Remail Accordingly. CPT will Process Requests for Check Reissues Continuously. CPT Prepares Annual Tax Reporting on Behalf of the QSF in Accordance with Current Federal Regulations. Upon the Conclusion of the Settlement, a Final Report and Declaration will be Provided to all Parties.

Administrative Tasks:		Unit Price	Pieces/Hours	Cost Estimate
Re-Issue Checks as Required	\$	1.25	2,712	\$ 3,389.74
Project Supervisor -Account Recons	\$	100.00	12	\$ 1,200.00
Skip Trace	\$	0.28	2,712	\$ 772.59
Remail Undeliverable Checks	\$	1.25	2,712	\$ 3,389.74
First Class Postage (up to 1 oz.)	\$	0.5064	5,424	\$ 2,746.50
Project Supervisor-Reconcile Uncashed Funds	\$	150.00	1	\$ 150.00
Programming- Final Reports	\$	150.00	2	\$ 300.00
Project Manager - Acnt Files Sent to Atty	\$	150.00	2	\$ 300.00
Project Supervisor - Final Declaration	\$	150.00	2	\$ 300.00
QSF Annual Tax Reporting	\$	500.00	1	\$ 500.00
			TOTAL	\$ 13,048.56

GRAND TOTAL: \$207,572.64

Exhibit 2

1 RHETT R. JOHNSON, Assistant Chief Counsel, SBN 219521
2 R. TIMOTHY O'CONNOR, Staff Counsel, SBN 179631
3 STEVEN CLARENCE, Staff Counsel, SBN 198271
4 STATE COMPENSATION INSURANCE FUND
5 Corporate Legal Department
6 5880 Owens Drive, 3rd Floor
7 Pleasanton, California 94588-3900
8 Telephone: (323) 526-2045

9 Attorneys for Defendant
10 STATE COMPENSATION INSURANCE FUND,
11 A public benefit fund and Independent Agency of the State of California

12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
13 **FOR THE COUNTY OF LOS ANGELES**

14 MICHAEL REYNOLDS ENTERPRISE, INC.
15 DBA REYNOLDS TERMITE CONTROL,
16 individually and on behalf of all others similarly
17 situated,

18 Plaintiffs,

19 vs.

20
21 STATE COMPENSATION INSURANCE
22 FUND, a public enterprise fund; and DOES 1
23 through 50, inclusive,

24 Defendant.

Case No. 19STCV05738

Assigned for all purposes to
Honorable Lawrence P. Riff
Department 7

**SUPPLEMENTAL DECLARATION OF
R. TIMOTHY O'CONNOR**

1 I, R. Timothy O'Connor, do hereby declare as follows:

2 1. I am an attorney at law duly authorized to practice before the Courts of the State of
3 California. I am an attorney of record and lead trial counsel for Defendant State Compensation
4 Insurance Fund ("State Fund") in the instant Class Action Litigation. The matters set forth herein
5 are of my own personal knowledge or within my information and belief, and if called to testify
6 thereto, I could and would do so competently.

7 **Compilation of Documents and Information**

8 2. As lead trial counsel, throughout the course of this litigation and in particularly as
9 part of the settlement process phase, I worked directly with State Fund's Actuarial Data Scientist
10 staff and Information Technology ("IT") Departments to pull relevant data regarding State Fund's
11 tier modifier and its effects, across several different parameters pursuant to the settlement criteria.
12 State Fund's Actuarial Staff and IT department also worked directly with State Fund's outside
13 technical experts Cornerstone Research. As part of this process, data-derived reports and datasets
14 based on the settlement criteria were created which included documents and information regarding
15 class size and premium amounts. The assigned Actuarial Staff and Cornerstone Research analyzed
16 the data extracted by State Fund's IT department, compiled the relevant data, and summarized the
17 data. The data was then transmitted directly to the Class Administrator, CPT.

18 3. As noted in my Declaration dated January 30, 2023, on or about December 15, 2022,
19 State Fund's IT Department extracted data with the final class action data range of March 1, 2013 to
20 November 30, 2022 (the "Class Period"), corresponding to all policies having a tier modifier value
21 greater than 1.0 (tier modifier values of 1 or Blank, meaning the policy had no tier modifier, were
22 excluded from this dataset). On January 27, 2023, Cornerstone transmitted the updated data,
23 including any Additional Premiums paid by Settlement Class Members, to the Class Administrator,
24 CPT.

25 4. The purpose of this Supplemental Declaration is to provide the Parties and the Court
26 with policyholder and premium information that is updated through November 30, 2022 (the end
27 date of the class period and the date Preliminary Approval was granted) and to update the
28 calculations provided in Kate Smith's April 19, 2022 Declaration ("Smith Declaration") attached as

1 Exhibit "O" to the Amended Settlement Agreement.

2 **In Excess of \$1.45 Billion is the Total Dollar Amount of Premium Reduction/Saved by**
3 **Policyholders with Tiers <1**

4 5. State Fund's Actuarial Staff analyzed the data in conjunction with State Fund's IT
5 department to determine that State Fund Policyholders saved \$1,458,488,637 in premium as a result
6 of State Fund's tier rating algorithm during the Class Period. This dollar figure is inclusive of 84,708
7 non-Minimum Premium Policyholders (defined below) with a tier modifier of less than 1 (1<) for at
8 least one annual policy period during the Class Period. This dollar figure is also inclusive of 89,931
9 Policyholders who paid additional premiums due to a tier score greater than 1.0 for at least one
10 annual policy period during the Class Period. I reviewed the data and analysis substantiating the
11 total dollar amount above and confirm that this is correct.

12 **Total Amount of Premium Collected by State Fund Due to Policyholders' Tier Modifiers >1**

13 6. The total amount of additional risk premium collected, or projected to be collected,
14 for the Class Period by State Fund due to Policyholders having tier scores of more than 1.0 for at
15 least one annual policy period is \$751,895,767 (this number excludes minimum premium amount as
16 explained below). I reviewed the data and analysis substantiating the total dollar amount above and
17 confirm that this is correct.

18 7. My review and conclusions as set forth herein confirm that State Fund Policyholders,
19 as a whole, derived a significant benefit from State Fund's application of the tier rating algorithm.
20 During the years at issue, State Fund was able to provide significant savings greater than \$1.45
21 billion dollars to those Policyholders who met certain risk criteria indicating that they were a lower
22 risk for serious workplace injury. State Fund assigned fair and reasonable rates to those
23 Policyholders who were assigned a tier rating modifier of over 1.0 to help offset the higher risk
24 nature of their risk characteristics.

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1 **Forty-Three Thousand, Seven Hundred and One (43,701) Policyholders Were Assigned a**
2 **Tier Rating Modifier Above 1.0 Without Computation by the Algorithm Due to Failure to**
3 **Provide Sufficient Insurance Application Information as Disclosed in State Fund's Rate**
4 **Filing For At Least One Annual Policy Period During the Class Period**

5 8. I understand that the allegations in this case contend that State Fund used a tier rating
6 modifier that increased the premium of certain policyholder class members by assigning them to
7 rating tiers over 1.0. As such, State Fund extracted the total number of Policyholders who paid
8 additional risk premiums due to tier scores greater than 1.0 for at least one annual policy period
9 during the Class Period. State Fund's Actuarial Staff reviewed the data provided by State Fund's IT
10 department and determined that 89,931 Policyholders paid additional premiums due to a tier score
11 greater than 1.0 for at least one annual policy period during the Class Period. This total includes
12 43,701 Policyholders who provided insufficient insurance application information and/or history and
13 were automatically assigned to the appropriate tier as disclosed in State Fund's publicly available
14 rate filings. For example, Rate Filing 13-9005, effective 3/1/2014, as shown on page 3 and 4 of the
15 Filing Memorandum of that Rate Filing discloses this automatic assignment of a tier of 1.5 (certain
16 policies during the Class Period were also assigned a 1.25 tier modifier due to insufficient
17 documentation). I reviewed this rate filing at or about various times during the instant litigation
18 within the course and scope of my job duties including related to preparation of this declaration. The
19 rate filing was prepared and filed with the CDI. A true and correct copy of excerpts of relevant
20 pages from the rate filing is attached as Exhibit "A."

21 9. As to Exhibit A, I note that it states as follows:

22 **"Those businesses that fail to provide documentation of**
23 **claims history and other required information will be placed into the**
24 **Worst/C Tier, to encourage full disclosure to enable State Fund to**
25 **most accurately underwrite the risk."**

26 10. By failing to produce sufficient insurance information and/or history, these 43,701
27 Policyholders' rates for the Rate Filing 13-9005, effective 3/1/2014, from the example above, were
28 calculated for at least one annual policy period, and led to an increase in premiums paid, using a tier
modifier above 1.0 that was not assigned due to the tier modifier rating algorithm. I reviewed the
data and analysis confirming the total policyholder count above and confirm that this is correct.

1 **Net Additional Premiums Paid by Policyholders with a Tier Rating over 1 Excluding**
2 **Minimum Premium Policyholders Total \$347,201,121**

3 11. Policyholders with a tier rating over 1, excluding Minimum Premium Policyholders
4 (as explained below), total 89,931 policyholders, as noted above. With guidance from State Fund
5 staff with subject matter expertise, Cornerstone Research reviewed the data provided by State Fund’s
6 IT department and Cornerstone Research determined that these policyholders paid \$751,895,767 in
7 additional premiums due to tier scores over 1.0. However, that same group of policyholders also
8 received discounts totaling \$404,694,646 due to tier ratings less than 1 for one or more policies at
9 some point during the Class Period while insured with State Fund. Thus, the 89,931 policyholders
10 who paid additional premiums due to tier ratings over 1, excluding Minimum Premium
11 Policyholders (as explained below), only paid \$347,201,121 in net additional premiums. I reviewed
12 the data and analysis confirming the total additional premium paid by the above referenced
13 policyholders and confirm that this is correct.

14 **The Two Proposed “Subgroups” Combine for a Total of 98,854 Policyholders**

15 12. With guidance from State Fund staff with subject matter expertise, Cornerstone
16 Research reviewed the data provided by State Fund’s IT department and Cornerstone Research
17 determined that Forty Three Thousand Seven Hundred and One (43,701) Policyholders are included
18 in a category, or “subgroups,” consisting of policyholders with at least one policy assigned a tier
19 modifier of 1.25 or 1.5 due to lack of requested documentation and the tier modifier resulted in an
20 increase in premiums paid (the “Insufficient Documentation Subgroup”).

21 13. With guidance from State Fund staff with subject matter expertise, Cornerstone
22 Research reviewed the data provided by State Fund’s IT department and Cornerstone Research
23 determined that Fifty Five Thousand One Hundred Fifty Three (55,153) Policyholders are included
24 in a category, or “subgroup,” consisting of policyholders with at least one policy with a tier modifier
25 rating greater than 1 where that policy was not assigned a tier modifier of 1.25 or 1.5 due to lack of
26 requested documentation and the tier modifier resulted in an increase in premiums paid (the
27 “Algorithm Subgroup”).

28 ///

1 14. The combined total number of policyholders in the two categories, or “subgroups,”
2 set forth above in paragraphs 12 & 13 is 98,854. This number is higher than the total number of
3 policyholders with at least one tier modifier greater than 1 and excluding Minimum Premium
4 Policyholders (89,931) because some policyholders had policies in both the Algorithm Subgroup
5 and Insufficient Documents Subgroup at some time while being insured by State Fund during the
6 Class Period.

7 15. With guidance from State Fund staff with subject matter expertise, Cornerstone
8 Research reviewed the data provided by State Fund’s IT department and Cornerstone Research
9 determined that the total amount of additional premium paid by the Algorithm Subgroup described
10 above in paragraph 13 is \$510,594,631. The total amount of additional premium paid by the
11 Insufficient Documentation Subgroup is \$241,301,136. I reviewed the data and analysis confirming
12 that both the policyholder count and total additional premium paid by the above referenced
13 policyholders and confirm that this is correct.

14 **Thirty One Thousand Seven Hundred Sixty-One (31,761) Minimum Premium Policyholders**
15 **Are Excluded from the Count of Policyholders Because They Did Not Meet the Criteria**

16 16. Additionally, 31,761 Policyholders are Minimum Premium Policyholders because
17 they had tier scores of greater than 1.0 for at least one annual policy period during the Class Period,
18 but did not pay additional risk premium due to the application of the tier rating modifier for any of
19 those annual policy periods because those Policyholders were below the minimum premium
20 threshold for their classification. With guidance from State Fund staff with subject matter expertise,
21 Cornerstone Research reviewed the data provided by State Fund’s IT department and Cornerstone
22 Research determined the data reflected that 31,761 Policyholders were quoted and agreed to pay the
23 minimum premium amount for these annual policy periods for their risk as assessed by State Fund
24 and, therefore, their rates were not affected by the application of the rating tier modifier. I reviewed
25 the data and analysis substantiating the total policyholder count above and confirm that this is
26 correct.

27 I declare under penalty of perjury under the laws of the State of California that the foregoing
28 is true and correct.

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Executed on February 6, 2023 at Ventura County, California.



R. Timothy O'Connor

Exhibit A

Loss. The projected loss ratio (70.0%) is derived on page 2. Estimated ultimate losses from prior years are adjusted to cost levels for the effective policy period. The ultimate loss ratios are from State Fund's year end 2011 Annual Statement. The on-level factors are based on a Milliman analysis of State Fund as of June 30, 2012. Also, direct earned premiums for prior years are adjusted to effective period rate levels; the premium adjustment factors are shown on page 3.

LAE. The LAE ratio (19.6% of loss) is based on a Milliman analysis of State Fund as of June 30, 2012.

Selected Loss & LAE Ratio. The selected loss & LAE ratio (83.7%) equals the projected loss ratio times 1 plus the LAE ratio.

Permissible Loss & LAE Ratio. The permissible loss and LAE ratio (83.4%) equals 100% minus the expense provisions.

Indicated Rate Change. We believe the company's experience is fully credible. Therefore, using only State Fund's experience, the indicated rate change is +0.4%. State Fund is selecting no change in rates due to experience alone; however, State Fund is selecting a -7.0% SB 863 impact for 2013 policies. Therefore, the total rate change is -7.0%.

Exhibit 6. State Fund is proposing to introduce rating tiers Best/A, Middle/B, or Worst/C to offer a wider range of rates, while simultaneously more closely reflecting the exposure of each policy.

The indicated loss ratio relativities for each of the Best/A, Middle/B, and Worst/C Tiers on Exhibit 6 were calculated by first on-leveling State Fund's policies effective from January 1, 2006 through December 31, 2009. This was done by re-rating every policy using the rates and algorithm effective January 1, 2011 (the most current approved rates available when this analysis was started). The re-rating was done prior to schedule rating.

Then, the policies were segregated into tiers, based on the tier definition which was applied consistently to every policy. The tier definition is based on the policy's past two-year claim history. The more claims activity relative to exposure in the past two years, the higher the claims history attribute score and tier. A claims history attribute of greater than 0.052899 qualifies for the Worst/C Tier. A claims history attribute score of -0.069186 or lower qualifies for the Best/A Tier.

Every insured with two consecutive years of insurance history can be assigned into one of the three tiers, regardless of whether they are currently a State Fund policyholder or are applying as new business. However, not every insured that comes to State Fund will be mature enough to have two years of history, so State Fund plans to place these insureds into the Middle/B Tier. When they complete their second year, these insureds will be treated the same as all other insureds and assigned to the appropriate tier depending on their claims experience. As is already mandatory, State Fund will continue to require full and complete insurance history as part of the application process. Those businesses that fail to provide documentation of claims history and

other required information will be placed into the Worst/C Tier, to encourage full disclosure to enable State Fund to most accurately underwrite the risk.

After the policies were segregated into tiers, the loss ratio for each tier was calculated by policy year as the loss and ALAE valued at May 25, 2011 divided by the on-level premium. The loss and ALAE ratio relativity was calculated as the tier loss and ALAE ratio divided by the Middle/B Tier loss and ALAE ratio, for each policy year. The indicated loss and ALAE ratio relativities for the Best/A Tier relative to the Middle/B Tier range from 0.710 to 0.620, by policy year. The indicated loss and ALAE ratio relativities for the Worst/C Tier relative to the Middle/B Tier range from 4.80 to 4.10, by policy year. Since the tier loss and ALAE ratios were calculated after the on-leveling of all premiums, the tier relativities reflect the residual loss and ALAE ratio relativities after the current algorithm and rates have been taken into account.

After conferring with the CDI, the selected Tier C relativity is significantly lower than the indicated factor. The intention is to temper the one-year impact on Tier C policyholders, as well as to encourage Tier C policyholders to improve workplace safety, data reporting, and other measures to allow them to improve their future experience thereby qualifying for a better tier. State Fund plans to gradually increase the Worst/C Tier Factor in future rate filings over the next three years.

With this filing, State Fund is also proposing to adopt WCIRB January 1, 2013 advisory pure premiums. The impact of the updated advisory pure premiums resulted in a rate increase. To maintain State Fund's targeted change of -7.0%, the LCM was reduced to 2.1686. The process of determining the rate change on the December 31, 2011 in-force book is discussed in the Exhibit 9 section below.

The overall change of -7.0% is based on our review of the experience (0.0%) and the State Fund's assessment of the impact of SB 863 (-7.0%). A summary of State Fund's SB 863 analysis follows page 6 of this memo.

Exhibit 7. Currently State Fund does not have territorial factors, and is proposing to introduce them with this filing. Exhibit 7 provides support for the proposed factors by territory. The territorial relativities are based on data obtained from the WCIRB. Specifically, the statewide annual pure premiums and incurred losses were used from the available First through Fifth Reports for Policy Years 2004 through 2008. The data was grouped by the first three digits of the mailing address zip code. The groupings were consolidated into nine broader territorial categories as outlined in Table 3 below.

Exhibit 3

1 RHETT R. JOHNSON, Assistant Chief Counsel, SBN 219521
2 R. TIMOTHY O'CONNOR, Staff Counsel, SBN 179631
3 STEVEN CLARENCE, Staff Counsel, SBN 198271
4 STATE COMPENSATION INSURANCE FUND
5 Corporate Legal Department
6 5880 Owens Drive, 3rd Floor
7 Pleasanton, California 94588-3900
8 Telephone: (323) 526-2045

9 Attorneys for Defendant
10 STATE COMPENSATION INSURANCE FUND,
11 A public benefit fund and Independent Agency of the State of California

12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
13 **FOR THE COUNTY OF LOS ANGELES**

14 MICHAEL REYNOLDS ENTERPRISE, INC.
15 DBA REYNOLDS TERMITE CONTROL,
16 individually and on behalf of all others similarly
17 situated,

18 Plaintiffs,

19 vs.

20
21 STATE COMPENSATION INSURANCE
22 FUND, a public enterprise fund; and DOES 1
23 through 50, inclusive,

24 Defendant.

Case No. 19STCV05738

Assigned for all purposes to
Honorable Lawrence P. Riff
Department 7

**DECLARATION OF STEVEN L.
CLARENCE RE: INJUNCTIVE RELIEF**

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DECLARATION OF STEVEN L. CLARENCE

I, Steven L. Clarence, do hereby declare as follows:

1. I am an attorney at law duly authorized to practice before the Courts of the State of California. I am an attorney of record for Defendant State Compensation Insurance Fund (“State Fund”) in the instant Class Action Litigation. The matters set forth herein are of my own personal knowledge or within my information and belief, and if called to testify thereto, I could and would do so competently.

2. Paragraph 2.5(c) of the Settlement Agreement requires State Fund to, among other things, “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.” Paragraph 2.5(c) further provides that “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.”

3. Within the timeframe set out in the Settlement Agreement, State Fund instituted these changes set forth in Paragraph 2.5(c), with the effect that the Applicant Quote documents issued to employers now display the same details with respect to tier modifiers as the Broker Quote documents received by insurance brokers.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on March 20, 2023 at Orange County, California.


Steven L. Clarence

1 **PROOF OF SERVICE**

2
3 STATE OF CALIFORNIA)
4) ss.
5 COUNTY OF LOS ANGELES)

6 I am employed in the county of Los Angeles, State of California. I am over the age of 18
7 and not a party to the within action; my business address is 5900 Canoga Avenue, Suite 450,
8 Woodland Hills, California 91367.

9 On the date below, I served the foregoing documents on the interested parties:

10 **SUPPLEMENTAL MEMORANDUM OF POINTS AND AUTHORITIES IN**
11 **SUPPORT OF MOTION FOR ORDER GRANTING FINAL APPROVAL OF**
12 **CLASS ACTION SETTLEMENT AND MOTION FOR AN AWARD OF**
13 **ATTORNEYS’ FEES AND COSTS, AND NAMED PLAINTIFFS’ SERVICE**
14 **PAYMENTS**

15 Pursuant to the Order Authorizing Electronic Service, entered in this matter on May 23,
16 2019, I caused service of the foregoing document(s) on the interested parties as listed on the
17 Service List posted on www.caseanywhere.com for this matter by submitting an electronic
18 version of the document(s) via file transfer protocol (FTP) to Case Anywhere through the upload
19 feature at www.caseanywhere.com.

20 I declare under penalty of perjury and under the laws of the State of California that the
21 foregoing is true and correct.

22 Executed on March 22, 2023.

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/s/ ELIA RAMIREZ
ELIA RAMIREZ