

Exhibit B

1 David Borgen (SBN 99354)
dborgen@gbdhlegal.com
2 James Kan (SBN 240749)
jkan@gbdhlegal.com
3 GOLDSTEIN, BORGEN, DARDARIAN & HO
155 Grand Avenue, Suite 900
4 Oakland, CA 94612
Tel: (510) 763-9800
5 Fax: (510) 835-1417

6 Jay Angoff (D.C. Bar 248641)
Cyrus Mehri (D.C. Bar 420970)
7 MEHRI & SKALET PLLC
2000 K Street, NW, Suite 325
8 Washington, DC 20006
Tel: (202) 822-5100

9 Attorneys for Plaintiff
10 *(Additional Counsel listed on Signature Page)*

11 **UNITED STATES DISTRICT COURT**
12 **NORTHERN DISTRICT OF CALIFORNIA**

13 ANDREA STEVENSON, individually and on
14 behalf of all others similarly situated,

15 Plaintiffs,

16 v.

17 ALLSTATE INSURANCE CO., and ALLSTATE
18 INDEMNITY CO,

19 Defendants.
20
21
22

Case No.: 4:15-cv-04788-YGR

**NOTICE OF MOTION AND
MEMORANDUM IN SUPPORT OF
PLAINTIFF'S UNOPPOSED MOTION
FOR PRELIMINARY APPROVAL OF
CLASS ACTION SETTLEMENT**

Judge: Hon. Yvonne Gonzalez Rogers

Date: November 14, 2023

Time: 2:00 p.m.

Place: Courtroom 1, 4th Floor,
1301 Clay
Street, Oakland, CA 94612

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

	Page
NOTICE OF MOTION AND MOTION	1
I. INTRODUCTION AND SUMMARY OF ARGUMENT	1
II. FACTUAL AND LEGAL BACKGROUND.....	3
III. SUMMARY OF MATERIAL SETTLEMENT TERMS.....	6
A. The Proposed Settlement Class	6
B. Benefits to the Settlement Class	7
C. Settlement Administrator and Administration Costs.....	10
D. Class Member Release	11
E. Proposed Plan of Notice	11
F. Opt-Outs and Objections	12
G. Attorneys’ Fees, Costs, and Service Awards.....	13
H. Class Action Fairness Act	13
I. Results in Comparable Cases	13
IV. LEGAL STANDARD	15
V. ARGUMENT	16
A. The Settlement Agreement warrants preliminary approval.....	16
i. Rule 23(e)(2)(B): The Settlement is the product of good-faith, informed, arms’ length negotiations.	18
ii. Rule 23(e)(2)(C): The Settlement is fair, adequate, and reasonable.	19
1. The Strengths and Risks of Plaintiff’s Case and the Complexity and Likely Duration of Further Litigation.....	19
2. The Risk of Maintaining Class Action Status	20
3. The Amount Offered in Settlement	20
iii. Rule 23(e)(2)(D): The Allocation of the Settlement	23
1. The Extent of Discovery Completed and Stage of Proceedings....	25
2. The Views of Class Counsel.....	25
3. Government Participant, Class Member Reaction, Other Cases Affected	25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

iv. Rule 23(e)(2)(A): The Class Representative and Class Counsel have adequately represented the proposed class26

v. The proposed Fee and Expense Award is fair and reasonable27

B. Certification of the Settlement Class is appropriate27

C. The Court should approve the proposed Notice Plan29

VI. CONCLUSION30

TABLE OF AUTHORITIES

Page(s)

Cases

1

2

3

4 *Adams v. Inter-Con Sec. Sys. Inc.*,
2007 WL 3225466 (N.D. Cal. Oct. 30, 2007) 18

5

6 *Avina v. Marriott Vacations Worldwide Corp.*,
2019 WL 8163642 (C.D. Cal. Oct. 25, 2019) 26

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2015 WL 7710297 (N.D. Cal. Nov. 30, 2015) 17

8

9 *Bravo v. Gale Triangle, Inc.*,
2017 WL 708766 (C.D. Cal. Feb. 16, 2017) 27

10

11 *Briseño v. Henderson*,
998 F.3d 1014 (9th Cir. 2021) 19

12 *Celano v. Marriott Int’l Inc.*,
242 F.R.D. 544 (N.D. Cal. 2007) 28

13

14 *Churchill Village, L.L.C. v. General Electric*,
361 F.3d 566, 575 (9th Cir. 2004). 16

15

16 *Class Plaintiffs v. City of Seattle*,
955 F.2d 1268 (9th Cir. 1992) 15

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2013 WL 6055326 (S.D. Cal. Nov. 14, 2013) 19

18

19 *Edwards v. First American Corporation*,
No. CV-07-03796 SJO, 2016 WL 9176564 (C.D. Cal., Oct. 14, 2016) 24

20

21 *Edwards v. First American Corporation*,
No. CV07-03796-SJO, 2016 WL 8943464 (C.D. Cal., June 20, 2016) 7, 24

22 *Eisen v. Carlisle and Jacquelin*,
417 U.S. 156 (1974) 29

23

24 *Ellis v. Costco Wholesale Corp.*,
657 F.3d 970 (9th Cir. 2011) 29

25

26 *Grimm v. Am. Eagle Airlines, Inc.*,
2014 WL 12746376 (C.D. Cal. Sept. 24, 2014) 20

27 *Hanlon v. Chrysler Corp.*,
150 F.3d 1011 (9th Cir. 1998) 16

28

1 *Hanon v. Dataproducts Corp.*,
 2 976 F.2d 497 (9th Cir. 1992).....28

3 *Harris, et al. v. Farmers Insurance Exchange, et al.*,
 4 Superior Court of California, Case No. BC57948..... 13, 14, 15

5 *Hendricks v. StarKist Co.*
 6 No. 13-CV-00729-HSG, 2015 WL 4498083 (N.D. Cal., July 23, 2015).....24

7 *Hillman v. Lexicon Consulting, Inc.*,
 8 2017 WL 10433869 (C.D. Cal. April 27, 2019).....26

9 *In re Apple Inc. Device Performance Litig.*,
 10 50 F.4th 769 (9th Cir. 2022).....27

11 *In re Beef Indus. Antitrust Litig.*,
 12 607 F.2d 167 (5th Cir. 1979)..... 17

13 *In re Bluetooth Headset Prod. Liab. Litig.*,
 14 654 F.3d 935 (9th Cir. 2011)..... 17, 19

15 *In re Hyundai & Kia Fuel Econ. Litig.*,
 16 926 F.3d 539 (9th Cir. 2019)..... 18

17 *In re Facebook Biometric Info. Privacy Litig.*,
 18 522 F.Supp.3d 617 (N.D. Cal. 2021).....24

19 *In re Lithium Ion Batteries Antitrust Litig.*,
 20 No. 13-MD-02420 YGR (DMR), 2020 WL 7264559 (N.D. Cal. Dec. 10, 2020),
 21 *aff'd*, No. 21-15120, 2022 WL 16959377 (9th Cir. Nov. 16, 2022)..... 19

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 24 (CDI File No. NC-2018-00001)2

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 26 47 F.3d 373 (9th Cir. 1995)..... 16

27 *Kimber Baldwin Designs, LLC v. Silv Communications, Inc.*,
 28 No. 1:16-CV-448, 2017 WL 5247538 (S.D. Ohio, Nov. 13, 2017).....24

Lane v. Facebook, Inc.,
 696 F.3d 811 (9th Cir. 2012).....30

MacKay v. Superior Court,
 188 Cal. App. 4th 1427 (2010).....9, 22

McCabe v. Six Continents Hotels, Inc.,
 No. 12-CV-04818 NC, 2016 WL 491332 (N.D. Cal. Feb. 8, 2016)24

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 No. 12-CV04818 NC, 2015 WL 3990915 (N.D. Cal., June 30, 2015) 24

2

3 *Moreno v. Cap. Bldg. Maint. & Cleaning Servs., Inc.*,
 2021 WL 1788447 (N.D. Cal. May 5, 2021)..... 26

4

5 *Nat’l Rural Telecomm. Coop. v. DirecTV, Inc.*,
 221 F.R.D. 523 (C.D. Cal. 2004)..... 25

6 *Norton v. LVNV Funding, LLC*,
 2021 WL 3129568 (N.D. Cal. July 23, 2021) 26

7

8 *O’Connor v. Uber Techs., Inc.*,
 No. 13-CV-03826-EMC, 2019 WL 1437101 (N.D. Cal. Mar. 29, 2019) 16

9

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 688 F.2d 615 (9th Cir. 1982) 16

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 472 U.S. 797 (1985) 29

12

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 2012 WL 3809123 (S.D. Cal. Sept. 4, 2012) 30

14 *Tryfonas, et. al v. The Allstate Corp., et al.*,
 Cir. Ct. Madison County, Illinois, No. 2016-L-000880 15

15

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 569 F. Supp. 3d 640 (E.D. Mich. 2021) 15

17

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 No. 21-10737 (E.D. Mich. 2021) 15

19 *Tyson Foods, Inc. v. Bouaphakeo*,
 136 S. Ct. 1036 (2016) 29

20

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 529 F.2d 943 (9th Cir. 1976) 16

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 290 F.3d 1043 (9th Cir. 2002) 27

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 564 U.S. 338 (2011) 28

25

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 LLC, 617 F.3d 1168 (9th Cir. 2010) 29

27

28

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2 28 U.S.C.

3 § 1711 13

4 § 1712 13

5 § 1714 13

6 § 1715 13

7 Class Action Fairness Act 2, 11, 13

8 **State Statutes**

9 Cal. Code Civ. Proc. § 1094.5 9

10 Cal. Code Regs. Title 10, § 2632.11 3

11 California Insurance Code

12 § 1860.1 17, 22

13 § 1861.10(a) 2

14 **Rules**

15 Fed. R. Civ. P.

16 23 1, 16, 29

17 23(a) 28

18 23(a)(3) 28

19 23(a)(4) 28

20 23 (b)(3) 28

21 23(b)(3) 29

22 23(b)(3) 29

23 23(c)(2)(B) 29

24 23(e) 16, 30

25 23(e)(1)(B)(ii) 27

26 23(e)(2)(C)(ii) 23

27 23(e)(2)(c)(iii) 27

28 Rule

29 23(a) 28

30 23(b)(3) 29

31 23(e)(2) 16

32 23(e)(2)(A) 26

33 23(e)(2)(B) 18

34 23(e)(2)(C) 19

35 23(e)(2)(D) 23, 24

36 **Other Authorities**

37 Center for Auto Safety, <https://www.autosafety.org/> 9

1 **NOTICE OF MOTION AND MOTION**

2 **TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD: PLEASE TAKE**

3 **NOTICE THAT** on November 14, 2023 at 2:00 p.m., or as soon thereafter that the matter may be
4 heard, in the Courtroom of the Honorable Yvonne Gonzalez Rogers, of the United States District Court
5 for the Northern District of California, located in Courtroom 1 on the 4th Floor, 1301 Clay Street,
6 Oakland, CA 94612, Oakland Courthouse, Plaintiff Andrea Stevenson (“Plaintiff”) will and hereby
7 does move, pursuant to Federal Rule of Civil Procedure 23, this Court for an Order (1) preliminarily
8 approving the Proposed Settlement settling her claims, both on behalf of herself and on behalf of a
9 Settlement Class of similarly situated individuals; (2) certifying the Settlement Class for settlement
10 purposes only; (3) directing notice to the Settlement Class; (4) appointing Plaintiff’s counsel as Class
11 Counsel and Plaintiff as Class Representative; and (5) scheduling a final approval hearing. As
12 discussed more fully in the attached Memorandum of Points and Authorities, the Parties have
13 negotiated a Settlement that provides substantial compensation to consumers who allegedly overpaid
14 for auto insurance due to Defendants’ alleged use of price optimization/elasticity of demand as a rating
15 factor when determining auto insurance premiums for certain policyholders in California. The
16 proposed notice program, which was negotiated and agreed to by the Parties, includes both email
17 notice, postcard, and long-form notice, and thereby provides the best notice practicable under the
18 circumstances, as required by Federal Rule of Civil Procedure 23. Thus, in this Motion, which is
19 unopposed by Defendants Allstate Insurance Co. and Allstate Indemnity Co., Plaintiff respectfully
20 requests that the Court grant preliminary approval of the Proposed Settlement, direct notice to the
21 proposed Settlement Class, and schedule a final approval hearing.

22 **I. INTRODUCTION AND SUMMARY OF ARGUMENT**

23 On February 18, 2015, the California Department of Insurance (“CDI” or the “Department”)
24 issued a notice forbidding insurance companies from using price optimization in their rating plans for
25 private passenger auto insurance (the “Notice”). The Notice defines price optimization as “any method
26 of taking into account an individual’s or class’s willingness to pay a higher premium relative to other
27 individuals or classes.”

1 Plaintiff Andrea Stevenson originally filed this proposed class action on August 21, 2015, in the Superior
 2 Court of the State of California, against Allstate Insurance Co. and Allstate Indemnity Co. (together
 3 “Allstate” or “Defendants”), asserting six causes of action based on Allstate’s alleged use of price
 4 optimization in determining auto insurance premiums for customers in California.

5 After Allstate removed the case to the U.S. District Court for the Northern District of California
 6 pursuant to the Class Action Fairness Act, this Court, on March 17, 2016, dismissed Plaintiff’s claim
 7 under Section 1861.10(a) of the California Insurance Code and stayed the five remaining claims
 8 pursuant to the primary jurisdiction doctrine, pending action by the Insurance Commissioner of the
 9 State of California (the “Commissioner”), concerning “whether Plaintiff in fact challenges approved
 10 rates within the CDI’s exclusive jurisdiction.” Dkt No. 43 at 12.

11 Following an initial inquiry by the Department, on April 27, 2018 the Commissioner issued a
 12 Notice of Hearing for the purpose of determining “(1) whether Allstate has violated California
 13 insurance law by using illegal price optimization; (2) how Allstate implemented any such illegal price
 14 optimization in its rate and/or class plan; and (3) how any such illegal price optimization impacted
 15 Allstate’s policyholders.” *In the Matter of the Rating Practices of Allstate Insurance Company and*
 16 *Allstate Indemnity Company* (CDI File No. NC-2018-00001) (hereinafter referred to as the
 17 “Department Proceeding”). Plaintiff successfully moved to participate in the Department Proceeding
 18 as an intervenor.

19 Vigorous litigation and discovery ensued in the Department Proceeding and spanned several
 20 years. In late November 2022, just days before the evidentiary hearing in the Department Proceeding
 21 was set to commence, Plaintiff and Allstate reached an agreement in principle to resolve the claims
 22 raised in this Action. That agreement, and the resulting Settlement¹ which is attached as Exhibit 1 to
 23 the Joint Declaration of Proposed Class Counsel (“Counsel Decl.”), was reached only after extensive
 24 litigation and arm’s-length negotiations before Sanford Kingsley, an experienced mediator and former
 25 California insurance litigator.²

26 _____
 27 ¹ Unless otherwise specifically defined herein, all capitalized terms have the same meanings as those
 28 set forth in the Parties’ Settlement Agreement, attached as Exhibit 1.

² A detailed discussion of the procedural history of this litigation is set forth in paragraphs 3 – 20 of

1 The Settlement provides for a total fund of \$25,000,000 and additional non-monetary relief.
 2 The Settlement is fair, reasonable, and adequate, and provides meaningful relief to the proposed
 3 Settlement Class, while balancing the risks and delays of continued, protracted litigation in the
 4 Department Proceeding and this action, including an evidentiary hearing before the California
 5 Insurance Commissioner, potential appeal of the finding in the evidentiary hearing before the
 6 California Insurance Commissioner, potential writ of mandamus litigation regarding the powers of the
 7 California Insurance Commissioner, additional briefing in this Court regarding the impact of the
 8 Commissioner’s decision on Plaintiff’s claims in this Court, class certification briefing, expert reports
 9 and discovery, dispositive motion briefing, trial, and the potential for no recovery to Plaintiff at all.
 10 Based on an informed evaluation of the facts and governing legal principles, Plaintiff respectfully
 11 requests that the Court preliminarily approve the Settlement.

12 **II. FACTUAL AND LEGAL BACKGROUND**

13 California auto insurers are required to calculate their rates in accordance with a class plan filed
 14 with and approved by the Department. Cal. Code Regs. tit. 10, § 2632.11. Section 2632.3(a) defines a
 15 class plan as “the schedule of rating factors and discounts, and their order and manner of analysis as
 16 required by Section 2632.7, in the development of rates and premiums charged for a policy of
 17 automobile insurance.”

18 Rating factors are the rating characteristics that an insurer uses—such as driving record,
 19 mileage driven, and years licensed—to determine premiums. *Id.* at § 2632.5. California law identifies
 20 three mandatory rating factors that an insurer must use and fifteen optional rating factors that an
 21 insurer may use in a rating plan. Based on the insurer’s loss data, the insurer calculates a number,
 22 called a relativity, for each gradation or category of each rating factor that reflects the risk presented by
 23 that gradation or category. The process for calculating a relativity includes producing an “indicated
 24 relativity” which is a rating relativity based on an estimate of loss costs and expenses that an insured
 25 may experience based on the insurance policies written. The relativity for a category exceeds 1.00 if
 26 the risk presented by policyholders in that category is greater than average; the relativity is lower than
 27 _____

28 the Joint Declaration of Plaintiff’s Counsel.

1 1.00 if the risk presented by such policyholders is less than average. Individual premiums are
2 determined by multiplying the base rate, which is the same for all policyholders, by the relativity for
3 the category the insured fits into of each rating factor.

4 Private passenger auto insurance ratemaking is highly regulated in California. California
5 ratemaking law is unique in that it requires an insurer to perform a mandatory analysis for each rating
6 factor in a particular order, called a sequential analysis, to determine the relativity for each gradation or
7 category of each rating factor. *Id.* at § 2632.7. This process begins with calculating indicated
8 relativities for an individual rating factor. The insurer then selects relativities for all categories within
9 that rating factor using its actuarial judgment. California ratemaking law requires that selected
10 relativities for a rating factor must be balanced to a weighted average of 1.0 for multiplicative factors.³

11 California ratemaking law also mandates that the rating factors have certain weights, meaning
12 that the rating factors must have certain levels of importance in calculating a policyholder's overall
13 rate. *Id.* at § 2632.8. Under the California ratemaking law, the weights of the factors must align in
14 decreasing order of importance as follows: driving safety record must have the most weight followed
15 by annual miles driven followed by years of driving experience followed by the weight for the optional
16 rating factors. To achieve compliance with the weighting requirements of the California ratemaking
17 law, an insurer may use a process referred to as "pumping and tempering" the rating factor relativities
18 using formulas provided by the Department. This process provides a proscribed formula to adjust
19 rating factor relativities for compliance with the weighting requirements.⁴

20 Under section 2632.7(a), the relativities derived from the sequential analysis process are used
21 to calculate individual premiums. An insurer must file a class plan with the Department for review.
22 An insurer may only calculate premiums in accordance with a class plan that is filed with and
23

24 _____
25 ³ As a result of the balancing requirements, alterations in the relativities results in no change to the
26 overall rate level. In other words, a class plan filing is rate neutral. Accordingly, if certain rating
factors relativity selections result in higher rates for some classes of insureds, other classes of insureds
necessarily receive lower rates.

27 ⁴ As a result of the weighting requirements, insurers may need to use pumping and tempering for
28 certain rating factors and/or classifications within a rating factor in order to comply with the California
ratemaking law. This necessarily results in adjustments to other rating factors given the sequential
structure of the proscribed analysis.

1 approved by the Department and may not calculate premiums in any other manner unless and until and
2 new class plan is filed with and approved by the Department.

3 In the class plan Allstate filed in 2011, however, which became effective July 13, 2012
4 following approval by the Department, and which except for the elimination of gender as a rating
5 factor is still in effect today, Plaintiff alleges that Allstate did not use relativities derived from its
6 sequential analysis to determine premiums for policyholders with certain characteristics. Rather,
7 according to Plaintiff's claim, Allstate used relativities that exceeded both the relativity based on the
8 loss data in the sequential analysis—i.e., the indicated relativity—and also exceeded the relativity
9 Allstate used in its prior class plan, which Allstate refers to in its 2011 class plan as the current
10 relativity. Plaintiff's theory of liability is that such relativity selections were improper and based, at
11 least in part, on consideration of elasticity of demand. Allstate disputes Plaintiff's theory and the
12 allegation that it did not use the rating factor relativities derived from its sequential analysis. Allstate
13 maintains that it selected rating factor relativities consistent with its sequential analysis including the
14 mandated pumping and tempering procedure, and did not in any way consider elasticity of demand.

15 The policyholders for whom Plaintiff alleges Allstate used relativities that exceed indicated and
16 current relativities are drivers who have certain types of policies in addition to an auto policy, and
17 those licensed for 29 or more years who have comprehensive coverage, and/or have been licensed for
18 34 or more years and have collision coverage. As a result of Allstate's use of relativities that exceeded
19 both indicated and current in calculating premiums for those policyholders, Plaintiff alleges that
20 Allstate charged those policyholders more than it would have charged them based on the risk they
21 presented. Those policyholders are the members of the Settlement Class.

22 Allstate denies Plaintiff's allegations. Allstate, relying on its underlying workpapers, contends
23 that the selection of relativities complied with California law and resulted from the application of the
24 proscribed sequential analysis, including the required pumping and tempering, carried out for each
25 rating factor. Allstate asserts that it never used a retention model or any information regarding
26 elasticity of demand in any way in selecting rating factor relativities in its class plan. In addition,
27 Allstate asserts that it did not have information regarding and did not take into account the willingness
28 of any California policyholder or class of policyholders to pay a higher premium in its selection of

1 rating factor relativities. Allstate did not use the alleged “Earnix” method of setting prices, or any
 2 other mechanized pricing methodology including the Broaden the Target program, Complementary
 3 Group Rating program, or Table Assignment Number rating program. Allstate maintains that its rating
 4 factor relativity selections were a product of legitimate actuarial considerations that strictly complied
 5 with the proscribed sequential analysis process and considered the balancing and weighting
 6 requirements as required by California law. Allstate maintains that it charged all policyholders its filed
 7 and approved rates.

8 **III. SUMMARY OF MATERIAL SETTLEMENT TERMS**

9 **A. The Proposed Settlement Class**

10 The Settlement Agreement (“SA”) seeks certification of the following Settlement Class:

11 [A]ll current and former Allstate California auto insurance Primary Policy Holders whose
 12 total premiums were calculated, at any time on or after July 1, 2016, based on Allstate’s
 13 selection of a rating factor relativity exceeding both the Current and Indicated rating
 14 factor relativities for certain coverages in connection with the Years Licensed and/or
 15 Multipolicy rating factors. Specifically, those Primary Policy Holders include (a) any
 16 Primary Policy Holder whose premiums were determined based on licensure for 29 or
 17 more years and had Comprehensive coverage, (b) any Primary Policy Holder whose
 18 premiums were determined based on licensure of 34 or more years and had Collision
 19 coverage, and (c) any Primary Policy Holder who in addition to their auto policy had a
 20 condo, life, and/or mobile home policy and did not have a renters policy.

21 SA ¶ 58. Primary Policy Holder is defined in the Settlement Agreement to include the first
 22 named insured on any private passenger auto insurance policy issued by Allstate in the state of
 23 California during the period July 1, 2016, through September 30, 2022. SA ¶¶ 29, 47. The parties
 24 estimate that the Settlement Class consists of approximately 1,293,698 Primary Policy Holders.
 25 Counsel Decl. 49.

26 The definition of the class in the operative complaint is “[a]ll Allstate customers in the state of
 27 California who, within the applicable statute of limitations preceding the filing of this action to the date
 28 of class certification, purchased automotive vehicle insurance, were subject to Allstate’s practice of
 using elasticity of demand as a rating factor, and were charged or paid a higher premium than the risk-
 based premium.” The Settlement Class differs from the class set out in the operative complaint in two
 ways. Guideline 1(a).

1 *First*, the Settlement Class definition is based on factual developments during many months of
2 fact and expert discovery taken in connection with the proceedings before the Department of
3 Insurance, wherein Plaintiff identified the specific categories of policyholders who were allegedly
4 harmed by Allstate’s price optimization strategies. Counsel Decl. ¶¶ 34-35. In particular, Class
5 Counsel learned through extensive discovery that, based on Plaintiff’s theory of liability, Allstate’s
6 alleged price optimization strategies allegedly impacted rates for the policyholders in categories (a)-(c)
7 of the above Settlement Class definition.

8 *Second*, the Settlement Class is limited *to* qualifying policyholders whose premiums were
9 calculated on or after July 1, 2016. Notably, the Department published a notice on February 18, 2015,
10 prohibiting the use of price optimization and requiring insurers using price optimization to file new
11 class plans eliminating factors based on price optimization within six months, i.e., by August 18, 2015.
12 Dkt. No. 29. By not filing and obtaining the Department’s approval of such a new class plan, Plaintiff
13 contends that Allstate was charging unapproved rates beginning approximately 16 months after the
14 date of the Bulletin. That 16 months is the total of the six months the Department gave insurers to file
15 new class plan, plus 10 months, which is the time it took for the Department to approve Allstate’s 2011
16 class plan. The start date of July 1, 2016 in the Settlement Class definition approximates the earliest
17 date on which Plaintiff alleges Allstate could have implemented a class plan which did not include
18 price optimization. *Id.* ¶ 38.

19 **B. Benefits to the Settlement Class**

20 The Settlement Agreement obliges Allstate to pay a Settlement Amount of \$25,000,000,
21 inclusive of all payments to be made to the Settlement Class, any attorneys’ fees, costs and Service
22 Award ordered by the Court, any costs to be paid to the Settlement Administrator, the costs of
23 providing notice to the Settlement Class, and any *cy pres* payment required to be made under the
24 Settlement Agreement. SA ¶ 61; Guideline 1(c).

25 After payment of costs of administration and notice and any fees, expenses, and Service Award
26 authorized by the Court, the Net Settlement Amount will be equally distributed among all Settlement
27 Class Members. SA ¶ 36; Guideline 1(e).

1 Further, the Settlement Agreement provides meaningful additional non-monetary relief on
2 behalf of the Settlement Class:

- 3 • It requires Allstate to file a new class plan that does not consider an individual's or class's
4 willingness to pay a higher premium. On February 2, 2023, Allstate filed such a class plan with
5 the Department. With non-material exceptions, it does not use rating factor relativities for
6 either the multipolicy rating factor or the years-licensed rating factor that exceed both indicated
7 and current. Plaintiff asserts that Allstate's selection of rating factor relativities that do not
8 exceed current and indicated for the years licensed and multipolicy rating factors, all else equal,
9 will result in premiums for those rating factor relativities that Plaintiff estimates are, on an
10 annual basis in total, millions of dollars less with respect to those rating factor relativities.
11 Counsel Decl. ¶ 40. Allstate disagrees with this assertion and that its prior rating plan
12 considered an individual's or class's willingness to pay a higher premium.
- 13 • Allstate has also agreed to explain in writing the basis of any relativity selections it makes that
14 exceed the indicated relativity by more than 5% in any class plan it files over the next ten years.
15 The Department thereby will have the opportunity to make its own decision as to the validity of
16 Allstate's explanation, and the public will be able to see Allstate's justification for its
17 selections. Allstate has provided such an explanation with the filing memorandum
18 accompanying the class plan filed on February 3, 2023, which is presently pending review and
19 approval by the Department.
- 20 • The Settlement Agreement also prohibits Allstate from in any way considering an individual's
21 or class's willingness to pay a higher premium in setting its rates.

22 SA ¶¶ 72-73. The non-monetary relief contemplated under the Settlement Agreement has
23 substantial value, providing security to Settlement Class Members and California private passenger
24 auto policyholders generally going forward, and substantially constraining Allstate's ability to
25 implement any price optimization measures in the future. Guideline 1(c).

26 If any amount remains from the Net Settlement Amount after the Settlement Administrator has
27 made a reasonable effort to locate intended recipients of settlement funds whose checks were returned,
28 this amount will be distributed to the Center for Auto Safety, the *cy pres* recipient selected by the

1 Parties. SA ¶ 100. As will be detailed in a declaration Class Counsel will submit prior to the final
2 approval hearing, the Center for Auto Safety⁵ is a known advocate for auto insurance consumers, and
3 its interests are aligned with those of the Settlement Class Members. The Center for Auto Safety is
4 independent from the Parties, their Counsel, and the Court. Guideline 8.

5 The \$25,000,000 Settlement Amount combined with meaningful non-monetary relief is a fair
6 and reasonable relief for the Settlement Class in light of Allstate’s numerous defenses and the
7 challenging and unpredictable path of litigation Plaintiff would have faced absent a settlement. In
8 particular, if Plaintiff continued to litigate, she likely would not see any recovery for several years and
9 would face the following risks:

10 1. After an evidentiary hearing, the CALJ could find that Allstate has not engaged in price
11 optimization or that any such alleged price optimization did not impact policyholders.

12 2. Even if the CALJ found that Allstate engaged in price optimization that impacted
13 policyholders, the Commissioner could nevertheless reject that finding.

14 3. While Plaintiff believes the Commissioner’s findings pursuant to the Court’s primary
15 jurisdiction referral are not appealable—since an appeal of that finding would defeat the purpose of a
16 primary jurisdiction referral—Allstate disputes Plaintiff’s position and believes that it has a right to
17 judicial review pursuant to Cal. Code Civ. Proc. § 1094.5. Allstate also asserts that it has the right to
18 challenge the hearing procedures via an action for a writ for administrative mandamus. Allstate
19 believes that a stay of this action would be required pending any appeal.

20 4. Were the Commissioner to find that Allstate has price optimized, and were this Court to
21 adopt that finding, Allstate could still seek to have the remaining claims in this case dismissed based
22 on *MacKay v. Superior Court*, 188 Cal. App. 4th 1427 (2010).

23 5. Plaintiff could also have faced obstacles to proving damages and obtaining class
24 certification that are typical in any class action.

25 6. Plaintiff further would have to survive summary judgment.
26
27

28 ⁵ Center for Auto Safety, <https://www.autosafety.org/> (last visited Sep. 15, 2023).

1 7. Allstate could appeal an adverse result in this Court to the Ninth Circuit Court of
2 Appeals.

3 The Settlement Agreement avoids all of these risks.

4 **C. Settlement Administrator and Administration Costs**

5 The proposed Administrator is Kroll Settlement Administration LLC (“Kroll”), a highly
6 regarded class action administration firm. Decl. of Scott M. Fenwick of Kroll Settlement
7 Administration (“Admin Decl.”) ¶ 2. To select an Administrator, Class Counsel reviewed bids from
8 three prominent settlement administrators. Each of these administrators submitted proposals
9 containing similar methods of notice and proposed payments to the class at similar costs. Ultimately,
10 Kroll’s proposal was the most cost effective in light of the Administrator’s comprehensive proposed
11 notice program and administration plan. Counsel Decl. ¶¶ 52-54; Admin Decl. ¶ 3. The proposals are
12 described in further detail in the Administrator’s Declaration. Admin Decl. ¶¶ 5-21. Tycko &
13 Zavareei has worked with Kroll four times in the past two years; Berger Montague has worked with
14 Kroll four times in the past two years; and Mehri & Skalet has not worked with Kroll in the past two
15 years. *Id.* ¶ 55; Guideline 2(a).

16 The Settlement Agreement provides that, within 14 days of Preliminary Approval of the
17 Settlement, Allstate will deliver to the Settlement Administrator \$1,100,000 from the Settlement
18 Amount, which is an estimate of the amount needed to pay for the Notice Program and administration
19 of the Settlement Administrator. SA ¶ 69. While the Settlement Administrator may ultimately require
20 more than this \$1,100,000 estimate, the Settlement Administrator has agreed to cap Settlement
21 Administration Costs at \$1,057,030. SA ¶ 87; Admin Decl. ¶ 24; Guideline 2(a).

22 Assuming 1,293,698 Settlement Class members, which is the estimated size of the Settlement
23 Class based on Allstate’s review of its records, the Administrator estimates that the costs of notice and
24 administration will be approximately \$1,050,000 which is consistent with the costs estimated by the
25 other settlement administration proposals that Class Counsel reviewed, and consistent with amounts
26 charged by other settlement administrators for similar notice and payment methods. Counsel Decl. ¶
27 52; Admin Decl. ¶ 24. These costs are reasonable in light of the size of the Settlement.

28

1 The Administrator will administer payment of the Settlement Amount to Settlement Class
 2 Members who are Past Primary Policy Holders or Non-Remaining Current Primary Policy Holders in
 3 accordance with the Court’s Final Approval Order and will oversee the issuance of payments of the
 4 Settlement Amount to Settlement Class Members who are Remaining Current Primary Policy
 5 Holders⁶; oversee the provision of Notice to Settlement Class Members; provide CAFA notice;
 6 respond to inquiries made by Settlement Class Members via mail or telephone; process any requests
 7 for exclusion from the Settlement Class; provide Class Counsel and Allstate regular updates regarding
 8 the number of exclusion requests that it received; and perform a number of other Settlement
 9 Administration-related functions. SA ¶¶ 78, 97-98. The Administrator also explains in its declaration
 10 its comprehensive procedures for ensuring the security of Settlement Class Member data, its
 11 acceptance of responsibility and maintenance of insurance in case of errors. Admin Decl. ¶¶ 25-28;
 12 Guideline 2(b).

13 **D. Class Member Release**

14 As consideration for the benefits conferred through the Settlement, the Settlement Agreement
 15 releases Plaintiff’s and each Settlement Class Member’s claims against Allstate from any claims that
 16 were or could have been alleged based on the facts pleaded in the Complaint or FAC in this action. SA
 17 ¶ 101. The release is appropriately tailored, as it is limited to claims arising from Allstate’s alleged use
 18 of price optimization in California. SA ¶ 50; Guideline 1(b).

19 **E. Proposed Plan of Notice**

20 Under the proposed Notice Plan, the Notice will include, among other things: (1) deadlines for
 21 Settlement Class Members to “opt out” of the Settlement Class or object to the Settlement; (2) the date
 22 of the Final Approval Hearing, and a statement encouraging class members to review the docket or the
 23 Settlement Website to confirm whether the date has changed; (3) the web address of the Settlement
 24 Website; (4) contact information for class counsel; and (5) information to help Settlement Class
 25
 26

27 ⁶ Per the Settlement Agreement, Allstate will, at its own cost, under the direction of the Settlement
 28 Administrator, issue payment of the Settlement Amount to Settlement Class Members who are
 Renewing Current Primary Policy Holders in the form of a premium credit. SA ¶ 77.

1 Members access this action's docket on PACER and in person. SA ¶¶ 80-89; Admin Decl. ¶¶ 18-19;
2 Guideline 3(a)-(e).

3 The Notice Plan outlines the three ways in which Notice will be provided: (1) Email notice to
4 Settlement Class Members for those individuals for whom Allstate has email addresses and who have
5 agreed to accept policy information from Allstate via email; (2) Postcard notice for Settlement Class
6 Members who have not provided Allstate their email address; and (3) a Long Form Notice with details
7 regarding the Settlement, available on the Settlement Website or, by request, via regular mail. SA ¶
8 83. The Notice Program described in this paragraph will be completed no later than 90 days after entry
9 of a Preliminary Approval Order. SA ¶ 87. The Notice Program is designed to reach 91% of the likely
10 Settlement Class Members. Admin Decl. ¶ 17.

11 The Settlement Website, which will be created and operated by the Settlement Administrator,
12 shall contain: (1) the Long Form Notice described above in English and Spanish; (2) other relevant
13 documents available for download, including important case documents such as the Settlement
14 Agreement, this Motion for Preliminary Approval, the Motion for Final Approval, and any motions for
15 attorneys' fees and/or service award. Admin Decl. ¶ 18-20.

16 **F. Opt-Outs and Objections**

17 The Notice will inform Settlement Class Members of the procedure to opt out of the Settlement
18 Class. The Settlement Agreement provides that Settlement Class Members may opt out of the
19 Settlement Class at any point during the "Opt-Out Period," which ends 120 days after Preliminary
20 Approval. SA ¶¶ 40, 80-81; Guideline 9. The Notice will specify the opt out deadline and will inform
21 Settlement Class Members of the procedure to opt out of the notice. SA ¶¶ 80-81. Among other
22 things, the Notice will inform Settlement Class Members that they may opt-out by sending an opt-out
23 request to the Settlement Administrator. SA ¶ 81; Guideline 4.

24 The Notice will also inform Settlement Class Members of the procedure by which they may
25 object to the Settlement Agreement, and to Class Counsel's motions for attorneys' fees and/or a service
26 award. Settlement Class Members' objections must: (1) be in writing; (2) clearly identify the case
27 name and number; (3) state whether it applies only to the Settlement Class Member, or to a larger
28 portion of the Settlement Class; (4) specifically identify the basis for the objection; (5) be submitted to

1 the Court; and (6) be filed or postmarked on or before the end of the Opt-Out Period, which date shall
2 be specified in the Notice. SA ¶ 81. The Notice will explain that the Court is limited to approving or
3 denying the proposed Settlement, and that it cannot change the terms of the Settlement Agreement.
4 Guideline 5.

5 **G. Attorneys' Fees, Costs, and Service Awards**

6 Class Counsel will move the Court for an award of attorneys' fees, which will be capped at
7 thirty percent (30%) of the Settlement Amount, or \$7,500,000. SA ¶ 104. Class Counsel will also
8 move the Court for an award of reasonable costs and expenses. Any award of attorneys' fees and/or
9 costs will be paid out of the Settlement Amount. Allstate has agreed not to challenge Class Counsel's
10 request for an award of attorneys' fees up to one third of the Settlement Amount. Class Counsel will
11 also move for approval of a Service Award to the Class Representative of \$5,000, which will be paid
12 out of the Settlement Amount. SA ¶ 103. Allstate agrees not to challenge this request. Guidelines 6-
13 7.

14 **H. Class Action Fairness Act**

15 The proposed Settlement fully complies with the Class Action Fairness Act ("CAFA"). 28
16 U.S.C. § 1711 *et seq.*; Guideline 10. The proposed Settlement does not provide for a recovery of
17 coupons, does not result in a new loss to any Class Member, and does not treat Class Members
18 inequitably based upon geographic location or any other factor. *See* 28 U.S.C. §§ 1712-14. Moreover,
19 "[u]pon the filing of the motion requesting issuance of the Preliminary Approval Order, Allstate will
20 provide timely notice of such motion as required by 28 U.S.C. § 1715." SA § 75; Guideline 10.

21 **I. Results in Comparable Cases**

22 Plaintiff has identified three comparable cases which involve similar allegations concerning
23 price optimization of automobile insurance. Guideline 11. These comparable cases, which are
24 discussed here, are also summarized in a chart included as Appendix A to this Motion.

25 *Harris, et al. v. Farmers Insurance Exchange, et al.*, Superior Court of California, Case No.
26 BC57948: The proposed settlement with Allstate is similar in structure to the settlement Plaintiff's
27 counsel reached with Farmers in *Harris*. In both cases, the settlement classes include insureds that the
28 respective plaintiffs alleged paid more for their insurance because the defendant insurer improperly and

1 unlawfully considered their elasticity of demand in setting their rates. Specifically, in *Harris*, the
2 settlement class included policyholders with inelastic demand who paid more than the risk they
3 presented justified because they had been with Farmers for nine or more years. Here, the Settlement
4 Class includes two types of policyholders that Plaintiff alleged have inelastic demand and who Plaintiff
5 asserts paid more than the risk they presented justified: drivers with both an Allstate auto policy and
6 certain other types of Allstate policies, and experienced drivers with comprehensive coverage or
7 collision coverage. The *Harris* settlement received final approval on September 4, 2020. Here is how
8 the *Harris* settlement and the proposed Settlement in this case compare:

9 1. Amount of the settlement. The settlement amount in *Harris* was \$15 million. The
10 Settlement Amount here is \$25 million.

11 2. Additional non-monetary relief. The additional relief provisions in the *Harris*
12 agreement prohibited Farmers from considering price optimization in setting auto insurance rates, and
13 also prohibited Farmers from challenging the Commissioner's legal authority to regulate the use of
14 price optimization. The proposed Settlement with Allstate prohibits Allstate from using price
15 optimization when developing auto insurance rates and class plans in California, and also requires
16 Allstate to file a new class plan which does not consider elasticity of demand. On February 3, 2023,
17 Allstate did file such a new class plan with the Department. As discussed in section B above, and as
18 more fully set forth in the Joint Declaration of proposed Class Counsel, with non-material exceptions
19 that class plan does not use relativities for the multipolicy or years licensed rating factors that exceed
20 both indicated and current, and in many cases uses relativities that are lower than both indicated and
21 current. Counsel Decl. ¶¶ 39-44. Plaintiff's counsel estimate that Settlement Class members will pay
22 millions of dollars less per year in total for the rating factor relativities that are part of the Settlement,
23 all else equal, due to Allstate's using the relativities in its new class plan rather than those it used in its
24 2011 class plan. *Id.* ¶ 40. As stated above, Allstate disputes this assertion.

25 The additional non-monetary relief also requires Allstate, in its new Class Plan and any
26 subsequent California private passenger Class Plans filed in California for a period of 10 years, to
27 explain in writing the basis for any relativity selections it makes that are 5% more than the calculated
28 indicated relativity.

1 3. Number of class members and compensation to each class member. In *Harris*, the class
2 consisted of approximately 750,000 policyholders. The compensation to each class member before
3 deduction of any court-approved attorneys’ fees, expenses, settlement administration costs, and service
4 awards to class representatives was about \$20.00. After such deductions, the net compensation to each
5 class member was \$15.15.

6 In this case, the Class consists of approximately 1,293,698 policyholders, and the compensation
7 to each class member before deduction of any Court-approved attorneys’ fees, expenses, settlement
8 administration costs, and service awards to class representative is \$19.32. Counsel Decl. ¶ 49. After
9 deductions of maximum amounts allowable under the Settlement Agreement for fees, expenses,
10 settlement administration costs and service award, Plaintiff’s counsel estimates that the net
11 compensation to each class member will be \$12.40.

12 *Tryfonas, et. al v. The Allstate Corp., et al.*, Cir. Ct. Madison County, Illinois, No. 2016-L-
13 000880 – Plaintiff’s counsel represent the plaintiffs in *Tryfonas*. There, the plaintiffs allege that
14 Allstate uses price optimization when setting insurance rates for customers in Illinois. The plaintiffs
15 filed a motion for class certification on June 24, 2022, which the court denied in November 2022. The
16 plaintiffs filed petition for leave to appeal the court’s denial of class certification, which the Illinois
17 Appellate Court denied in March 2023. Plaintiffs’ petition for leave to appeal the Illinois Appellate
18 Court’s decision was denied by the Supreme Court of Illinois on September 27, 2023.

19 *Trzeciak v. Allstate Prop. & Cas. Ins. Co.*, No. 21-10737 (E.D. Mich. 2021): Plaintiffs alleged
20 that “Allstate breached their insurance contract and committed silent fraud by overcharging premiums
21 based on non-risk factors that actually disadvantage long-term policy holders.” *Trzeciak v. Allstate*
22 *Prop. & Cas. Ins. Co.*, 569 F. Supp. 3d 640, 643 (E.D. Mich. 2021). The court found that the plaintiffs
23 failed to state a claim and granted Allstate’s motion to dismiss the plaintiffs’ amended complaint, with
24 prejudice. *Id.* at 650.

25 **IV. LEGAL STANDARD**

26 In the Ninth Circuit, there is a “strong judicial policy that favors settlements” of class actions.
27 *Class Plaintiffs v. City of Seattle*, 955 F.2d 1268, 1276 (9th Cir. 1992). “[T]here is an overriding
28 public interest in settling and quieting litigation,” and this is “particularly true in class action suits.”

1 *Van Bronkhorst v. Safeco Corp.*, 529 F.2d 943, 950 (9th Cir. 1976). Recognizing that “[p]arties
 2 represented by competent counsel” are “positioned . . . to produce a settlement that fairly reflects each
 3 party’s expected outcome in [the] litigation,” courts favor approval of settlements. *In re Pac. Enters.*
 4 *Sec. Litig.*, 47 F.3d 373, 378 (9th Cir. 1995). At the preliminary approval stage, courts generally
 5 “require a determination of whether the proposed settlement ‘falls within the range of possible
 6 approval’ and ‘has no obvious deficiencies.’” *O’Connor v. Uber Techs., Inc.*, No. 13-CV-03826-
 7 EMC, 2019 WL 1437101, at *4 (N.D. Cal. Mar. 29, 2019). Moreover, preliminary approval should be
 8 granted where the parties have ‘show[n] that the court will likely be able to . . . approve the proposal
 9 under [the final approval factors in] Rule 23(e)(2)’” and ‘certify the class for purposes of judgment on
 10 the proposal.’” *Id.* (citing Fed. R. Civ. P. 23(e)(1)(B)). The relative degree of importance to be
 11 attached to any particular factor will depend upon . . . the unique facts and circumstances presented by
 12 each individual case.” *Officers for Justice v. Civil Serv. Comm’n of City & Cty. of San Francisco*, 688
 13 F.2d 615, 625 (9th Cir. 1982). In particular, determining whether a proposed settlement is fair,
 14 adequate and reasonable depends upon:

15 (1) the strength of the plaintiffs’ case; (2) the risk, expense, complexity, and
 16 likely duration of further litigation; (3) the risk of maintaining class action status
 17 throughout the trial; (4) the amount offered in settlement; (5) the extent of discovery
 18 completed and the stage of the proceedings; (6) the experience and views of counsel; (7)
 the presence of a governmental participant; and (8) the reaction of the class members to
 the proposed settlement.

19 *Churchill Village, L.L.C. v. General Electric*, 361 F.3d 566, 575 (9th Cir. 2004).

20 V. ARGUMENT

21 A. The Settlement Agreement warrants preliminary approval.

22 The Settlement satisfies each factor for preliminary approval in the Ninth Circuit and under
 23 Rule 23. *See Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1026 (9th Cir. 1998); Fed. R. Civ. P. 23(e).
 24 The Settlement provides meaningful relief directly to the Class Members while avoiding the
 25 considerable risks of continuing with the litigation. Without admitting that any class in this action or
 26 any similar action could be certified, Allstate supports certification of a class in this action as set forth
 27 in the Settlement Agreement for settlement purposes only.

1 Generally, heightened scrutiny applies if settlement is achieved prior to certification of a
2 litigated class. *In re Bluetooth Headset Prod. Liab. Litig.*, 654 F.3d 935, 946 (9th Cir. 2011). But
3 courts have noted that certain factors obviate the concerns that lead to imposition of a higher standard,
4 such as where the settlement is achieved prior to certification but after extensive discovery. *See Banks*
5 *v. Nissan N. Am., Inc.*, 2015 WL 7710297, at *8 (N.D. Cal. Nov. 30, 2015) (“[U]nlike most pre-
6 certification cases, extensive discovery has been conducted in this case, lessening the concern over
7 informational deficiencies between the parties.”); *In re Beef Indus. Antitrust Litig.*, 607 F.2d 167, 180
8 (5th Cir. 1979) (settlement discussions began after six months of discovery; action pending for three
9 years, court fully briefed). Here, the Settlement was reached after the Parties completed all fact and
10 expert discovery in the Department Proceeding, including reviewing over 400,000 pages of documents
11 produced by Allstate, deposing eight current and former Allstate employees, and exchanging reports
12 by experts opining on actuarial issues and damages. Counsel Decl. ¶¶ 9-16.

13 Any settlement requires the Parties to balance the merits of the claims and defenses asserted
14 against the attendant risks of continued litigation and delay. Plaintiff believes her claims and the
15 claims of the proposed Settlement Class are meritorious and that she would prevail if this case
16 proceeded to trial. *Id.* ¶¶ 34-38. Allstate denies liability and has indicated a willingness to continue to
17 litigate vigorously. *Id.* Allstate argues that the selection of relativities for the rating factors in its 2011
18 class plan complied with California law, including the sequential analysis and factor weighting
19 requirements under the California Insurance Code and regulations. Allstate also notes that it is
20 undisputed that it did not use Earnix as alleged in the Complaint, or any other price optimization
21 software or any mechanized form of price optimization, in preparing the 2011 class plan. Allstate
22 contends that it has never used any price optimization methodology whatsoever in California. Allstate
23 further notes that this Court has found that Section 1860.1 of the California “is a so-called immunity
24 statute that prohibits private causes of action against an insurer challenging their auto insurance rates
25 approved by the Commissioner.” Dkt. No. 43.

26 Thus, Plaintiff anticipates that Allstate would vigorously defend its position during an
27 evidentiary hearing in the Department Proceeding, would seek an administrative appeal of any ruling
28 against Allstate by the Commissioner, would seek to dismiss Plaintiff’s claims in this Court on a

1 motion for summary judgment, would oppose a motion for class certification, and would file *Daubert*
2 challenges to any experts upon which Plaintiff relies. Counsel Decl. ¶¶ 27-28. Plaintiff also faces a
3 risk of a loss at trial. In short, it is clear that if this case continues in litigation, the Class Members will
4 have to wait much longer before receiving any recovery—if they recover at all. In Class Counsel’s
5 experience and informed judgment, the benefits of settling outweigh the risks and uncertainties of
6 continued litigation, as well as the attendant time and expenses associated with litigation, discovery,
7 and possible appellate review. *Id.* ¶¶ 28, 45-48.

8 **i. Rule 23(e)(2)(B): The Settlement is the product of good-faith, informed, arms’ length**
9 **negotiations.**

10 The Ninth Circuit “put[s] a good deal of stock in the product of an arms-length, non-collusive,
11 negotiated resolution” in analyzing whether to approve a class action settlement. *In re Hyundai & Kia*
12 *Fuel Econ. Litig.*, 926 F.3d 539, 570 (9th Cir. 2019); *see* Fed. R. Civ. P. 23(e)(2)(B). Moreover, “[t]he
13 assistance of an experienced mediator in the settlement process confirms that the settlement is non-
14 collusive.” *Adams v. Inter-Con Sec. Sys. Inc.*, 2007 WL 3225466, at *3 (N.D. Cal. Oct. 30, 2007).

15 Here, the Settlement is the result of intensive, arms’ length negotiation between experienced
16 attorneys who are familiar with the legal and factual issues in this Action, as well as class action
17 litigation generally. Before agreeing upon the terms of the Settlement, the Parties participated in
18 numerous mediation sessions before mediator Sanford Kingsley, who is an experienced former
19 California insurance litigator. Counsel Decl. ¶ 17. Plaintiff’s counsel also had frequent discussions
20 with Mr. Kingsley and with counsel for Allstate, both separately and together, including particularly
21 intense and intensive discussions during the Thanksgiving holiday in 2022. Plaintiff’s counsel also
22 participated in settlement discussions with all parties to the Department proceeding. *Id.* ¶ 18.

23 In advance of the parties’ first mediation session, which was on January 26, 2022, the Parties
24 completed fact discovery and expert discovery in the Department proceeding. Counsel Decl. ¶¶ 74-76.
25 Moreover, as part of the mediation proceeding, Plaintiff requested, and Allstate produced, internal data
26 that the parties used to make a reasonable estimate of the number of Class Members. *Id.* ¶ 49. Class
27 Counsel has litigated other cases involving similar factual and legal issues and understands what
28 information is critical to determine membership in the Settlement Class and how to calculate damages.

1 See Section I above. The Parties' vigorous negotiation of the claims in this action evidence an absence
2 of collusion and the presence of fairness and good faith.

3 In addition, the Settlement does not include any of the indicia of collusion identified by the
4 Ninth Circuit, including whether (i) plaintiff's counsel receive a disproportionate distribution of the
5 settlement, (ii) the settlement agreement includes a "clear sailing" provision, or (iii) the agreement
6 contains a reverter clause. *Briseño v. Henderson*, 998 F.3d 1014, 1026-27 (9th Cir. 2021); *In re*
7 *Bluetooth*, 654 F.3d at 946-47. There is no clear sailing agreement because any fees awarded will be
8 paid from the common fund, not separately from Allstate. See *In re Lithium Ion Batteries Antitrust*
9 *Litig.*, No. 13-MD-02420 YGR (DMR), 2020 WL 7264559, at *15 (N.D. Cal. Dec. 10, 2020), *aff'd*,
10 No. 21-15120, 2022 WL 16959377 (9th Cir. Nov. 16, 2022) (finding that a clear sailing agreement
11 "provides for the payment of attorneys' fees separate and apart from class funds."). And there is no
12 reversionary component: all funds will be distributed pro rata to Class Members. Counsel Decl. ¶ 49.
13 To the extent any Class Members do not cash their settlement distribution check, any amounts
14 remaining in the Settlement Fund will be paid to a *cy pres* recipient, subject to the Court's approval.
15 *Id.* Under no circumstances will any funds be returned to Allstate.

16 **ii. Rule 23(e)(2)(C): The Settlement is fair, adequate, and reasonable.**

17 A review of the relevant factors supports the conclusion that the Settlement falls within the
18 "range of reason" such that the Court should preliminarily approve the Settlement, order that notice be
19 sent to the Settlement Class, and schedule a Final Approval Hearing.

20 **1. The Strengths and Risks of Plaintiff's Case and the Complexity and Likely**
21 **Duration of Further Litigation**

22 First, as discussed in Section B above, the Settlement is fair, adequate, and reasonable given the
23 strengths and risks of Plaintiff's case. While continued litigation presents serious risks, the Settlement
24 provides immediate and substantial benefits to Class Members. It is "plainly reasonable for the parties
25 at this stage to agree that the actual recovery realized, and risks avoided here outweigh the opportunity
26 to pursue potentially more favorable results through full adjudication." *Dennis v. Kellogg Co.*, 2013
27 WL 6055326, at *3 (S.D. Cal. Nov. 14, 2013).
28

1 **2. The Risk of Maintaining Class Action Status**

2 Second, the risk of maintaining class action status through trial supports preliminary approval
3 of the Settlement. Counsel Decl. ¶ 28. The class has not yet been certified, and Allstate will oppose
4 certification if the case proceeds. Plaintiff “necessarily risk[s] losing class action status.” *Grimm v.*
5 *Am. Eagle Airlines, Inc.*, 2014 WL 12746376, at *10 (C.D. Cal. Sept. 24, 2014).

6 **3. The Amount Offered in Settlement**

7 Third, the Common Fund of \$25,000,000 is a good recovery for the Class. Plaintiff and
8 Allstate dispute the estimated reasonable recovery of the Settlement Class. Using estimates of
9 Plaintiff’s counsel (which Allstate vigorously disputes), the \$25,000,000 represents approximately
10 18.2% of the \$137.5 million which Plaintiff’s counsel estimate the Settlement Class could have
11 reasonably recovered if it had prevailed before the Commissioner, before this Court, and on appeal.
12 Counsel Decl. ¶ 38; Guideline 1(c). Allstate disagrees with Plaintiff’s methodology. It maintains that
13 Plaintiff’s methodology does not consider the fact that an alteration in rating factor relativities for one
14 coverage requires an equally upward alteration in rating factor relativities for other coverages to
15 comply with the balancing requirements in the California rating law. Allstate also maintains that
16 Plaintiff’s methodology does not consider how changes to the rating factor relativities necessarily
17 require changes to other rating factor relativities for other rating factors as a result of the weighting
18 requirements in the California rating law. Allstate asserts that these changes would produce
19 significant, if not complete, offsets to any alleged damages.

20 Plaintiff believes the Settlement is similar to or better than the outcomes in other lawsuits
21 involving auto insurance price optimization. *See* Section I above; Guideline 11.
22 Plaintiff’s expert opined that Allstate had engaged in price optimization in four different ways: (1) by
23 failing to use loyalty—tenure with Allstate—as a rating factor; (2) by using relativities that exceeded
24 indicated for drivers qualifying for Allstate’s Level 3 Distinguished Driver Discount; (3) by using such
25 relativities for multi-policy policyholders; and (4) by using such relativities for drivers licensed for 39
26 or more years who had comprehensive or collision coverage.

27 Allstate challenged the opinions and methodology of Plaintiff’s expert. Allstate’s expert
28 opined that Allstate’s 2011 class plan was not the product of price optimization or consideration of

1 elasticity of demand, and that Allstate's rating factor relativities did not constitute price optimization.
2 Allstate's expert further opined that Allstate's rating factor relativity selections were actuarially sound
3 and produced risk-based rates.

4 In preparing for trial and further evaluating the evidence, Plaintiff concluded that her strongest
5 theory was that Allstate engaged in price optimization in the selection of rating factor relativities that
6 exceeded both current and indicated. Applying this theory of liability, Plaintiff became convinced that
7 her first theory—price optimization through the non-use of a loyalty discount—had essentially no
8 chance of succeeding. That is because loyalty is not a mandatory rating factor but rather only an
9 optional rating factor. Thus, no law requires Allstate to use a loyalty discount. And Allstate's
10 effective rating factor relativity selection of 1.0 (no discount) did not exceed both current and
11 indicated. Further, neither the Department's actuary nor Consumer Watchdog's actuary found that
12 Allstate's non-use of loyalty constituted price optimization. The claim that Allstate's failure to use
13 such a discount constitutes illegal price optimization thus would have been very difficult to prove and
14 essentially non-viable.

15 Plaintiff similarly concluded that the theory of price optimization alleged as to the relativities
16 used for the Level 3 Distinguished Driver Discount was also very unlikely to succeed. That is because
17 the relativities Allstate used for its Level 3 Distinguished Driver Discount Allstate were simply carried
18 over from its 2008 class plan to its 2011 class plan. Allstate also carried over to its 2011 class plan the
19 relativities it used in its 2008 class plan for several other rating factors, including Model Year, Usage,
20 Experience Group, Economy Car, and the Good Student Discount, and did not increase any of those
21 relativities above the level they were at in its 2008 class plan. The argument that Allstate used price
22 optimization in these instances of carrying over relativities from its 2008 class plan constitutes illegal
23 price optimization thus would have been very difficult to prove and essentially non-viable.

24 In contrast, for certain categories of multi-policy policyholders and for drivers licensed for 29
25 or more years with comprehensive coverage or for 34 or more years with collision coverage, Allstate
26 did not merely carry over the relativities from its 2008 class plan, but increased those relativities so
27 that they exceeded both the relativities Allstate used in its 2008 class plan and those its most recent
28 data indicated it should use. Allstate argues that the relativity selections were the result of applying the

1 sequential analysis and weighting requirements under California law. Plaintiff maintained that Allstate
2 selected relativities for the Years Licensed rating factor in violation of Sections 2632.7 and 2632.8, and
3 that it had no actuarial justification for selecting relativities exceeding both indicated and current for
4 the multipolicy rating factor. Plaintiff's expert opined both that Allstate's justifications for the
5 relativities for these factors were not actuarially sound, and that Allstate knew that more experienced
6 drivers and drivers with other policies were more likely to retain coverage with Allstate. Plaintiff
7 therefore concluded that her strongest case for Allstate's price optimization was with respect to
8 experienced drivers and multipolicy policyholders. Thus, the Settlement Class is limited to those
9 policyholders.

10 However, even with respect to experienced drivers and multipolicy policyholders, Plaintiff's
11 argument that the reason Allstate used relativities exceeding both current and indicated was the relative
12 lack of price insensitivity of the policyholders for whom it used those relativities was based on
13 circumstantial rather than direct evidence.

14 In addition, as the Court noted in its March 17, 2016 Order, *MacKay v. Superior Court*, 188
15 Cal. App. 4th 1427 (2010) interprets Insurance Code section 1860.1 as immunizing private challenges
16 to approved rates and rating factors. Dkt. No. 43 at 12. Allstate disclosed to the Department the
17 relativities it was using in its class plan, and the Department approved that plan. If the Court were to
18 continue to follow *MacKay* (over Plaintiff's objection), any recovery by class members before the date
19 the Department promulgated its price optimization notice would be barred.

20 Allstate takes the position that none of Plaintiff's claims can survive as a matter of law based
21 on *McKay* because each of Plaintiff's claims implicates Allstate's ratemaking. At the motion to
22 dismiss stage, this Court stated that Section 1860.1 "is a so-called immunity statute that prohibits
23 private causes of action against an insurer challenging their auto insurance rates approved by the
24 Commissioner." This Court also stated that "challenges to the ratemaking process itself still remain
25 within the exclusive jurisdiction of the Commissioner pursuant to Section 1860.1, and that "[t]he
26 gravamen of Plaintiff's allegations is a challenge to the approved rates and not the application thereof."
27 On the other hand, Plaintiff contends that by not filing and obtaining the Department's approval of a
28 class plan eliminating the effects of price optimization after the Department issued its February 18,

1 2015 Notice, Allstate was arguably charging unapproved rates beginning at least approximately 16
 2 months after the date of the bulletin. That 16 months is the total of the six months the Department
 3 gave insurers to file new class plans, plus 10 months, which is the time it took for the Department to
 4 approve Allstate's 2011 class plan.⁷ Plaintiff therefore calculated the potential injury to the Settlement
 5 Class related to her viable theories of price optimization beginning on July 1, 2016. According to
 6 Plaintiff, that amount, before any set off for the amount by which Settlement Class members benefitted
 7 due to Allstate's use of relativities that were less than both indicated and current, was \$137.5 million.⁸
 8 The \$25 million settlement is 18.2% of that \$137.5 million.⁹ Allstate, on the other hand, believes that
 9 Plaintiff's calculation of \$137.5 million is overstated and the calculation fails to account for how
 10 changing the relativities for certain coverages would require Allstate to make changes to other
 11 relativities and/or other rating factors. Allstate asserts that Plaintiff's damages calculation is not the
 12 product of a sequential analysis, including the balancing and weighting requirements, as required by
 13 the California rating law and does not reflect a final rate that would be approved by the CDI. Allstate
 14 contends that making those required changes would significantly reduce, if not eliminate, any alleged
 15 overcharge to the Settlement Class.

16 **iii. Rule 23(e)(2)(D): The Allocation of the Settlement**

17 Fourth, the proposed method of distributing relief will be effective. *See* Fed. R. Civ. P.
 18 23(e)(2)(C)(ii). The Parties have agreed to allocate the Net Settlement Amount in equal payments to
 19 each Settlement Class Member, without need for any Settlement Class Member to submit a claim
 20 form. Counsel Decl. ¶ 49.

21
 22
 23 ⁷ Allstate takes the position that it had no duty to file a new class plan eliminating the effects of price
 24 optimization after the Department issued its bulletin, since it never engaged in price optimization to
 begin with.

25 ⁸ Plaintiff's counsel believe the MacKay analysis of 1860.1 is indefensible and that MacKay should be
 26 overruled. But it has not been. The possibility of Plaintiff recovering for price optimization pre-
 27 dating the Bulletin, therefore, was remote. As a result, Plaintiff did not calculate the amount that the
 Settlement Class could, theoretically, have recovered for that time period. However, Plaintiff expects
 that the potential pre-Bulletin recovery would be less than the post-Bulletin recovery.

28 ⁹ The potential class recovery for each of Plaintiff's remaining causes of action overlaps, because each
 cause of action would entitle the class to equitable relief, including restitution.

1 The settlement “treats class members equitably relative to each other.” Fed. R. Civ. P.
2 23(e)(2)(D). The pro rata allocation of the Settlement is fair and reasonable because it provides equal
3 relief to all Class Members who make a claim and is consistent with the distribution of funds in the
4 other settlement of an insurance price optimization case. *See* Section I above; *see also In re Facebook*
5 *Biometric Info. Privacy Litig.*, 522 F.Supp.3d 617, 629 (N.D. Cal. 2021) (distribution that would
6 provide “pro rata” share of common fund treated class members equitably to one another and
7 “weigh[ed] in favor of final approval”); *Hendricks v. StarKist Co.* No. 13-CV-00729-HSG, 2015 WL
8 4498083, at *7–8 (N.D. Cal., July 23, 2015) (approving a flat payment per class member given the
9 “modest payment amounts at issue,” and noting that “some courts recognize that an allocation formula
10 need only have a reasonable, rational basis, particularly if recommended by experienced and competent
11 counsel.” (internal quotation marks omitted)); *Edwards v. First American Corporation*, No. CV07-
12 03796-SJO (FFMX), 2016 WL 8943464, at *8 (C.D. Cal., June 20, 2016) (granting preliminary
13 approval of an allocation plan providing an equal payment to each claimant); *Edwards v. First*
14 *American Corporation*, No. CV-07-03796 SJO (FFMX), 2016 WL 9176564, (C.D. Cal., Oct. 14,
15 2016) (granting final approval for same); *McCabe v. Six Continents Hotels, Inc.* No. 12-CV04818 NC,
16 2015 WL 3990915, at *3, 8–10 (N.D. Cal., June 30, 2015) (preliminarily approving a settlement
17 providing equal payments to each claimant); *McCabe v. Six Continents Hotels, Inc.*, No. 12-CV-04818
18 NC, 2016 WL 491332 (N.D. Cal. Feb. 8, 2016) (granting final approval for same); *Kimber Baldwin*
19 *Designs, LLC v. Silv Communications, Inc.*, No. 1:16-CV-448, 2017 WL 5247538, at *1 (S.D. Ohio,
20 Nov. 13, 2017) (granting final approval where “[e]ach Class Member submitting a valid claim [would]
21 receive an equal settlement payment”).

22 Plaintiff carefully considered other allocation alternatives and concluded that other approaches
23 were impractical. For example, allocating the Net Settlement Fund based on length of time a
24 Settlement Class Member was insured by Allstate or with consideration of which allegedly price
25 optimized rating factors impacted the Settlement Class Member’s premium would require the
26 Settlement Administrator to analyze voluminous data and would be prohibitively costly to administer.
27 Counsel Decl. ¶ 49 n.5. Allstate believes that allocating the Net Settlement Fund based on another
28 metric would exponentially increase the cost and burden of settlement administration.

1 **1. The Extent of Discovery Completed and Stage of Proceedings**

2 Fifth, the extent of discovery completed and the stage of proceedings favor preliminary
3 approval. Counsel Decl. ¶¶ 17-20. The Parties engaged in several years of discovery in the
4 Department Proceeding, completing fact discovery and expert disclosures in that Proceeding. The
5 parties also exchanged pre-filed direct testimony in the Department Proceeding and received rulings on
6 their motions to exclude evidence from the evidentiary hearing in the Department proceeding. At the
7 time the Parties reached an agreement in principle to settle this lawsuit on a class-wide basis, Plaintiff
8 had made significant preparations for the evidentiary hearing, which was set to commence within 10
9 days. Accordingly, Plaintiff had conducted sufficient discovery and pre-trial preparations to permit
10 Class Counsel and the Court to intelligently and fairly evaluate the fairness and adequacy of the
11 Settlement.

12 **2. The Views of Class Counsel**

13 Sixth, Class Counsel's view is that this Settlement is a good recovery for the Settlement Class
14 given the risks of continuing the litigation. Counsel Decl. ¶¶ 45-48. Both Class Counsel and Allstate's
15 counsel are experienced in class action litigation, including cases concerning auto insurance price
16 optimization. *Id.* ¶¶ 83-86; Section I above. "Great weight is accorded to the recommendation of
17 counsel, who are most closely acquainted with the facts of the underlying litigation." *See, e.g., Nat'l*
18 *Rural Telecomm. Coop. v. DirecTV, Inc.*, 221 F.R.D. 523, 528 (C.D. Cal. 2004).

19 **3. Government Participant, Class Member Reaction, Other Cases Affected**

20 The favorable reaction to the Settlement by a government participant, the California
21 Department of Insurance, weighs in favor of preliminary approval of the Settlement. As described
22 herein, the Department participated in fact and expert discovery in the Department Proceeding and the
23 mediation and settlement negotiations that led to the Settlement. Counsel Decl. ¶¶ 9, 12, 14, 18-20.
24 As a result of the Settlement, the Department and Allstate entered into a separate agreement to dismiss
25 the Department Proceeding, pending approval of CALJ Rosi and, subsequently, the Commissioner.
26 SA ¶ 16; Counsel Decl. ¶ 20. Dismissal of the Department Proceeding is contingent on this Court
27 granting final approval of the Settlement and the Settlement reaching its effective date. SA ¶ 16;
28 Counsel Decl. ¶ 16.

1 Because the Court has not yet approved the Class Notice, the Settlement Class has not had an
2 opportunity to react, so this factor is neutral. *See Hillman v. Lexicon Consulting, Inc.*, 2017 WL
3 10433869, at *8 (C.D. Cal. April 27, 2019). Moreover, Class Counsel is aware of no other cases that
4 will be affected by the Settlement. Counsel Decl. ¶ 58; Guideline 1(d).

5 **iv. Rule 23(e)(2)(A): The Class Representative and Class Counsel have adequately**
6 **represented the proposed class**

7 Under Rule 23(e)(2)(A), the Court should also consider whether the Settlement Class
8 Representative and Class Counsel have adequately represented the class, including the nature and
9 amount of discovery undertaken in the litigation. *See Avina v. Marriott Vacations Worldwide Corp.*,
10 2019 WL 8163642, at *6 (C.D. Cal. Oct. 25, 2019). Here, Plaintiff Stevenson has adequately
11 represented the class by “actively participat[ing] in the prosecution of this case,” *Norton v. LVNV*
12 *Funding, LLC*, 2021 WL 3129568, at *8 (N.D. Cal. July 23, 2021), and “[t]here are no indications that
13 [Plaintiff has] failed to adequately represent the interests of the class.” *Moreno v. Cap. Bldg. Maint. &*
14 *Cleaning Servs., Inc.*, 2021 WL 1788447, at *10 (N.D. Cal. May 5, 2021).

15 Class Counsel have also adequately represented the class. Class Counsel are particularly
16 experienced in the litigation, certification, trial, and settlement of nationwide class action cases, and in
17 litigating cases concerning insurance price optimization. Counsel Decl. ¶¶ 82-86. Jay Angoff, as a
18 former state insurance commissioner, brought specialized knowledge to the case. Counsel Decl. ¶ 46.
19 Notably, Class Counsel vigorously sought, fought for, and successfully obtained the key document
20 discovery, and deposed current and former Allstate employees responsible for developing Allstate’s
21 class plans in California and who possess with other relevant information. Counsel Decl. ¶¶ 9, 70.
22 Class counsel also retained a qualified expert witness to opine on Allstate’s price optimization and its
23 impact on Allstate’s customers, and successfully defended the expert’s opinions from Allstate’s motion
24 to strike the opinions. At the same time, Plaintiff’s counsel successfully moved to strike certain parts
25 of the pre-filed direct testimony submitted by Allstate’s expert witness. *Id.* ¶¶ 10, 13. Allstate believes
26 that the rulings were in error and disagrees that Plaintiff’s expert is qualified to offer admissible
27 testimony and similarly moved to strike. Finally, Class Counsel prepared for and participated in
28

1 several mediation sessions and dozens of settlement negotiations, forcefully advocating for the
2 Settlement Class. *Id.* ¶¶ 17-20, 76.

3 **v. The proposed Fee and Expense Award is fair and reasonable**

4 Class Counsel intends to seek attorneys' fees in an amount not to exceed 30% of the
5 \$25,000,000 Common Fund (*i.e.*, \$7,500,000), as well as reasonable expenses incurred in the
6 litigation. Subject to the Court's consideration of a detailed fee application, the proposed award of
7 attorneys' fees is fair. *See* Fed. R. Civ. P. 23(e)(2)(c)(iii); *see, e.g., In re Apple Inc. Device*
8 *Performance Litig.*, 50 F.4th 769, 784 (9th Cir. 2022) (25% of the common fund is benchmark for
9 Ninth Circuit).

10 In addition, Class Counsel have diligently tracked time throughout the case, and as of August
11 31, 2023, had spent 6,757 hours litigating the case totaling \$5,897,270 in lodestar with \$347,404 in
12 expenses, including \$224,677 in expert fees. Counsel Decl. ¶ 78; Guideline 6. Counsel expects to
13 spend significant additional time throughout the approval process, notice, and claims administration.
14 *Id.* ¶ 80. A conservative estimate of the multiplier sought is 1.27, which is well within the range
15 commonly awarded in the Ninth Circuit. *See Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1051 n.6
16 (9th Cir. 2002) (surveying cases and finding 83% of multipliers between 1.0 and 4.0, and 54% between
17 1.5 and 3.0). Any multiplier will diminish over time given the substantial work needed to administer
18 the Settlement.

19 Class Counsel will also seek a reasonable and fair Service Award for Plaintiff Stevenson.
20 Guideline 7. The Settlement Agreement authorizes the Class Representative to seek a service award of
21 up to \$5,000, which is well within the range of approval for class action settlements that provide
22 significant benefits to the class. *See Bravo v. Gale Triangle, Inc.*, 2017 WL 708766, at *19 (C.D. Cal.
23 Feb. 16, 2017) ("Generally, in the Ninth Circuit, a \$5,000 incentive award is presumed reasonable.").

24 **B. Certification of the Settlement Class is appropriate**

25 On a motion for preliminary approval, the Parties must also show that the Court "will likely be
26 able to ... certify the class for purposes of judgment on the proposal." Fed. R. Civ. P. 23(e)(1)(B)(ii).

1 The Settlement Class meets the requirements of Fed. R. Civ. P. 23(a) and (b)(3).¹⁰

2 The Settlement Class as defined meets Rule 23(a)'s numerosity requirement. The class
 3 definition encompasses 1,293,698 Class Members. Counsel Decl. ¶ 49. This number of Class
 4 Members demonstrates that joinder is a logistical impossibility. *See, e.g., Celano v. Marriott Int'l Inc.*,
 5 242 F.R.D. 544, 549 (N.D. Cal. 2007) (numerosity is generally satisfied when a class has at least 40
 6 members)). The Settlement Class also satisfies the commonality requirement, which requires that class
 7 members' claims "depend upon a common contention" of such a nature that "determination of its truth
 8 or falsity will resolve an issue that is central to the validity of each [claim] in one stroke." *Wal-Mart*
 9 *Stores, Inc. v. Dukes*, 564 U.S. 338, 350 (2011). The Settlement Class's claims here depend on the
 10 common contention that Allstate, in violation of California law, used price optimization to charge the
 11 Settlement Class Members' auto insurance premiums calculated from relativities that exceeded the
 12 indicated relativities. There are at least two common questions in this case: (1) whether Allstate used
 13 price optimization in its 2011 class plan; and, if so, (2) whether customers who paid more for their auto
 14 insurance due to such price optimization are entitled to restitution.

15 Typicality is satisfied if "the claims or defenses of the representative parties are typical of the
 16 claims or defenses of the class." Fed. R. Civ. P. 23(a)(3). "The test of typicality is whether other
 17 members have the same or similar injury, whether the action is based on conduct which is not unique
 18 to the named plaintiffs, and whether other class members have been injured by the same course of
 19 conduct." *Hanon v. Dataproducts Corp.*, 976 F.2d 497, 508 (9th Cir. 1992) (internal quotation marks
 20 and citation omitted). Here, the Settlement Class Representative's claims are typical of the claims of
 21 Class Members because all claims rise from Allstate's price optimization in its 2011 class plan.

22 Finally, the adequacy requirement is satisfied where the class representative will "fairly and
 23 adequately protect the interests of the class." Fed. R. Civ. P. 23(a)(4). To make this determination,
 24

25
 26 ¹⁰ Neither this motion nor the "Settlement Agreement shall be construed as an admission by Allstate
 27 that this Action or any similar case is amenable to class certification," nor shall this motion or the
 28 Settlement Agreement "prevent Allstate from opposing class certification or seeking decertification of
 the Settlement Class if final approval of [the] Settlement Agreement is not obtained, or not upheld on
 appeal, including review by the United States Supreme Court, for any reason." Allstate supports
 certification of the class for settlement purposes only. SA ¶ 64.

1 “courts must resolve two questions: ‘(1) do the named plaintiffs and their counsel have any conflicts of
2 interest with other class members and (2) will the named plaintiffs and their counsel prosecute the
3 action vigorously on behalf of the class?’” *Ellis v. Costco Wholesale Corp.*, 657 F.3d 970, 985 (9th
4 Cir. 2011) (quoting *Hanlon*, 150 F.3d at 1020). Here, the Settlement Class Representative has no
5 conflicts of interest with the Class, and she and Class Counsel have vigorously prosecuted this case on
6 behalf of the class. *See* Counsel Decl. ¶¶ 59-63, 69-76.

7 Class certification is appropriate under Rule 23(b)(3) when “questions of law or fact common
8 to class members predominate over any questions affecting only individual members, and ... a class
9 action is superior to other available methods for fairly and efficiently adjudicating the controversy.”
10 Fed. R. Civ. P. 23(b)(3). Common questions predominate over any questions affecting only individual
11 members here. These questions can be resolved using the same evidence for all class members and are
12 exactly the kind of predominant common issues that make class certification appropriate. *See Tyson*
13 *Foods, Inc. v. Bouaphakeo*, 136 S. Ct. 1036, 1045 (2016) (“When one or more of the central issues in
14 the action are common to the class and can be said to predominate, the action may be considered
15 proper under Rule 23(b)(3).”) (cleaned up). Class certification here is also “superior to other available
16 methods for fairly and efficiently adjudicating the controversy.” Fed. R. Civ. P. 23(b)(3). Class-wide
17 resolution is the only practical method of addressing the alleged violations at issue in this case. There
18 are millions of class members with modest individual claims, most of whom likely lack the resources
19 necessary to seek individual legal redress. *See Wolin v. Jaguar Land Rover N. Am., LLC*, 617 F.3d
20 1168, 1175 (9th Cir. 2010) (“Where recovery on an individual basis would be dwarfed by the cost of
21 litigating on an individual basis, this factor weighs in favor of class certification.”) (citations omitted).

22 **C. The Court should approve the proposed Notice Plan**

23 The Parties’ proposed Notice Plan meets the procedural and substantive requirements of Rule
24 23. Due process under Rule 23 requires that class members receive notice of the settlement and an
25 opportunity to be heard and participate in the litigation. *See* Fed. R. Civ. P. 23(c)(2)(B); *Phillips*
26 *Petroleum Co. v. Shutts*, 472 U.S. 797, 812 (1985); *Eisen v. Carlisle and Jacquelin*, 417 U.S. 156, 175
27 (1974) (“[I]ndividual notice must be provided to those class members who are identifiable through
28 reasonable effort.”).

1 Here, direct notice will be made via email and U.S. Mail, using addresses in Allstate’s records.
2 The proposed Notice Plan is the best notice practicable and is reasonably designed to reach the Class
3 Members. Admin. Decl. ¶ 17. Courts have approved similar notice plans.

4 Moreover, the substance of long-form Class Notice and Summary Notice will fully apprise
5 class members of their rights. SA at Exs. C-D. Under Rule 23(e), notice to class members “must
6 ‘generally describe[] the terms of the settlement in sufficient detail to alert those with adverse
7 viewpoints to investigate and to come forward and be heard.’” *Lane v. Facebook, Inc.*, 696 F.3d 811,
8 826 (9th Cir. 2012) (alteration in original) (quoting *Rodriguez v. W. Publ’g Corp.*, 563 F. 3d 948, 962
9 (9th Cir. 2009)). The Class Notice contains all the critical information required to apprise Class
10 Members of their rights under the settlement, directs them to the Settlement Website, where they can
11 obtain more detailed information, explains how to view case filings on PACER or at the Court, and
12 provides a toll-free number for Class Members to call with questions. SA at Ex. D; Guideline 3. This
13 approach to notice is adequate and will fully apprise Class Members of their rights under Rule 23(e).
14 *See, e.g., Sarabri v. Weltman, Weinberg & Reis Co., L.P.A.*, 2012 WL 3809123, at *2 (S.D. Cal. Sept.
15 4, 2012) (approving mailed notice where notice would include the settlement website with full details
16 and the claim administrator’s toll-free number).

17 VI. CONCLUSION

18 For the reasons stated above, Plaintiff respectfully requests that the Court (1) preliminarily
19 approve the proposed Settlement; (2) certify the Settlement Class; (3) direct notice to the Settlement
20 Class through the proposed notice program; (4) appoint Plaintiff’s counsel as Class Counsel and
21 Plaintiff as Class Representative; and (5) schedule the final approval hearing.

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Respectfully submitted this 2nd day of October, 2023.

GOLDSTEIN, BORGEN, DARDARIAN & HO

/s/ David Borgen

David Borgen (SBN 99354)

dborgen@gbdhlegal.com

James Kan (SBN 240749)

jkan@gbdhlegal.com

GOLDSTEIN, BORGEN, DARDARIAN & HO

155 Grand Avenue, Suite 900

Oakland, CA 94612

Tel: (510) 763-9800

Fax: (510) 835-1417

Cyrus Mehri

cmehri@findjustice.com

Jay Angoff

jay.angoff@findjustice.com

MEHRI & SKALET PLLC

2000 K Street, NW, Suite 325

Washington, DC 20006

Tel: (202) 822-5100

Andrea Gold

agold@tzlegal.com

TYCKO & ZAVAREEI LLP

2000 Pennsylvania Avenue, NW, Suite 1010

Washington, DC 20006

Jeffrey Osterwise

josterwise@bm.net

BERGER MONTAGUE PC

1818 Market Street. Suite 3600

Philadelphia, PA 19103

Appendix A

STEVENSON V. ALLSTATE INS. CO, ET AL.

APPENDIX A – INFORMATION CONCERNING COMPARABLE OUTCOMES

Case	<i>Harris et al. v. Farmers Insurance Exchange, et al., Los Angeles Super. Ct. Case No. BC57948</i>	<i>Tryfonas, et al. v. The Allstate Corp., et al., Cir. Ct. Madison County, Illinois, No. 2016-L-000880</i>	<i>Trzeciak v. Allstate Prop. & Cas. Ins. Co., No. 21-10737 (E.D. Mich. 2021)</i>
Claims Released	All claims that were raised or could be raised in the operative complaint— <i>i.e.</i> , all claims relating to overpayment for Farmers’ auto insurance caused by Farmers’ unlawful consideration of demand elasticity in setting its rates.	N/A	N/A
Total Settlement Fund	\$15 million	N/A	N/A
Number of Class Members	Approximately 609,000 members	N/A	N/A
Number of Class Members to Whom Notice Was Sent	608,912	N/A	N/A
Methods of Notice	Email notice, long-form notice, and publication notice via several prominent local newspapers, Facebook, and Google Display Network	N/A	N/A
Number and Percentage of Claims Submitted	N/A – direct payment, no claims process	N/A	N/A

STEVENSON V. ALLSTATE INS. CO, ET AL.

Average Recovery Per Class Member	Approximately \$24.60 before deduction of any Court-approved attorneys' fees, expenses, settlement administration costs, and service awards to class representatives.	N/A	N/A
Amounts distributed to Cy Pres Recipients	\$1,069,485.77 to the Center for Auto Safety	N/A	N/A
Administrative Costs	\$573,000 to Settlement Administrator	N/A	N/A
Attorneys' Fees and Costs	\$4,950,000.00 in attorneys' fees; \$233,877.81 in costs.	N/A	N/A
Total Exposure if Plaintiffs Prevailed on Every Claim	\$42,000,000	N/A	N/A
Value of Injunctive Relief	Farmers was prohibited from considering price optimization in setting auto insurance rates, and was prohibited from challenging the Commissioner's legal authority to regulate the use of price optimization.	N/A	N/A
Other		In <i>Tryfonas</i> , the plaintiffs allege that Allstate uses price optimization when setting insurance rates for customers in Illinois. The plaintiffs filed a motion for class certification, which the court denied in November 2022. The plaintiffs' petition for leave to appeal that decision was denied by the	In <i>Trzeciak</i> , the plaintiffs alleged that "Allstate breached their insurance contract and committed silent fraud by overcharging premiums based on non-risk factors that actually disadvantage long-term policy holders." <i>Trzeciak v. Allstate Prop. & Cas. Ins. Co.</i> , 569 F. Supp. 3d 640, 643 (E.D. Mich. 2021).

STEVENSON V. ALLSTATE INS. CO, ET AL.

		Supreme Court of Illinois on September 27, 2023.	The court found that the plaintiffs failed to state a claim and granted Allstate's motion to dismiss the plaintiffs' amended complaint with prejudice. <i>Id.</i> at 650.
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1 David Borgen (SBN 99354)
2 dborgen@gbdhlegal.com
3 James Kan (SBN 240749)
4 jkan@gbdhlegal.com
5 GOLDSTEIN, BORGEN, DARDARIAN & HO
6 155 Grand Avenue, Suite 900
7 Oakland, CA 94612
8 Tel: (510) 763-9800
9 Fax: (510) 835-1417

10 Jay Angoff (D.C. Bar 248641)
11 Cyrus Mehri (D.C. Bar 420970)
12 MEHRI & SKALET PLLC
13 2000 K Street, NW, Suite 325
14 Washington, DC 20006
15 Tel: (202) 822-5100

16 Attorneys for Plaintiff
17 *(Additional Counsel listed on Signature Page)*

18 **UNITED STATES DISTRICT COURT**
19 **NORTHERN DISTRICT OF CALIFORNIA**

20 ANDREA STEVENSON, individually and on
21 behalf of all others similarly situated,

22 Plaintiffs,

23 v.

24 ALLSTATE INSURANCE CO., and ALLSTATE
25 INDEMNITY CO,

26 Defendant.

Case No.: 4:15-cv-04788-YGR

Hon. Yvonne Gonzalez Rogers

JOINT DECLARATION OF PROPOSED
CLASS COUNSEL IN SUPPORT OF
PLAINTIFF'S MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT

1 Cyrus Mehri, Jay Angoff, Andrea Gold, and Jeff Osterwise declare as follows:

2 1. We represent Plaintiff Andrea Stevenson (“Plaintiff” or “Class Representative”) in
3 the above-captioned putative class action. We have worked on this litigation—both in this Court
4 and in the proceedings before the California Department of Insurance—since the case was first
5 filed in August of 2015 through to the present. We have led Plaintiff’s efforts in this case and have
6 personal knowledge of all matters addressed in this Declaration, including the negotiations that
7 culminated with the filing of the proposed Settlement now pending before the Court.
8

9 2. If the proposed Settlement is approved, over a million policyholders of Allstate
10 impacted by the challenged conduct will receive meaningful cash benefits, and will also benefit as
11 a result of meaningful non-monetary relief. Given the significant amount of effort and resources
12 expended in this multi-year litigation, and the relief obtained, Plaintiff’s counsel jointly offer this
13 Declaration in support of preliminary approval of the proposed Settlement. Further, Plaintiff’s
14 counsel offer this Declaration in support of appointing Plaintiff’s counsel as Class Counsel and the
15 named Plaintiff as Class Representative in this Action. In support, we include an overview of the
16 litigation and the proposed Class Counsel’s qualifications, as well as the named Plaintiff’s efforts
17 throughout this litigation.
18
19

20 **I. Overview of this Litigation**

21 3. On February 18, 2015, the California Department of Insurance issued a notice
22 forbidding insurance companies from using price optimization (the “Notice”). It defines price
23 optimization as “any method of taking into account an individual’s or class’s willingness to pay a
24 higher premium relative to other individuals or classes.” The Notice required any insurer using a
25 factor or factors based on price optimization in its class plan to file a new class plan that removed
26 any such factors by no later than six months from the date of the Notice.
27
28

1 4. On August 21, 2015, Plaintiff Andrea Stevenson filed her class action complaint in
2 the Superior Court of the State of California against Allstate Insurance Co. and Allstate Indemnity
3 Co. (together “Allstate” or “Defendants”), asserting six causes of action based on Allstate’s alleged
4 use of price optimization.

5 5. On November 5, 2015, after Allstate removed the case to the U.S. District Court
6 for the Northern District of California pursuant to the Class Action Fairness Act, Stevenson filed
7 her First Amended Complaint (“FAC”), which is the operative complaint. On November 23, 2015,
8 Allstate moved to dismiss the FAC, and in the alternative to stay the case pursuant to the primary
9 jurisdiction doctrine.
10

11 6. This Court, on March 17, 2016, dismissed Plaintiff’s claim under Section
12 1861.10(a) of the California Insurance Code and stayed the five remaining claims pursuant to the
13 primary jurisdiction doctrine, pending action by the Insurance Commissioner of the State of
14 California (the “Commissioner).”
15

16 7. On May 3, 2016, the California Department of Insurance (“CDI” or the
17 “Department”) informed Allstate that it was undertaking an investigation regarding whether
18 Allstate was taking into account an individual’s or class’s willingness to pay a higher premium
19 relative to other individuals or classes. On April 27, 2018, both in response to the Court’s order
20 and on its own motion, the Commissioner issued a Notice of Hearing for the purpose of
21 determining “(1) whether Allstate has violated California insurance law by using illegal price
22 optimization; (2) how Allstate implemented any such illegal price optimization in its rate and/or
23 class plan; and (3) how any such illegal price optimization impacted Allstate’s policyholders.” *In*
24 *the Matter of the Rating Practices of Allstate Insurance Company and Allstate Indemnity Company*
25
26
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1 (CDI File No. NC-2018-00001) (hereinafter referred to as the “Department Proceeding”). The
2 Notice of Hearing announced that the Commissioner’s findings would be conveyed to this Court.

3 8. The Notice of Hearing also noted that Plaintiff could seek to participate in the
4 Department Proceeding by filing a Petition to Participate. Both Plaintiff and a non-profit
5 organization, Consumer Watchdog, successfully moved to participate in the Department
6 Proceeding, which was assigned to Chief Administrative Law Judge (CALJ) Kristin Rosi.

7
8 9. Due to the limited resources of the Department, discovery in the Department
9 Proceeding did not commence until October 29, 2018. For the next three years Plaintiff, along
10 with CDI and CWD, engaged in extensive discovery with Allstate before the CALJ. Allstate
11 ultimately produced more than 400,000 pages of documents, which Plaintiff reviewed, analyzed,
12 categorized and marshalled to support her allegations. In addition, Plaintiff deposed eight Allstate
13 witnesses.
14

15 10. Near the completion of fact discovery in the Department Proceeding, Plaintiff’s
16 Counsel retained Casualty Actuarial Society (“CAS”) Fellow and former CAS President Robert
17 Miccolis to offer opinions on Allstate’s use of price optimization and its impact on Allstate’s
18 customers.
19

20 11. On August 19, 2021, the CALJ set an evidentiary hearing on the merits in the
21 Department Proceeding to begin on May 10, 2022.

22 12. On October 21, 2021, Plaintiff, as well as the CDI and CWD, submitted expert
23 reports as pre-filed testimony they intended to enter into evidence at the hearing, with Allstate also
24 submitting pre-filed testimony from its expert witness and four fact witnesses on December 21,
25 2021. The evidentiary hearing was ultimately rescheduled to begin on December 5, 2022.
26
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1 13. On March 15, 2022, the parties in the Department Proceeding moved to strike all
2 or portions of the opposing parties' pre-filed direct testimony. On October 17, 2022, the CALJ
3 substantially denied Allstate's Motion to Strike Plaintiff's pre-filed direct testimony, while
4 granting Plaintiff's Motion to Strike portions of the pre-filed direct testimony offered by Allstate.
5

6 14. The parties to the Department Proceeding filed a Joint Statement on Pre-Hearing
7 and Hearing Issues on November 2, 2022, which they discussed with the CALJ at a pre-hearing
8 conference on November 17, 2022. The next day, the CALJ issued a comprehensive pre-trial
9 order, and scheduled a final pre-hearing conference for Nov. 28, 2022.

10 15. With all discovery and pre-hearing motions complete, Plaintiff's Counsel prepared
11 for the evidentiary hearing in the Department Proceeding, including reviewing and marshalling
12 Allstate's documents, preparing for Mr. Miccolis's live testimony, and preparing to cross-examine
13 Allstate's fact and expert witnesses.
14

15 16. After extensive and hard-fought negotiations, including through the Thanksgiving
16 holiday, Plaintiff and Allstate reached an agreement in principle on the Friday after Thanksgiving,
17 and informed the CALJ of that agreement on Sunday, November 27, 2022, one week before the
18 scheduled December 5, 2022 start date for the hearing, and one day before the November 28, 2022
19 final pre-trial conference. At the pre-trial conference the CALJ postponed the hearing date to
20 February 7, 2023. The evidentiary hearing has been subsequently postponed and taken off
21 calendar, as the parties to the Department Proceeding have finalized negotiations related to the
22 resolution of the Department Proceeding. The resolution of the Department Proceeding turns on
23 the ultimate approval of this Settlement.
24
25

26 **II. Settlement Negotiations and Mediation**
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1 17. Following the close of discovery and exchange of expert reports in the Department
2 Proceeding, in January 2022 Plaintiff and Allstate jointly retained Sanford Kingsley, an
3 experienced former California insurance litigator, as a mediator in the case to explore the
4 possibility of settlement. Prior to becoming a mediator, Mr. Kingsley at times served as outside
5 counsel for Allstate and had credibility with and knowledge of the company. Mr. Kingsley also
6 brought breadth and depth of insurance law and practice. During the next seven months Mr.
7 Kingsley presided over four mediation sessions—the first on January 26, 2022, and the last on
8 August 24, 2022. All parties to the Department Proceeding also participated in the mediation.
9

10 18. In addition to the mediation sessions, Plaintiff’s counsel had frequent discussions
11 with Mr. Kingsley, with Allstate counsel Michael O’Day, and with Mr. Kingsley and Mr. O’Day
12 together. Plaintiff’s counsel also had discussions with CWD and CDI, as did Mr. Kingsley and
13 Mr. O’Day. And there were also discussions among all four parties to the Department proceeding.
14 Due to the fact that there were four sets of stakeholders, negotiations became more challenging
15 and dynamic than in the typical complex litigation matter.
16

17 19. In their settlement negotiations, the Parties also exchanged and presented analysis
18 of how price optimization by Allstate, assuming it occurred, would have impacted Settlement Class
19 Members. These discussions included actuaries from the Department, Allstate, and intervenor
20 Consumer Watchdog. The actuaries posed questions to one another, permitting the parties to test
21 their assumptions and the strength of their positions.
22

23 20. Notably, a condition precedent to the Settlement between Stevenson and Allstate
24 was that Allstate and CDI would enter into an agreement that would resolve the Department
25 Proceeding. Accordingly, shortly after Stevenson and Allstate reached an agreement in principle
26 to resolve this Action, negotiations regarding a stipulation to stay and ultimately terminate the
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28

1 Department Proceeding commenced. These contentious negotiations, in which all parties to the
2 Department Proceeding actively participated with the assistance of Mr. Kingsley, resulted in an
3 agreement among the four parties on the language of a stipulation that would terminate the
4 Department Proceeding. With four sets of stakeholders, negotiations on the stipulation became
5 unusually protracted and, at times, challenging.
6

7 **III. Relevant Factual and Legal Background**

8 21. California auto insurers are required to calculate their rates in accordance with a
9 class plan they must file with the Department. Cal. Code Regs. Sec. 2632.11. Section 2632.3(a)
10 defines a class plan as “the schedule of rating factors and discounts, and their order and manner of
11 analysis as required by Section 2632.7, in the development of rates and premiums charged for a
12 policy of automobile insurance.”
13

14 22. Rating factors are the rating characteristics the insurer uses—such as driving
15 record, mileage driven, and years licensed—to determine premiums. Based on the insurer’s loss
16 data, the insurer calculates a number, called a relativity, for each gradation or category of each
17 rating factor that reflects the risk presented by that gradation or category. The relativity for a
18 category exceeds 1.00 if the risk presented by policyholders in that category is greater than
19 average; the relativity is lower than 1.00 if the risk presented by such policyholders is less than
20 average. Individual premiums are determined by multiplying the base rate, which is the same for
21 all policyholders, by the selected relativity for the category the insured fits into of each rating
22 factor.
23

24 23. Cal. Code Regs. 2632.7 requires that an insurer perform an analysis for each rating
25 factor in a particular order, called a sequential analysis, to determine the relativity for each
26 gradation or category of each rating factor. This process begins with calculating the relativities
27
28

1 supported by the carrier's loss experience—called the indicated relativities--for an individual
2 rating factor. The insurer then selects relativities for all categories within that rating factor, which
3 must balance to a weighted average of 1.0.¹

4 24. Section 2632.7 also mandates that rating factors have certain weights, meaning that
5 the rating factors must have certain levels of importance in calculating a policyholder's overall
6 rate. In particular, the weights of the factors set forth in the insurer's class plan must align in
7 decreasing order of importance as follows: driving safety record must have the most weight,
8 followed by annual miles driven, followed by years of driving experience, followed by optional
9 rating factors. An insurer may use a process known as "pumping and tempering" the relativities
10 of a rating factor if the rating factor receives more or less weight than that required under section
11 2632.7. Pumping the relativities of a rating factor moves relativities away from 1.00, and results
12 in the rating factor being given more weight; tempering the relativities moves them closer to 1.00,
13 and results in the rating factor being given less weight. The formula for pumping and tempering
14 is set forth in Cal. Code Regs. 2632.8.

15
16
17 25. In the class plan Allstate filed in 2011, however, which became effective July 13,
18 2012 after being approved by the Department, and which except for the elimination of gender as a
19 rating factor is still in effect today, Plaintiff alleges that Allstate did not use relativities derived
20 from its sequential analysis to determine premiums for policyholders with certain characteristics.
21 Rather, according to Plaintiff's claim, Allstate used relativities that exceeded both the relativity
22 based on the loss data in the sequential analysis—i.e., the indicated relativity—and also exceeded
23 the relativity Allstate used in its prior class plan, which Allstate refers to in its 2011 class plan as
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¹ As a result of the balancing requirements, alterations in the relativities results in no change to the overall rate level: a class plan is revenue-neutral. Accordingly, if the relativity selections for certain rating factors result in higher rates for some classes of insureds, other classes necessarily receive lower rates.

1 the current relativity. Plaintiff's theory of liability is that such relativity selections were improper
2 and based, at least in part, on consideration of elasticity of demand. Allstate disputes Plaintiff's
3 theory and the allegation that it did not use the rating factor relativities derived from its sequential
4 analysis. Allstate maintains that it selected rating factor relativities consistent with its sequential
5 analysis including the mandated pumping and tempering procedure.
6

7 26. The policyholders for whom Plaintiff alleges Allstate used relativities that exceed
8 indicated and current relativities are drivers who have certain types of policies in addition to an
9 auto policy, and those licensed for 29 or more years who have comprehensive coverage, and/or
10 have been licensed for 34 or more years and have collision coverage. As a result of Allstate's use
11 of relativities that exceeded both indicated and current in calculating premiums for those
12 policyholders, Plaintiff alleges that Allstate charged those policyholders more than it would have
13 charged them based on the risk they presented. Those policyholders are the members of the
14 Settlement Class.
15

16 **IV. Class Recovery and Views of Class Counsel**

17
18 27. Weighing the benefits of the Proposed Settlement against the risks of continuing
19 litigation supports a finding that the Proposed Settlement is a good result for Settlement Class
20 Members, as well as within the range of reasonableness required for preliminary approval.
21

22 28. In the Department Proceeding, Plaintiff has yet to prevail on the key merits
23 questions of whether Allstate engaged in price optimization and, if so, whether and how it impacted
24 consumers. Even if Plaintiff were to prevail on those questions in the Department Proceeding, she
25 would have to return to this Court and prevail on class certification. Allstate would oppose
26 certification if the case proceeds. Although Plaintiff believes that certification is appropriate here,
27 the risk remains that the Court could deny Plaintiff's request to certify a class. In that case putative
28

1 class members may receive nothing. Further, if the Court did certify a litigation class, Plaintiff
2 would still face potential review on appeal, would need to survive summary judgment, and would
3 need to prove her claims on a class-wide basis at trial, thus delaying any relief for years. The
4 Proposed Settlement allows Plaintiff and Settlement Class Members to avoid these risks, additional
5 expenses, and delays in favor of immediate relief.

6
7 29. Subject to approval by the Court, the Settlement Agreement will create a
8 \$25,000,000 common fund paid by Allstate as monetary consideration for the release of Plaintiff's
9 and the Settlement Class's claims. That \$25 million is inclusive of the amount paid to Settlement
10 Class Members, all attorneys' fees, costs, and expenses awarded to Class Counsel, any Service
11 Award to the Class Representative, all costs and expenses incurred by the Settlement
12 Administrator, and any *cy pres* payment.

13
14 30. Plaintiff's expert opined that Allstate had engaged in price optimization in four
15 different ways: (1) by failing to use loyalty—tenure with Allstate—as a rating factor; (2) by using
16 relativities that exceeded indicated for drivers qualifying for Allstate's Level 3 Distinguished
17 Driver Discount; (3) by using relativities that exceeded indicated for multi-policy policyholders;
18 and (4) by using relativities that exceeded indicated for drivers licensed for 39 or more years who
19 had comprehensive or collision coverage.

20
21 31. Allstate's expert challenged the opinions and methodology of Plaintiff's expert,
22 opining that Allstate's 2011 class plan was not the product of price optimization or consideration
23 of elasticity of demand, and that Allstate's selections of rating factor relativities were actuarially
24 sound.

25
26 32. In preparing for trial and further evaluating the evidence, Plaintiff concluded that
27 her strongest theory was that Allstate engaged in price optimization in the selection of rating factor
28

1 relativities that exceeded both current and indicated. Applying this theory of liability, Plaintiff
2 became convinced that her first theory—price optimization through the non-use of a loyalty
3 discount—had essentially no chance of succeeding. That is because loyalty is not a mandatory
4 rating factor but rather only an optional rating factor; no law requires Allstate to use a loyalty
5 discount. Further, neither the Department’s actuary nor Consumer Watchdog’s actuary found that
6 Allstate’s non-use of loyalty constituted price optimization. The claim that Allstate’s failure to
7 use such a discount constitutes illegal price optimization thus would have been very difficult to
8 prove and essentially non-viable.
9

10 33. Plaintiff similarly concluded that the theory of price optimization alleged as to the
11 relativities used for the Level 3 Distinguished Driver Discount had virtually no chance to succeed
12 and was essentially non-viable. Allstate simply carried over the relativities it used for its Level 3
13 Distinguished Driver Discount in its 2008 class plan to its 2011 class plan. It did not increase
14 any of those relativities above the level they were at in its 2008 class plan. The argument that
15 Allstate used price optimization in these instances of carrying over relativities from its 2008 class
16 plan constitutes illegal price optimization thus would have been very difficult to prove and
17 essentially non-viable.
18

19 34. In contrast, for certain categories of multi-policy policyholders and for drivers
20 licensed for 29 or more years with comprehensive coverage or for 34 or more years with collision
21 coverage, Allstate did not carry over the relativities from its 2008 class plan, but rather increased
22 those relativities so that they exceeded both the relativities Allstate used in its 2008 class plan and
23 those its most recent data indicated it should use. Plaintiff alleges that Allstate selected relativities
24 for the Years Licensed rating factor in violation of Cal. Code Regs. 26322.7 and 2632.8, and that
25 it had no actuarial justification for selecting relativities exceeding both indicated and current for
26
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1 the multipolicy rating factor. Plaintiff's expert opined both that Allstate's justifications for the
2 relativities for those factors were not actuarially sound, and that Allstate knew that more
3 experienced drivers and drivers with other policies were more likely to retain coverage with
4 Allstate.²

5
6 35. Plaintiff therefore concluded that her strongest case for Allstate's price
7 optimization was with respect to experienced drivers and multipolicy policyholders. Thus, the
8 Settlement Class is limited to those policyholders.

9
10 36. However, even with respect to experienced drivers and multipolicy policyholders,
11 Plaintiff's argument that the reason Allstate used relativities exceeding both current and indicated
12 was the relative lack of price insensitivity of the policyholders for whom it used those relativities
13 was based on circumstantial rather than direct evidence.

14
15 37. In addition, as the Court pointed out in its March 17, 2016 Order, *MacKay v.*
16 *Superior Court*, 188 Cal. App. 4th 1427 (2010) interprets Insurance Code section 1860.1, as
17 immunizing private challenges to approved rates and rating factors. Allstate disclosed to the
18 Department the relativities it was using in its 2011 class plan, and the Department approved that
19 plan. If the Court were to continue to follow *MacKay* (over Plaintiff's objection), any recovery by
20 class members before the date the Department promulgated its price optimization Bulletin would
21 be barred.

22
23 38. On the other hand, by not filing and obtaining the Department's approval of a class
24 plan eliminating the effects of price optimization after the Department issued its February 18, 2015
25 bulletin, Plaintiff contends that Allstate was charging unapproved rates beginning approximately
26 16 months after the date of the Bulletin. That 16 months is the total of the six months the
27

28 ² Allstate maintains that its relativity selections were the result of applying the sequential analysis and weighting requirements under California law.

1 Department gave insurers to file new class plans, plus 10 months, which is the time it took for the
2 Department to approve Allstate's 2011 class plan.³ Plaintiff therefore calculated the potential
3 injury to the Settlement Class related to her viable theories of price optimization beginning on July
4 1, 2016. According to Plaintiff, that amount, before any set off for the amount by which Settlement
5 Class members benefitted due to Allstate's use of relativities that were less than both indicated and
6 current, was \$137.5 million.⁴ The \$25 million settlement is 18.2% of that \$137.5 million. Allstate,
7 on the other hand, believes that Plaintiff's calculation of \$137.5 million is overstated and, among
8 other things, does not account for how changing the relativities for certain coverages would require
9 Allstate to make changes to other relativities and/or other rating factors. Allstate contends that
10 making those required changes would significantly reduce, if not eliminate, any alleged overcharge
11 to the Settlement Class.
12

13
14 39. Importantly, the settlement includes meaningful prospective non-monetary relief.
15 Most significant, it includes a requirement that Allstate file a new class plan that does not consider
16 an individual's or class's willingness to pay a higher premium relative to other individuals or
17 classes in setting rates. On February 3, 2023, Allstate did file a new class plan with the
18 Department. With non-material exceptions, the new class plan does not use relativities that exceed
19 both indicated and current for any category of multipolicy policyholders. Moreover, the relativities
20 for half of those categories are lower than both current and indicated.
21
22
23

24
25 ³ Allstate takes the position that it had no duty to file a new class plan eliminating the effects of price
26 optimization after the Department issued its bulletin, since it never engaged in price optimization to begin
27 with.

28 ⁴ Plaintiff's counsel believe the *MacKay* analysis of 1860.1 is indefensible and that *MacKay* should be
overruled. But it has not been. The possibility of Plaintiff recovering for price optimization pre-dating the
Bulletin, therefore, was remote. As a result, Plaintiff did not calculate the amount that the Settlement Class
could, theoretically, have recovered for that time period. However, Plaintiff expects that the potential pre-
Bulletin recovery would be less than the post-Bulletin recovery.

1 40. Similarly, again with one non-material exception, in its new class plan Allstate has
2 selected relativities that are less than current both for all drivers licensed for 29 or more years with
3 comprehensive coverage, and for all drivers licensed for 34 or more years with collision coverage.
4 And for all drivers in the latter group, the relativity Allstate has selected is also below the indicated.
5 Plaintiff estimates that Allstate’s selection of rating factor relativities that do not exceed current
6 and indicated for the years licensed and multipolicy rating factors, all else equal, will result in
7 premiums for those rating factor relativities that Plaintiff estimates are, on an annual basis in total,
8 millions of dollars less with respect to those rating factor relativities. Allstate disagrees with this
9 assertion and that its prior rating plan considered an individual’s or class’s willingness to pay a
10 higher premium.
11

12 41. The non-monetary relief contemplated under the Settlement Agreement has
13 substantial value, providing security to Settlement Class Members and California private
14 passenger auto policyholders generally going forward, and substantially constraining Allstate’s
15 ability to implement any price optimization measures in the future.
16

17 42. Allstate’s new class plan also contains a description of the changes it is making in
18 its new class plan and an explanation of why it is making those changes, as well as an explanation
19 of some of the choices it made in connection with its sequential analysis.
20

21 43. Further, the agreement on non-monetary relief in this Settlement Agreement also
22 requires that in any class plan it files within the next ten years, Allstate must explain in writing the
23 basis of any relativity selections it makes that exceed the indicated relativity by more than 5%.
24 This requirement has three major benefits for both Settlement Class members and all Allstate
25 policyholders. First, it substantially reduces the likelihood that Allstate would select a relativity
26 exceeding indicated for a particular rating characteristic for a non-actuarially-justified reason—
27
28

1 such as the lack of price sensitivity of policyholders with that characteristic—since it knows it will
2 have to explain its selection. Second, it gives the Department the opportunity to make its own
3 decision as to the validity of Allstate’s explanation—and if it does not find Allstate’s explanation
4 to be valid, to discuss with Allstate the possibility of an adjustment to the class plan, and if
5 necessary to disapprove the class plan. And third, it enables the public to see, for the first time,
6 Allstate’s justification for its selections.
7

8 44. Finally, the non-monetary relief also prohibits Allstate from in any way considering
9 an individual’s or class’s willingness to pay a higher premium in setting its rates.
10

11 **V. Judgment of Experienced Counsel Favors the Settlement**

12 45. In the judgment of Plaintiff’s counsel, the terms of this Settlement are beneficial to
13 Settlement Class Members and meet the legal standard requiring a class settlement to be “fair,
14 reasonable, and adequate” for final approval.
15

16 46. After extensive investigation and contested litigation, and reviewing dueling expert
17 reports containing complex actuarial analyses, Plaintiff’s counsel fully understand the strengths
18 and weaknesses of this case. Our judgment is informed by our respective firms’ experience
19 bringing consumer class actions, by Jay Angoff’s expertise as a former state Insurance
20 Commissioner, and by our knowledge of relevant case law regarding California insurance law and
21 class actions. A copy of the firm resumes of proposed Class Counsel are attached to this
22 declaration as Exhibits A-C.
23

24 47. \$25,000,000 in compensation plus meaningful non-monetary relief, as set forth in
25 section IV above, is fair and reasonable relief for the Settlement Class in light of Allstate’s defenses
26 and the challenging and unpredictable path of litigation Plaintiff would have faced absent a
27
28

1 settlement. In particular, if Plaintiff continued to litigate, she likely would not see any recovery
2 for several years and would face the following risks:

3 a. The CALJ could find that Allstate has not engaged in price optimization.

4 b. If the CALJ found that Allstate engaged in price optimization, the
5 Commissioner could nevertheless reject that finding.

6 c. While Plaintiff believes the Commissioner's findings pursuant to the Court's
7 primary jurisdiction referral are not appealable--since an appeal of that finding would defeat the
8 purpose of a primary jurisdiction referral—Allstate could nevertheless seek such an appeal.

9 d. Were the Commissioner to find that Allstate has price optimized, and were this
10 Court to adopt that finding, Allstate could still seek to have this case dismissed based on
11 *MacKay*.

12 e. Plaintiff would also have faced obstacles to proving damages and obtaining
13 class certification that are typical in any class action, as discussed in paragraph 28, above.

14 f. Allstate could appeal an adverse result in this Court to the Court of Appeals.

15 48. Plaintiff therefore had to weigh the strength of her case on the merits against the
16 likelihood of no recovery in this case for many years, and the possibility of no recovery in this
17 case at all.

18 **VI. Size of the Settlement Class and Allocation Plan**

19 49. During settlement negotiations, Allstate disclosed to Plaintiff's Counsel that it
20 estimates that there are approximately 1,293,698 Settlement Class Members. The Settlement thus
21 provides each Settlement Class Member approximately \$19.32 in monetary compensation, before
22 deduction of any Court-approved payments. The entire Net Settlement Amount will be distributed
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1 to the Settlement Class Members and will be divided equally among them.⁵ Settlement Class
2 Members will not need to submit claims for payment. Instead payments will be made
3 automatically via check or digital payment, for former policyholders, and via policy credit for
4 current policyholders. Should any funds remain after the close of the check negotiation period,
5 then those funds will be donated to a Court-approved cy pres recipient.
6

7 **VII. Settlement Administrator and Cy Pres Selection**

8 50. In preparation for filing for preliminary approval of the Proposed Settlement and
9 direction of notice to the proposed Settlement Class, the Parties solicited bids from experienced
10 notice and settlement administration vendors. The Parties received three total bids, from Angeion
11 Group, Epic, and Kroll.
12

13 51. CPT Group, Angeion Group, and Kroll all proposed similar methods of notice,
14 including email and postcard notice, longform notice, a settlement website, and a toll-free hotline.
15

16 52. Kroll has capped settlement administration expenses at \$1,057,030. This cap aligns
17 with the costs charged by other settlement administrators for a comparable notice plan and
18 effectuation of payment.

19 53. It is Plaintiff's counsel's view that Kroll provided the most cost-effective bid.

20 54. Based upon these bids, the Parties jointly selected Kroll as the proposed Settlement
21 Administrator, pending the Court's approval.
22
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24

25 ⁵ Plaintiff carefully considered other allocation alternatives and concluded that other approaches
26 were impractical. For example, allocating the Net Settlement Fund based on length of time a
27 Settlement Class Member was insured by Allstate or with consideration of which alleged price
28 optimized rating factors impacted the Settlement Class Member's premium would require the
Settlement Administrator to analyze voluminous data and would be prohibitively costly to
administer. In addition, Allstate believes that allocating the Net Settlement Fund based on
another metric would exponentially increase the cost and burden of settlement administration.

1 55. In the past two years, Plaintiff’s counsel have collectively worked with Kroll a total
2 of eight times.

3 56. The Parties also cooperatively considered the cy pres recipient. Recognizing its
4 unique mission, which is particularly relevant to the facts of this case, the Parties jointly selected
5 Center for Auto Safety as the proposed cy pres recipient, pending the Court’s approval.
6

7 57. Plaintiff’s counsel do not have any interest in or pre-existing formal relationship
8 with the proposed cy pres recipient. Plaintiff’s counsel also has confirmed that the named Plaintiff
9 does not have any interest in or relationship with the proposed cy pres recipient. Plaintiff’s counsel
10 further understands that Allstate does not have any interest or pre-existing relationship with the
11 proposed cy pres recipient.
12

13 **VIII. Other Cases Affected**

14 58. In accordance with Procedural Guidance for Class Action Settlements, Guideline
15 1(d), Plaintiff’s counsel is aware of no other cases that will be affected by the Settlement.
16

17 **IX. Contributions of Class Representative**

18 59. Plaintiff Andrea Stevenson has expended serious time and effort in helping
19 Plaintiff’s counsel litigate this case throughout this eight-year litigation. She has assisted Class
20 Counsel in investigating the case, assisted with multiple mediations, communicated with Class
21 Counsel throughout the litigation, and risked personal and reputational harms by filing a lawsuit
22 against her insurer.
23

24 60. Ms. Stevenson has been continuously insured by Allstate for more than 35 years.
25 She has no conflict of interest with the class members, and she was willing to accept a fiduciary
26 role on behalf of the class. She reviewed and approved the Complaint and Amended Complaint
27
28

1 filed in this action, reviewed and approved the co-counseling agreement establishing the legal team
2 for the class, and attended meetings prior the filing of the Complaint.

3 61. Ms. Stevenson spent more than 25 hours searching her personal archives to locate
4 documentation of her various Allstate insurance policies. She had to search through many boxes
5 which were stored in her garage from several moves over the years.
6

7 62. Ms. Stevenson was diligent in preparing and transmitting necessary documentation
8 for the prosecution of the claims in this matter and in responding to requests from counsel for
9 additional information and documentation regarding her insurance policies.

10 63. After the Court stayed this matter pursuant to the primary jurisdiction doctrine and
11 the Department proceeding commenced, Ms. Stevenson remained actively involved in the
12 prosecution of these claims, responding to additional requests for documents and information
13 relevant to the CDI proceedings. She also participated in more than 30 telephone calls regarding
14 the status of the case overall, including calling when her policy was renewing. She also conferred
15 with her attorneys regarding settlement negotiations.
16

17 64. In light of Ms. Stevenson's commitment of time, effort, and dedication to the
18 interests of absent class members, even in the face of her concern that her auto insurance would
19 be cancelled or her premium would increase because of her involvement in this case, Plaintiff's
20 counsel believe it is appropriate under applicable law that she be appointed as Class Representative
21 and be awarded a service award in the amount of \$5,000. If awarded, this award would be paid by
22 Allstate from the net Settlement Fund.
23

24 65. At no point was Ms. Stevenson ever promised any such award, nor did she condition
25 her representation, service, or support on the expectation of receiving money. Further, Plaintiff's
26
27
28

1 counsel did not promise or guarantee Ms. Stevenson (or any other Settlement Class Member or
2 potential class member) that they would receive such an award.

3 **X. Class Counsel's Efforts on Behalf of the Settlement Class**

4 66. Prior to filing Plaintiff's initial Complaint, proposed Class Counsel conducted a
5 comprehensive investigation to prepare Plaintiff's allegations. This investigation included, among
6 other things, (1) review of the class plan and rate filings that Allstate filed with the Department of
7 Insurance; (2) attendance at NAIC meetings on price optimization, analysis of handouts at those
8 meetings and discussion with both regulators and industry representatives at such meetings; (3)
9 analysis of Allstate's presentations on price optimization to the NAIC, and of the responses to such
10 presentations; (4) conferring with a consulting actuarial expert; (5) review and analysis of the price
11 optimization-related work product of the National Association of Insurance Commissioners and
12 its working group on price optimization; and (6) internet research, including finding and reviewing
13 (a) LinkedIn profiles of current and former Allstate employees discussing their expertise in price
14 optimization; (b) Allstate management's statements regarding price optimization; (c) insurance
15 trade association and consumer group discussions of price optimization; and (d) presentations by
16 actuaries regarding price optimization .
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20 67. To prepare Plaintiff's Complaint, Class Counsel worked with Plaintiff to prepare
21 the allegations specific to her. In addition, to prepare both the initial Complaint and First Amended
22 Complaint, Class Counsel researched the California Insurance Code; applicable regulations;
23 Department Bulletins, instructions and guidance; California's consumer protection statutes and
24 other relevant statutes; and relevant caselaw.
25

26 68. Next, Class Counsel researched and successfully responded to Allstate's Motion to
27 Dismiss Plaintiff's First Amended Complaint, drafting the opposition and arguing the motion
28 before the Court.

1 69. After the Court stayed this action pursuant to the primary jurisdiction doctrine,
2 Class Counsel successfully petitioned for Plaintiff to intervene in the Department Proceeding
3 noticed by the Commissioner of Insurance pursuant to the Court’s order. In the Department
4 Proceeding Class Counsel assumed primary responsibility for obtaining, reviewing and analyzing
5 the documents ultimately produced by Allstate and for questioning Allstate’s witnesses at
6 depositions.
7

8 70. For example, during fact discovery in the Department Proceeding, Class Counsel:
9 (a) analyzed Exhibit 6 of Allstate’s 2011 class plan, which set forth the indicated, current and
10 selected relativities for each category of each rating factor Allstate uses in calculating premiums;
11 (b) drafted two sets of requests for production and engaged in numerous meet and confer
12 discussions in connection with those requests; (c) successfully moved to compel the production of
13 Allstate’s documents, drafting the motions and briefs and arguing the motions before the CALJ;
14 (d) responded to written discovery propounded by Allstate; (e) reviewed more than 400,000 pages
15 of documents ultimately produced by Allstate and (f) prepared to depose and deposed eight
16 Allstate employees.
17
18

19 71. During fact discovery, proposed Class Counsel also uncovered what they alleged
20 to be discovery misconduct on the part of Allstate. Thus, proposed Class Counsel briefed a motion
21 for sanctions related to such alleged misconduct before the CALJ and also took further written
22 discovery and depositions related to the issue of Allstate’s alleged misconduct. Allstate strongly
23 disputes Plaintiff’s allegations and denies that it has engaged in any discovery misconduct.
24 Allstate put forward significant evidence, including fact evidence and expert opinions and analysis,
25 supporting its position on this issue.
26
27
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1 72. After the completion of fact discovery in the Department Proceeding, proposed
2 Class Counsel assisted their expert—CAS Fellow and former CAS President Robert Miccolis—
3 who ultimately opined on Allstate’s use of price optimization.

4 73. Class Counsel also successfully briefed and argued Plaintiffs’ opposition to
5 Allstate’s motion to strike Mr. Miccolis’s pre-filed direct testimony and successfully moved to
6 strike certain portions of Allstate’s expert’s pre-filed direct testimony, as well as portions of the
7 pre-filed testimony of Allstate’s fact witnesses.

8 74. With all discovery and pre-hearing motions complete, Class Counsel prepared for
9 the evidentiary hearing in the Department Proceeding, including reviewing and marshalling
10 Allstate’s documents and reviewing actuarial standards with Mr. Miccolis and preparing for Mr.
11 Miccolis’s live testimony, reviewing Allstate’s expert’s pre-filed testimony and preparing to cross
12 examine him, preparing to cross examine Allstate’s other witnesses, and preparing Plaintiff’s
13 exhibit and witness lists.

14 75. After the Parties agreed to seek postponement of the evidentiary hearing so that
15 they could explore the possibility of settlement through mediation, proposed Class Counsel drafted
16 an extensive mediation statement and prepared for and participated in four formal mediation
17 sessions before Mr. Kingsley.

18 76. Thereafter, Class Counsel engaged in extended settlement negotiations with
19 Allstate, both with and without Mr. Kingsley, in an effort to reach a class settlement with
20 meaningful cash and injunctive relief, without the possibility of any cash reverting back to Allstate.

21 **XI. Attorneys’ Fees and Costs**

22 77. The Parties did not discuss fees or expenses until after negotiating the material
23 terms of the Settlement.
24
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28

1 78. Plaintiff's counsel has diligently tracked time throughout the case, and as of August
2 31, 2023, had spent 6,563 hours litigating the case, totaling \$5,769,156 in lodestar. Costs, as of
3 August 31, 2023, are in excess of \$340,000.

4 79. For purposes of the lodestar calculation, Plaintiff's counsel have based all of their
5 rates off of the Adjusted Laffey Matrix. See <http://www.laffeymatrix.com/see.html>
6

7 80. Plaintiff's counsel expects to spend significant additional time throughout the
8 approval process, notice, and settlement administration.

9 81. Plaintiff's counsel will separately move the Court for an order of Attorneys' Fees
10 and Costs before the deadline for Settlement Class members to either exclude themselves or object
11 to the Settlement, and Allstate has agreed not to oppose Class Counsel's requests for attorneys'
12 fees of up to \$7,500,000 and reimbursement of litigation costs and expenses.
13

14 **XII. Qualifications of Proposed Class Counsel**

15 82. Plaintiff is represented by Mehri & Skalet PLLC, Tycko & Zavareei LLP, Berger
16 Montague PC, and local counsel Goldstein, Borgen, Dardarian & Ho. Cyrus Mehri and Jay Angoff,
17 of Mehri & Skalet PLLC, along with Andrea R. Gold of Tycko & Zavareei LLP and Jeff Osterwise
18 of Berger Montague, seek appointment as Class Counsel.
19

20 83. Mr. Mehri and Mr. Angoff of Mehri & Skalet PLLC, together have decades of
21 experience in complex litigation and serving as class counsel. A copy of the Mehri & Skalet Firm
22 Resume is attached as **Exhibit A**, which details the firm's relevant experience.
23

24 84. Ms. Gold of Tycko & Zavareei LLP, has nearly 17 years of experience in complex
25 litigation and has served as class counsel in numerous nationwide class actions. A copy of the
26 Tycko & Zavareei LLP Firm Resume is attached as **Exhibit B**, detailing Ms. Gold's and the firm's
27 relevant experience.
28

1 85. Mr. Osterwise of Berger Montague PC has nearly 18 years of experience in
 2 complex litigation and has served as class counsel in numerous nationwide class actions. A copy
 3 of the Berger Montague Firm Resume is attached as **Exhibit C**, detailing the firm’s relevant
 4 experience.

5 86. Proposed Class Counsel have each taken an active role in this Action since its
 6 inception. They are well-aware of the history of this litigation, including prior to the filing of the
 7 original Complaint. They are qualified to speak on the efforts undertaken in developing Plaintiff’s
 8 legal theories, the discovery taken, and negotiations of the Proposed Settlement. They respectfully
 9 submit that Plaintiff’s counsel have diligently served the interests of the proposed Settlement
 10 Class, including in negotiating the Settlement Agreement and presenting the Proposed Settlement
 11 for preliminary approval. In light of their experience, and in light of their significant role in this
 12 litigation, they respectfully support their appointment as Class Counsel.
 13
 14

15
 16 We declare under penalty of perjury that the foregoing is true and correct.
 17

<p>18 <u>Cyrus Mehri</u> September 26, 2023 19 20 Cyrus Mehri Date</p>	<p><u>Jay Angoff</u> September 26, 2023 21 22 Jay Angoff Date</p>
<p>23 <u>Andrea Gold</u> September 26, 2023 24 25 Andrea Gold Date</p>	<p><u>Jeffrey L Osterwise</u> September 26, 2023 26 27 Jeff Osterwise Date 28</p>

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ANDREA STEVENSON,

Plaintiff,

vs.

ALLSTATE INSURANCE CO. and ALLSTATE
INDEMNITY CO.,

Defendants.

Case No. 4:15-cv-04788-YGR

**DECLARATION OF
SCOTT M. FENWICK OF KROLL
SETTLEMENT ADMINISTRATION
LLC IN CONNECTION WITH
PRELIMINARY APPROVAL**

Judge: Hon. Yvonne Gonzalez Rogers

I, Scott M. Fenwick, hereby declare:

1. I am a Senior Director of Kroll Settlement Administration LLC (“Kroll”),¹ the proposed Settlement Administrator in the above-captioned case, whose principal office is located at 2000 Market Street, Suite 2700, Philadelphia, Pennsylvania 19103. I am over 21 years of age and am authorized to make this declaration on behalf of Kroll and myself. The following statements are based on my personal knowledge and information provided by other experienced Kroll employees working under my general supervision. This declaration is being filed in connection with Plaintiff’s Unopposed Motion for Preliminary Approval of Class Action Settlement.

2. Kroll has extensive experience in class action matters, having provided services in class action settlements involving antitrust, securities, labor and employment, consumer and government enforcement matters. Kroll has provided class action services in over 3,000 settlements varying in size and complexity over the past 50 years.

3. Kroll is prepared to provide a full complement of Notice and Settlement administration services in connection with that certain Settlement Agreement and Release (the “Settlement Agreement”) entered into in connection with the above-captioned matter, including providing Notice

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Settlement Agreement (as defined below).

1 of the Settlement via email and/or postcard as needed, and through the use of a Settlement Website
2 to be created in connection with this matter.

3 4. It is Kroll’s understanding that it will be provided with a list of Settlement Class
4 Members covered under the proposed Settlement Agreement, and the list is to contain a combination
5 of names, electronic mail addresses, mobile phone numbers, and/or physical addresses, and other data
6 elements pertinent to the administration of the Settlement.

7 **CAFA Notice**

8 5. On behalf of Allstate, Kroll will provide notice of the proposed Settlement pursuant to
9 the Class Action Fairness Act 28 U.S.C. §1715(b) (“the CAFA Notice”). Upon filing of the motion
10 requesting issuance of the Preliminary Approval Order, Kroll will send the CAFA Notice, via first-
11 class certified mail to (i) the Attorney General of the United States and (ii) to state Attorneys General
12 identified on the service list for the CAFA Notice. The CAFA Notice will direct the recipients to the
13 website www.CAFANotice.com, a site that will contain all the documents relating to the Settlement
14 referenced in the CAFA Notice.

15 **Notice by Email**

16 6. In preparation for disseminating Email Notices, Kroll will work with Class Counsel
17 and Defense Counsel (collectively “Counsel”) to finalize the language for the Email Notice. Once
18 the Email Notice is approved, Kroll will create an Email Notice template in preparation for the email
19 campaign. Kroll will prepare a file with all available Settlement Class Member email addresses and
20 upload the file to an email campaign platform. Kroll will prepare email proofs for Counsel’s review
21 and approval. The proofs/test emails for approval will include the body of the email and subject line.
22 Once the proofs/test emails are approved, the email campaign will begin as directed in paragraph 83
23 of the Settlement Agreement. Email Notices will be sent to Settlement Class Members with an email
24 address in the class list provided by Allstate and where such Settlement Class Member agreed to
25 accept their Policy statement and/or information through email.

26 7. Kroll will track and monitor emails that are rejected or “bounced back” as
27 undeliverable. At the conclusion of the email campaign, Kroll will provide a report with the email
28 delivery status of each record. The report will include the number of records that had a successful
Email Notice delivery, and a count of the records where delivery failed. Kroll will also update its

1 administration database with the appropriate status of the email campaign for each of the Settlement
2 Class Member records.

3 8. If the initial Email Notice was delivered successfully, no further action will be taken
4 with respect to the particular potential Settlement Class Member record.

5 9. As per paragraph 83 of the Settlement Agreement, the Email Notice will inform
6 Settlement Class Members, in Spanish, of the availability of the Spanish version of the Long Form
7 Notice. A Spanish version of the Long Form Notice will be provided to Settlement Class Members
8 who request it.

9 10. As per paragraph 86 of the Settlement Agreement, for Email Notices rejected or
10 “bounced back” as undeliverable, Kroll will send Postcard Notices to such Settlement Class
11 Members, and complete such Notice pursuant to the deadlines described in paragraphs 85-86 of the
12 Settlement Agreement as they relate to the Notice Re-mailing Process.

13 **Notice by Mail**

14 11. Kroll will work with Counsel to format the Postcard Notice for mailing. Upon
15 approval, Kroll will coordinate the preparation of Postcard Notice proofs for Counsel to review and
16 approve.

17 12. As required under paragraph 83 of the Settlement Agreement, Kroll will send the
18 Postcard Notices to the physical addresses of Settlement Class Members: 1) for whom Allstate does
19 not maintain email addresses; and 2) who have agreed to accept their Policy statements and/or
20 information by regular mail.

21 13. The Postcard Notice will also inform Settlement Class members, in Spanish, of the
22 availability of the Spanish version of the Long Form Notice. A Spanish version of the Long Form
23 Notice will be provided to Settlement Class Members who request it.

24 14. The Postcard Notice will be sent by first-class mail to all physical addresses as set
25 forth above. In preparation for the notice mailing, Kroll will send the list of Settlement Class
26 Members through the United States Postal Service’s (“USPS”) National Change of Address
27 (“NCOA”) database, as per paragraph 85 of the Settlement Agreement. The NCOA process will
28 provide updated addresses for Settlement Class Members who have submitted a change of address
with the USPS in the last 48 months, and the process will also standardize the addresses for mailing.

1 Kroll will then prepare a mail file of Settlement Class Members that are to receive the Postcard Notice
2 via first-class mail.

3 15. Postcard Notices returned by the USPS with a forwarding address will be
4 automatically re-mailed to the updated address provided by the USPS.

5 16. As required under paragraph 86 of the Settlement Agreement, Postcard Notices
6 returned by the USPS undeliverable as addressed without a forwarding address will be sent through
7 an advanced address search process in an effort to find a more current address for the record. If an
8 updated address is obtained through the advanced search process, Kroll will re-mail the Postcard
9 Notice to the updated address (“Notice Re-mailing Process”).

10 17. The notice program as outlined in the Settlement Agreement and as expected to be
11 implemented by Kroll contemplates a robust list of Settlement Class Members that will allow for
12 direct notice to reach the vast majority of Settlement Class Members through direct mail and email,
13 consistent with due process. Based upon information provided by counsel, and assuming data
14 received is relatively up to date, Kroll estimates an average undeliverable rate of no more than 9%
15 and thus projects direct notice will likely reach 91% of the proposed Settlement Class Members.
16 These assumptions are subject to the accuracy and quality of the data received. This reach rate is
17 consistent with other court-approved, best-practicable notice programs and Federal Judicial Center
18 Guidelines, which state that a notice plan that reaches² over 70% of targeted class members is
19 considered a high percentage and the “norm” of a notice campaign.³

20 **Settlement Website**

21 18. Kroll will work with Counsel to create a dedicated Settlement Website. The Settlement
22 Website URL will be www.AllstateCaliforniaAutoRatingSettlement.com, or such other URL as
23 Counsel agree upon in writing. The Settlement Website will contain a summary of the Settlement,
24 will allow Settlement Class Members to contact the Settlement Administrator with any questions or
25 changes of address, provide notice of important dates, such as the Final Approval Hearing, objection

26 ² FED. JUD. CTR., *Judges’ Class Action Notice and Claims Process Checklist and Plain Language Guide* (2010),
27 available at <https://www.fjc.gov/sites/default/files/2012/NotCheck.pdf>. The guide suggests that the minimum threshold
28 for adequate notice is 70%.

³ Barbara Rothstein and Thomas Willging, *Federal Judicial Center Managing Class Action Litigation: A Pocket Guide for Judges*, at 27 (3d Ed. 2010).

1 deadline, opt-out deadline, and provide Non-Renewing Current Primary Policy Holders the
2 opportunity to select an electronic payment method, including Venmo, Zelle, PayPal, e-Mastercard,
3 ACH, or payment by check.

4 19. The Settlement Website will also contain relevant case documents including notice of
5 and information about the Settlement, through and including hyperlinked access to the Settlement
6 Agreement, the Long Form Notice, the order preliminarily approving the Settlement, the Final
7 Judgment, and such other documents as Counsel agree to post or that the Court orders posted on the
8 website. Lastly, the Settlement Website will contain the Kroll privacy policy, including a section on
9 California Privacy Notice and Policy for compliance with the California Consumer Privacy Act and
10 the California Privacy Rights Act.

11 20. As per paragraph 62 of the Settlement Agreement, the Settlement Website will be
12 terminated forty-five (45) days after either (a) the Effective Date, or (b) the date on which this
13 Settlement is terminated or otherwise not approved by a court. At such time, Kroll will then transfer
14 ownership of the URL to Allstate.

15 **Toll-Free Telephone Number**

16 21. Kroll has established a toll-free telephone number for the Settlement, which will allow
17 Settlement Class Members to call and obtain information about the Settlement through an interactive
18 voice response system and/or by being connected to a live operator. The toll-free number will be
19 available twenty-four hours a day, seven days a week.

20 **Post Office Box**

21 22. Kroll will designate a post office box with the mailing address *Stevenson v Allstate*
22 *Insurance Company* c/o Kroll Settlement Administration, PO Box <<#####>>, New York, NY <<Zip-
23 Zip4>> in order to receive requests for exclusion, and correspondence from Settlement Class
24 Members.

25 **Activity Log and Written Reports to Counsel**

26 23. As per paragraph 79, Kroll will maintain and preserve records of all of its activities
27 until one (1) year after the Effective Date, including logs all e-mails, visits to the Settlement Website,
28 and all other contacts with actual and potential Settlement Class Members, in a computerized database
with readily retrievable records. Kroll will also provide Counsel with written reports every two weeks

1 beginning on the Notice Date, summarizing all statistics and actions taken by Kroll in connection
2 with administering the Settlement.

3 **Settlement Administration Cost**

4 24. Based on Kroll's current understanding of the class size and requested administration
5 services, estimated Settlement Administration Costs under the Settlement Agreement will be
6 approximately \$1,050,000. Kroll agrees to cap the Settlement Administration Costs at \$1,057,030.
7 The current estimate is subject to change depending on various factors, such as the actual Settlement
8 Class size and/or any Settlement administration scope changes not currently under consideration,
9 which is based on the assumptions outlined in the Settlement Administration Costs proposal between
10 Counsel and Kroll.

11 **Data Use Limitation**

12 25. Kroll will solely use Settlement Class Member data for Notice and Settlement
13 administration, award calculations, and issuing Settlement Class Member Payments.

14 **Technical Controls, Data Security**

15 26. Kroll is an industry leader in data security. Kroll is CCPA, HIPAA, and GDPR
16 compliant and maintains numerous industry certifications related to data security, including SOC2
17 and ISO 2700 certification. Kroll has technical, physical, and procedural protocols and safeguards in
18 place to ensure the security and privacy of Settlement Class Member data. These include standards
19 related to data retention and document destruction; fully redundant environmental systems and
20 redundant storage; regular audits; and documented plans for both incident and crisis response,
21 including breach protocols and physical controls. Kroll's information security program includes
22 vulnerability management, compliance, security monitoring and security engineering supported by a
23 team of information security professionals, including a Chief Information Security Officer and Chief
24 Privacy Officer.

25 **Business/Liability Insurance**

26 27. Kroll maintains standard business insurance, including professional liability
27 insurance, cyber insurance, and crime insurance.
28

1 **Administrative and Ethical policies**

2 28. Kroll has employee administrative and ethical polices that all employees are required
3 to follow. These include, but are not limited to:

- 4 • Pre-hire background checks;
- 5 • Controls for accessing systems, data and applications, along with processes for
6 assigning access;
- 7 • Annual Code of Ethics training and certification;
- 8 • Annual Information Security training and certification; and
- 9 • HIPAA training for all staff.

10 **Crisis and Risk Management**

11 29. Kroll has defined and tested incident response and disaster recovery plans that it
12 employs across the organization. Should an incident occur, Kroll will take immediate action, which
13 will include notification to clients and Settlement Class Members of the incident consistent with
14 privacy laws and regulations or as otherwise provided in any contractual agreements with its clients.
15 Kroll also has detailed vendor on-boarding and management policies.

16 **Physical Access Controls**

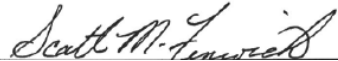
17 30. Security keycard access is required to enter Kroll’s facilities. Additionally, keycard
18 access is required for employees to use the facility elevators and to enter Kroll’s office spaces.

19 **Data Collection, Retention and Destruction**

20 31. Kroll only requires the collection of data necessary to effectively administer the
21 Settlement. If personally identifiable information (“PII”) (e.g., Social Security Numbers, account
22 information, dates of birth, etc.) are not necessary for administration, Kroll will not request such PII.
23 Kroll does not and will not share Settlement Class Member data with third parties unless authorized
24 or directed to do so by the Parties or the Court. Internally, access to data is limited to only those
25 employees working on the particular matter. In addition, Kroll has standard practices for data
26 retention and destruction. However, to the extent there are data retention and destruction
27 requirements specific to the Settlement that differ from Kroll’s standard policies, Kroll will follow
28 the Settlement guidelines.

Certification

I declare under penalty of perjury under the laws of the United States that the above is true and correct to the best of my knowledge and that this declaration was executed on September 22, 2023, in Inver Grove Heights, Minnesota.


SCOTT M. FENWICK

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SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Settlement Agreement” or “Settlement”) is made and entered into this 28th day of July 2023, by and among (1) Plaintiff Andrea Stevenson (“Plaintiff”), individually, and on behalf of the Settlement Class, and (2) Allstate Insurance Company, Allstate Indemnity Company, and Allstate Northbrook Indemnity Company¹ (collectively “Allstate” or “Defendants”), subject to preliminary and final approval as required by the Federal Rules of Civil Procedure. As provided herein, Plaintiff, Class Counsel, and Allstate hereby stipulate and agree that, in consideration of the promises and covenants set forth in this Agreement and upon entry by the Court of a Final Order and Judgment and achievement of the Effective Date all claims of the Settlement Class against Allstate in the action titled *Stevenson v. Allstate Insurance Co., et al.*, Case No. 4:15-cv-04788-YGR (N.D. Cal.) (“Action”), shall be settled and compromised upon the terms and conditions contained herein.

I. Recitals

1. On August 20, 2015, Plaintiff filed a class action complaint in the Superior Court of California alleging six causes of action pertaining to Allstate’s alleged use of price optimization/elasticity of demand (also referred to by Plaintiff

¹ Although not named as a Defendant in the Action, during the time period covered by the Settlement Allstate Northbrook Indemnity Company issued private passenger auto insurance policies that are covered by the terms of this Settlement and therefore is also a party to this Settlement.

as a method of taking into account an individual's or class's willingness to pay a higher premium relative to other individuals or classes) as a rating factor in violation of California's Unfair Competition Law, Cal. Bus. & Prof. Code § 17200 et seq. ("UCL"), California's False Advertising Law, Cal. Bus. & Prof. Code § 17500 et seq. ("FAL"), the California Insurance Code, and as unjust enrichment.

2. Allstate filed a Notice of Removal to remove the Action to the United States District Court for the Northern District of California on October 16, 2015.

3. Allstate filed a motion to dismiss Plaintiff's Complaint on October 23, 2015.

4. Plaintiff filed a First Amended Complaint on November 5, 2015.

5. On November 23, 2015, Allstate filed a motion to dismiss the First Amended Complaint pursuant to Fed. R. Civ. P 12(b)(6) ("Motion to Dismiss"). On December 11, 2015, Plaintiff filed her memorandum in opposition to Allstate's Motion to Dismiss, and on December 23, 2015, Allstate filed its reply memorandum in support of its Motion to Dismiss. On January 12, 2016, the Court held a hearing to hear the Parties' arguments on Allstate's Motion to Dismiss.

6. On March 17, 2016, the Court granted in part and denied in part Allstate's Motion to Dismiss and stayed the litigation under the primary jurisdiction doctrine. The Court denied Allstate's Motion as to Plaintiff's causes of action under the UCL and FAL and for unjust enrichment. The Court granted Allstate's Motion

as to Plaintiff's cause of action for violation of California Insurance Code Section 1861.10, which the Court dismissed with prejudice. In addition, the Court found that Plaintiff's surviving claims were likely barred by Section 1860.1 of the California Insurance Code and subject to the exclusive jurisdiction of the California Department of Insurance (the "Department") and the California Insurance Commissioner (the "Commissioner"). The Court further determined that the Commissioner was best positioned to determine whether Plaintiff's claims fell within the Commissioner's exclusive jurisdiction and granted Allstate's request to stay the case pending action by the Commissioner pursuant to the primary jurisdiction doctrine.

7. Thereafter, the Department informally investigated whether Allstate was using price optimization or elasticity of demand as a rating factor. Then, both in response to the Court's March 17, 2016 order, and also on his own motion, on April 17, 2018 the Commissioner announced that he would hold a hearing on "whether Allstate has violated California insurance law by using illegal price optimization" titled *In the Matter of the Rating Practices of Allstate Insurance Company and Allstate Indemnity Company* (CDI File No. NC-2018-00001).

8. The Commissioner invited Plaintiff to participate in the Department Proceeding (defined below) and stated that he would convey his findings to the Court.

9. Both Plaintiff and Third-Party Consumer Watchdog (“CWD”) subsequently intervened in the Department Proceeding.

10. The Department Proceeding has continued for almost five years and included significant motion practice and discovery.

11. In summer 2021, following completion of fact discovery, Plaintiff and Allstate agreed to mediate Plaintiff’s claims. Ultimately, the Department and CWD joined the mediation process and Plaintiff, Allstate, the Department, and CWD agreed to a mediation before Sanford Kingsley, a mediator with deep experience mediating and litigating insurance matters.

12. Prior to the mediation, Plaintiff, Allstate, the Department, and CWD served pre-filed direct testimony for fact and expert witnesses that would testify at the evidentiary hearing in the Department Proceeding.

13. On January 26, 2022, Plaintiff, Allstate, the Department, and CWD participated in a full day mediation with Mr. Kingsley. The mediation did not result in a settlement on that date. However, for the next several months, Plaintiff, Allstate, the Department, and CWD continued their discussions and negotiations, with the participation of Mr. Kingsley, through additional mediation sessions, in writing, and over the telephone.

14. While negotiations continued for a resolution of both Plaintiff’s claims and the Department Proceeding, Plaintiff, Allstate, the Department, and CWD

continued to prepare for the evidentiary hearing on the merits in the Department Proceeding, which, after several continuances, was set for December 5, 2022.

15. On November 27, 2022, Plaintiff reported to Chief Administrative Law Judge Kristin Rosi that Plaintiff and Allstate had reached a settlement in principle to resolve Plaintiff's claims against Allstate on a class-wide basis. Thereafter, the evidentiary hearing in the Department Proceeding was continued by stipulation of Plaintiff, Allstate, the Department, and CWD.

16. On May 22, 2023, the Department and Allstate entered into an Agreement (the "Department Agreement") to resolve the Department Proceeding upon Final Approval of the Action without any evidentiary hearing or any noncompliance proceeding or further administrative or regulatory action against Allstate with respect to Allstate's alleged use or application of price optimization. The Department and Allstate agreed to request that the Chief Administrative Law Judge send the Department Agreement to the California Insurance Commissioner for approval and signature. Plaintiff, Allstate, the Department, and CWD also agreed to request that the Chief Administrative Law Judge stay the Department Proceeding pending Final Approval of the Settlement and upon Final Approval to dismiss the Department Proceeding with prejudice pursuant to a Stipulated Motion to Dismiss with Prejudice. The Department Agreement was made without any admission of liability or fault on the part of Allstate and included an express denial by Allstate of

all allegations concerning the use of price optimization in Allstate's rates, ratemaking, rating practices, application of rates, and pricing practices in California. The Department Agreement shall not constitute, or be construed as, an admission that Allstate's rates, ratemaking, rating practices, application of rates, or pricing practices have not been in compliance with California law at any time. Allstate vigorously disputes all claims, arguments, and theories advanced by the Department, Plaintiff, and CWD in the Department Proceeding.

17. As soon as reasonably practicable following the filing of the Motion for Preliminary Approval of this Settlement, Plaintiff, Allstate, the Department, and CWD will file a Stipulated Request for a Stay of the Department Proceeding pending the Settlement of this Action.

18. This Settlement is not an admission by Allstate of any wrongdoing, fault, liability, or damage of any kind. Allstate vigorously disputes the claims alleged in the Action and the Department Proceeding and is entering into this Settlement to avoid burdensome and costly litigation. Allstate denies each and every one of Plaintiff's allegations, Allstate has asserted numerous defenses to Plaintiff's claims, Allstate disclaims any liability whatsoever, and Allstate further denies that this case satisfies the requirements to be tried as a class action under Federal Rule of Civil Procedure 23. Allstate specifically denies that it used any form of price optimization, elasticity of demand, and/or any other prohibited consideration in its

private passenger auto insurance ratemaking and pricing practices in California. Without admitting any of the allegations made in the Action or any liability whatsoever, the Parties recognize that the outcome of this Action is uncertain, and that a final resolution through the litigation process would require several more years of protracted, adversarial litigation, trial and appeals, substantial risk and expense, and the distraction and diversion of Allstate's personnel and resources, and the expense of any possible future litigation raising similar or duplicative claims. Allstate is willing to enter into this Settlement solely in order to eliminate the burdens, distractions, expense, and uncertainty of protracted litigation to obtain the releases and final judgment contemplated by this Settlement.

19. The Parties now agree to settle the Action in its entirety, without any admission of liability, with respect to all Released Claims of the Releasing Parties (definitions below). The Parties intend this Agreement to bind Plaintiff, Allstate, and all Settlement Class Members.

NOW, THEREFORE, in light of the foregoing, for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Plaintiff and Allstate agree, subject to approval by the Court, as follows.

II. CONFIDENTIALITY

20. The Parties must comply with all portions of the Stipulated Protective Order entered on December 6, 2018 in the Department Proceeding.

21. This Settlement Agreement and its terms, including the fact of the proposed Settlement, shall remain completely confidential until all documents are executed, and the Motion for Preliminary Approval is filed with the Court. Pending the filing of that Motion, Class Counsel may disclose this Settlement Agreement and its terms to the Class Representative for purposes of executing this Settlement Agreement. Pending the filing of the Motion for Preliminary Approval, the Class Representative will also maintain the complete confidentiality of this Settlement Agreement and its terms, including the fact of the proposed Settlement. Allstate may, at its sole discretion, disclose the terms of the Settlement Agreement to its auditors and other parties as reasonably necessary. The Parties may also disclose the Settlement Agreement to the CDI, CWD, and Administrative Law Judge in the Department Proceeding if necessary to effectuate the stay or resolution of the Department Proceeding subject to agreement by those persons to be bound by strict confidentiality until the Preliminary Approval papers are filed.

III. Definitions

In addition to the terms defined at various points within this Agreement, the following Defined Terms apply throughout this Agreement:

22. “Action” means *Stevenson v. Allstate Insurance Co., et al.*, Case No. 4:15-cv-04788-YGR (N.D. Cal.).

23. “Allstate” means Allstate Insurance Company, Allstate Indemnity Company, and Allstate Northbrook Indemnity Company.

24. “CAFA Notice” means notice of this settlement to the appropriate federal and state officials, as provided by the Class Action Fairness Act of 2005, 28 U.S.C. § 1715.

25. “Class Counsel” means:

MEHRI & SKALET PLLC
Cyrus Mehri, Esq.
Jay Angoff, Esq.
2000 K Street, NW
Suite 325
Washington, DC 20016

TYCKO & ZAVAREEI LLP
Andrea Gold, Esq.
2000 Pennsylvania Avenue, NW
Suite 1010
Washington, DC 20006

BERGER MONTAGUE PC
Jeff Osterwise, Esq.
1818 Market Street, Suite 3600
Philadelphia, PA 19103

26. “Class Period” means the period from July 1, 2016, through September 30, 2022.

27. “Class Representative” and/or “Named Plaintiff” means Andrea Stevenson.

28. “Court” means the United States District Court for the Northern District of California.

29. “Current Primary Policy Holder” means a Settlement Class Member who continues to have his or her Policy as of the Effective Date.

30. “Defense Counsel” means the law firm of DLA Piper LLP (US).

31. “Depository Bank” shall mean Eagle Bank based in Washington D.C. or its successor or another bank acceptable to the parties with the capacity to hold a qualified settlement fund.

32. “Department Proceeding” means the California Department of Insurance administrative investigatory hearing before Chief Administrative Law Judge Kristin L. Rosi assigned California Department of Insurance File No. NC-2018-00001.

33. “Effective Date” means the day following: (A) the entry by the Court of the Final Order and Judgment: (i) affirming certification of the Settlement Class; (ii) finding the Settlement Agreement to be fair, adequate and reasonable; (iii) finding that the Notice to the Class of the Settlement Agreement was fair, adequate and reasonable; (iv) resolving any and all objections to the fairness and reasonableness of the Settlement Agreement, if any; and (B) the expiration of the deadline for seeking appellate review of the Final Order and Judgment if no appeal is sought; or the day following the date all appellate courts with jurisdiction affirm the Final Judgment and Order with no possibility of further appellate review existing.

34. “Final Approval” means the date that the Court enters an order granting final approval to the Settlement and determines the amount of fees, costs, and expenses awarded to Class Counsel and the amount of any Service Award to the Class Representative.

35. “Final Approval Order” means the final order that the Court enters upon Final Approval that does not affect the financial terms or Releases provided for herein. All Parties will in good faith support and pursue preliminary and final class-wide approval of the material terms of this Agreement. In the event that the Court issues separate orders addressing the matters constituting Final Approval, then the Final Approval Order includes all such orders.

36. “Net Settlement Amount” means the Settlement Amount, minus Court approved attorneys’ fees, costs and expenses, any notice and administration expenses, and Court-approved Service Award to Plaintiff. The Net Settlement Amount will be allocated to Settlement Class Members such that each Settlement Class Member will receive an equal Settlement Class Member Payment from the Net Settlement Amount.

37. “Non-Remaining Current Primary Policy Holder” means a Settlement Class Member who continues to have his or her Policy as of the Effective Date and who is no longer a Primary Policy Holder as of the Payment Date.

38. “Notice” means the notices that the Parties will ask the Court to approve in connection with the Motion for Preliminary Approval of the Settlement.

39. “Notice Program” means the methods ordered by the Court for giving the Notice and may consist of Email Notice, Postcard Notice, and Long Form Notice (all defined herein below), which shall be substantially in the forms as the Exhibits attached hereto as Exhibits A through C.

40. “Opt-Out Period” means the period that begins the day after the earliest date on which the Notice is first mailed, and that ends 120 days after Preliminary Approval. The deadline for the Opt-Out Period will be specified in the Notice.

41. “Parties” means Plaintiff and Allstate.

42. “Past Primary Policy Holder” means a Settlement Class Member who is not a Primary Policy Holder as of the Effective Date.

43. “Payment Date” means that date occurring after the Effective Date on which Allstate credits the Policy of a Remaining Current Primary Policy Holder, or would credit the Policy of a Non-Remaining Current Primary Policy Holder, if such Policy Holder were a Remaining Current Primary Policy Holder.

44. “Payment Period” means the period beginning on the Effective Date and ending 120 days after the Effective Date.

45. “Plaintiff” means Andrea Stevenson.

46. “Policy” means any private passenger auto insurance policy issued by Allstate in the state of California.

47. “Primary Policy Holder” means each person who has an ownership interest in and financial responsibility for a Policy or Policies during the Class Period. There is one Primary Policy Holder for each Policy issued by Allstate, also known as the first named insured on each Policy issued by Allstate. Other persons insured (i.e., additional named insureds) under a Policy are not Primary Policy Holders. However, pursuant to and consistent with the terms of this Settlement, the Primary Policy Holder of any Policy or Policies wherein any person or vehicle insured had a rate calculated using the rating factors identified in the Settlement Class will be eligible to recover, should all other conditions and provisions set forth herein be met, consistent with the terms of this Settlement even if the Primary Policy Holder himself or herself was not rated using such rating factors.

48. “Preliminary Approval” means the date that the Court enters, without material change, an order preliminarily approving the Settlement.

49. The “Releases” means all of the releases contained in Paragraph 101 hereof.

50. “Released Claims” means all claims to be released as specified in Paragraph 101 hereof.

51. “Released Parties” means those persons released as specified in Paragraph 101 hereof.

52. “Releasing Parties” means Plaintiff and all Settlement Class Members, and each of their respective heirs, assigns, beneficiaries and successors.

53. “Remaining Current Primary Policy Holder” means a Settlement Class Member who continues to have his or her Policy as of the Effective Date and who remains a current Primary Policy Holder as of the Payment Date.

54. “Service Award” means any Court-ordered payment to Plaintiff for serving as Class Representative that is in addition to any payment otherwise due Plaintiff as a Settlement Class Member.

55. “Settlement” means the settlement into which the Parties have entered to resolve the Action. The terms of the Settlement are as set forth in this Settlement Agreement.

56. “Settlement Administration Costs” means all costs of the Settlement Administrator regarding notice and settlement administration.

57. “Settlement Administrator” means Kroll Settlement Administration.

58. “Settlement Class” means all current and former Allstate California auto insurance Primary Policy Holders whose total premiums were calculated, at any time on or after July 1, 2016, based on Allstate’s selection of a rating factor relativity exceeding both the Current and Indicated rating factor relativities for certain

coverages in connection with the Years Licensed and/or Multipolicy rating factors. Specifically, those Primary Policy Holders include (a) any Primary Policy Holder whose premiums were determined based on licensure for 29 or more years and had Comprehensive coverage, (b) any Primary Policy Holder whose premiums were determined based on licensure of 34 or more years and had Collision coverage, and (c) any Primary Policy Holder who in addition to their auto policy had a condo, life, and/or mobile home policy and did not have a renters policy. The policy or policies held by such multipolicy Primary Policy Holders (group (c)) in addition to their auto Policy are the following: Condo; Mobilehome; Life; Owner + Life; Condo + Life; Mobilehome + Life; Condo + PUP; Mobilehome + PUP; Life + PUP; Owner, Life + PUP; Condo, Life + PUP; Mobilehome, Life + PUP. Excluded from the Settlement Class are (a) officers, directors, and employees of Allstate; (b) the judge overseeing the proposed settlement and the judge's immediate family and (c) all Primary Policy Holders who make a timely election to be excluded.

59. "Settlement Class Member" means each Primary Policy Holder included in the Settlement Class who does not timely opt-out of the Settlement.

60. "Settlement Class Member Payment" means the equal distribution that will be made from the Net Settlement Amount to each Settlement Class Member as described in Paragraph 36.

61. “Settlement Amount” means the \$25,000,000 that Allstate is obligated to pay under the Settlement. The Settlement Amount is all inclusive and will be used to pay the Settlement Class Member Payments, any attorneys’ fees, costs and Service Award ordered by the Court, any Settlement Administration Costs including the costs of Settlement Administrator and the costs of all forms of Notice and the Notice Program, and any *cy pres* payment required under this Agreement. Any and all costs incurred by Allstate in the process of making Policy credits to Remaining Current Primary Policy Holders shall be borne by Allstate separately and not out of the Settlement Amount.

62. “Settlement Website” means the website that the Settlement Administrator will use as a means for Settlement Class members to obtain notice of and information about the Settlement, through and including hyperlinked access to this Agreement, the Long Form Notice, the order preliminarily approving this Settlement, the Final Judgment, and such other documents as Class Counsel agree to post or that the Court orders posted on the website. The URL of the Settlement Website shall be www.AllstateCaliforniaAutoRatingSettlement.com, or such other URL as Class Counsel and Allstate agree upon in writing. The Settlement Website and URL will not include any Allstate trademarks or Allstate logos. Allstate will not display ads or otherwise make reference to this Settlement on any of its or its affiliates’ websites. The Settlement Administrator will terminate the Settlement

Website forty-five (45) days after either (a) all uncashed Settlement Class Member Payment checks have expired, or (b) the date on which this Settlement is terminated or otherwise not approved by a court. The Settlement Administrator will then transfer ownership of the URL to Allstate.

IV. Certification of the Settlement Class

63. For Settlement purposes only, Plaintiff and Allstate agree to ask the Court to certify the Settlement Class under Federal Rule of Civil Procedure 23.

64. Nothing in this Settlement Agreement shall be construed as an admission by Allstate that this Action or any similar case is amenable to class certification. Furthermore, nothing in this Settlement Agreement shall prevent Allstate from opposing class certification or seeking decertification of the Settlement Class if final approval of this Settlement Agreement is not obtained, or not upheld on appeal, including review by the United States Supreme Court, for any reason. Allstate supports certification of the class for settlement purposes only.

65. The Parties stipulate and agree that, subject to Court approval, the Settlement Class should be conditionally certified pursuant to Rule 23(b)(3) of the Federal Rules of Civil Procedure solely for the purposes of the Settlement embodied in this Settlement Agreement. If, for any reason, this Settlement Agreement is not approved by the Court, the stipulation for certification and all of the agreements contained herein shall be considered null and void as provided in Paragraph 110.

66. Allstate does not consent to the certification of the Settlement Class (or to the propriety of class treatment) for any purpose other than to effectuate this Settlement. Allstate's agreement to provisional certification does not constitute an admission of wrongdoing, fault, liability, or damage of any kind, or that any class certification would be appropriate for litigation or any other purpose other than to effectuate this Settlement.

67. If for any reason the Effective Date does not occur or this Settlement Agreement is terminated, disapproved by any court (including any appellate court), or not consummated for any reason, the order certifying the Settlement Class for purposes of effectuating the Settlement (and all preliminary and final findings regarding that settlement class certification order) shall be automatically vacated upon notice of the same to the Court. The Action shall then proceed as though such findings had never been made. Additionally, the Parties and their counsel shall not refer to or invoke the vacated findings and/or order relating to class settlement or Rule 23 of the Federal Rules of Civil Procedure if this Settlement Agreement is not consummated, and the Action is later litigated and contested by Allstate under Rule 23 or any equivalent statute or rule.

V. Monetary Settlement

68. Subject to approval by the Court, the total monetary consideration to be provided by Allstate pursuant to the Settlement shall be \$25,000,000, inclusive of

the amount paid to Settlement Class Members, any and all attorneys' fees, costs and expenses awarded to Class Counsel, any Service Award to the Class Representative, all costs and expenses incurred by the Settlement Administrator and any *cy pres* payment.

69. Within 14 days of Preliminary Approval of the Settlement, Allstate shall deliver to the Settlement Administrator via wire transfer \$1,100,000 from the Settlement Amount to be deposited in a Qualified Settlement Fund account for this matter at the Depository Bank. This amount is estimated to be necessary to pay for the Notice Program and administration of the Settlement by the Settlement Administrator.

70. Within 14 days of the Court order for Final Approval, Allstate shall deliver to the Settlement Administrator that portion of the Settlement Amount necessary to pay the Settlement Class Member Payments due to the Past Primary Policy Holders and the attorneys' fees and costs payable to Class Counsel, which amount shall be deposited in the Qualified Settlement Fund account for this matter at the Depository Bank maintained by the Settlement Administrator. The Settlement Administrator shall deliver such Settlement Class Member Payments to the Past Primary Policy Holders in accordance with the Court's Final Approval Order.

71. In order to reduce the costs of administration of the Settlement, Allstate, at the direction of the Settlement Administrator, shall retain that portion of the

Settlement Amount that is allocated to Settlement Class Members who are Current Primary Policy Holders, and will , at its own cost and expense, directly credit the Policies of the Remaining Current Primary Policy Holder Settlement Class Members within the Payment Period. At the conclusion of the Payment Period, Allstate shall submit a report to the Settlement Administrator as to the status of the policy credits to Remaining Current Primary Policy Holder Settlement Class Members and deliver to the Settlement Administrator that portion of the Settlement Amount necessary to satisfy the Settlement Class Member Payments due to the Non-Remaining Current Primary Policy Holders, whose payments will then be delivered by the Settlement Administrator by paper check, electronic payment, or other payment method approved by the Court.

VI. Prospective Non-Monetary Relief

72. Without admitting any liability or that it was required by law to do so, but as further consideration for this Settlement, on Feb. 2, 2023, Allstate filed a new Allstate Auto Class Plan assigned tracking number ALSE-133548819, pending state action as of July 28, 2023. Among other changes, under Allstate's new Auto Class Plan, for substantially all categories of policyholders who are members of the Settlement Class, Allstate has performed a sequential analysis and selected relativities in connection with the Years Licensed and Multipolicy rating factors that do not exceed both the Current and Indicated relativities in connection with those

rating factors. Allstate represents that the Class Plan does not use any form of price optimization software or program, nor in any way considers price optimization/an individual's or class's willingness to pay a higher premium relative to other individuals or classes. That Class Plan and any subsequent California private passenger Class Plans filed in California for a period of 10 years, shall contain a specific written explanation for the basis of any and all relativity selections that are 5% more than the calculated indicated relativity.

73. Without admitting any liability or that it is required by law to do so, as further consideration for this Settlement, Defendants will not use any form of price optimization software or program, nor in any way consider price optimization/an individual's or class's willingness to pay a higher premium relative to other individuals or classes in connection with, or in the development of, California private passenger auto rates or class plans, unless and until such time as such practices are explicitly authorized under California law or by the California Department of Insurance.

VII. Settlement Approval

74. Plaintiff will jointly move the Court for an Order granting Preliminary Approval of this Settlement ("Preliminary Approval Order"). The motion for Preliminary Approval shall request that the Court: (1) approve the terms of the Settlement as within the range of fair, adequate and reasonable; (2) certify the

Settlement Class pursuant to Federal Rule of Civil Procedure 23 for settlement purposes only; (3) appoint Class Counsel as counsel for the Settlement Class; (4) appoint Plaintiff as Class Representative of the Settlement Class; (5) approve the Notice Program set forth herein and approve the form and content of the Notices of the Settlement; (6) approve the procedures set forth herein below for Settlement Class members to exclude themselves from the Settlement Class or to object to the Settlement; (7) stay the Action pending Final Approval of the Settlement; and (8) schedule a Final Approval Hearing for a time and date mutually convenient for the Court, Class Counsel and counsel for Allstate, at which the Court will conduct an inquiry into the fairness of the Settlement, determine whether it was made in good faith, and determine whether to approve the Settlement and Class Counsel's application for attorneys' fees, costs and expenses and for a Service Award to the Class Representative ("Final Approval Hearing").

75. Upon filing of the motion requesting issuance of the Preliminary Approval Order, Allstate will provide timely notice of such motion as required by the Class Action Fairness Act, 28 U.S.C. § 1711 *et seq.* Within a reasonable time thereafter, Allstate will file with the Court a certification of the date(s) on which the CAFA Notice was served.

VIII. Settlement Administrator

76. The Settlement Administrator shall administer various aspects of the Settlement as described in the next paragraph hereafter and perform such other functions as are specified for the Settlement Administrator elsewhere in this Agreement, including, but not limited to, providing Notice to Settlement Class members and distributing the Settlement Amount as provided herein. The Parties jointly will oversee the Settlement Administrator's administration of the Settlement.

77. The Parties acknowledge that Allstate shall provide information to the Settlement Administrator for the determination of the Settlement Class as well as information regarding all policy credits made to Remaining Current Primary Policy Holder Settlement Class Members. The Settlement Administrator shall track payments to all Settlement Class Members in all forms, including, but not limited to, by paper check, electronic payment, and/or premium credit. For Remaining Current Primary Policy Holder Settlement Class Members, pursuant to the Settlement Agreement, Allstate will issue settlement payments via premium credit under and at the direction and management of the Settlement Administrator. The Parties and their counsel shall not have any responsibility for or liability whatsoever with respect to (i) any act, omission or determination of the Settlement Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (ii) the management or distribution of

the Settlement Fund; (iii) the formulation, design or terms of the disbursement of the Settlement Fund; (iv) the determination, administration, calculation, or payment to any Settlement Class Member; (v) any losses suffered by, or fluctuations in the value of the Settlement Fund; or (vi) the payment or withholding of any Taxes, expenses and/or costs incurred in connection with the taxation of the Settlement Fund or the filing of any returns. The Settlement Administrator shall indemnify and hold Defendant, Defense Counsel, Class Counsel, the Settlement Class, and Class Representative harmless for (i) any act or omission or determination of the Settlement Administrator, or any of Settlement Administrator's designees or agents, in connection with the Notice Plan and the administration of the Settlement; (ii) the management or distribution of the Settlement Fund; (iii) the formulation, design or terms of the disbursement of the Settlement Fund; (iv) the determination, administration, calculation, or payment to any Settlement Class Member; (v) any losses suffered by, or fluctuations in the value of the Settlement Fund; or (vi) the payment or withholding of any Taxes, expenses and/or costs incurred in connection with the taxation of the Settlement Fund or the filing of any returns..

78. The duties of the Settlement Administrator, in addition to other responsibilities that are described in the preceding paragraph and elsewhere in this Agreement, are as follows:

a. Use the name and address information for Settlement Class members provided by Allstate in connection with the Notice process approved by the Court, for the purpose of mailing any Mailed Notice, sending any Email Notice, and later making Settlement Class Member Payments to Past Primary Policy Holder Settlement Class Members and Non-Remaining Current Primary Policy Holder Settlement Class Members, and to Remaining Current Primary Policy Holder Settlement Class Members where it is not feasible or reasonable for Allstate to make the payment by a credit to the their Policies;

b. Direct Allstate with respect to credits to be paid to Remaining Current Primary Policy Holders, including maintaining an accounting of all such credits based on records provided by Allstate, and notify Allstate of any issues with such records or the completion of the issuance of credits to Remaining Current Primary Policy Holders;

c. Establish and maintain a Post Office box for requests for exclusion from the Settlement Class;

d. Establish and maintain the Settlement Website;

e. Establish and maintain an automated toll-free telephone line for Settlement Class members to call with Settlement-related inquiries, and answer the questions of Settlement Class members who call with or otherwise communicate such inquiries;

- f. Respond to any mailed Settlement Class member inquiries;
- g. Process all requests for exclusion from the Settlement Class;
- h. Provide reports to Class Counsel and Allstate every two weeks that summarize the number of requests for exclusion received that week, the total number of exclusion requests received to date, and other pertinent information;
 - i. In advance of the Final Approval Hearing, prepare an affidavit, to be submitted to the Court no later than 14 days prior to the Final Approval Hearing, confirming that the Notice Program was completed, describing how the Notice Program was completed, providing the names of each Settlement Class member who timely and properly requested exclusion from the Settlement Class, and other information as may be necessary to allow the Parties to seek and obtain Final Approval;
 - j. Pay invoices, expenses, and costs upon approval by Class Counsel and Allstate, as provided in this Agreement; and
 - k. Any other Settlement-administration-related function at the instruction of Class Counsel and Allstate, including, but not limited to, verifying that settlement funds have been distributed.

79. The Settlement Administrator shall use best practices and all reasonable efforts to ensure that only Settlement Class Members receive payments under the terms of this Agreement and shall duly respond to inquiries from non-class

members to advise that such persons are not eligible for recovery under this Settlement. The Settlement Administrator shall maintain and preserve records of all of its activities until one (1) year after the Effective Date, including logs of all telephone calls, e-mails, mailings, visits to the Settlement Website, and all other contacts with actual and potential Settlement Class members, in a computerized database with readily retrievable records. The Settlement Administrator shall provide Class Counsel and Allstate's Counsel with written reports every two weeks beginning on the Notice Date, summarizing all statistics and actions taken by the Settlement Administrator in connection with administering this Settlement.

IX. Notice to Settlement Class members

80. As soon as practicable after Preliminary Approval of the Settlement, the Settlement Administrator shall implement the Notice Program provided herein, using the forms of Notice approved by the Court in the Preliminary Approval Order. The Notice shall include, among other information: a description of the material terms of the Settlement including the non-monetary relief; a date by which Settlement Class members may exclude themselves from or "opt-out" of the Settlement Class; a date by which Settlement Class members may object to the Settlement; the date upon which the Final Approval Hearing is scheduled to occur; and the address of the Settlement Website at which Settlement Class members may

access this Agreement and other related documents and information. Class Counsel and Allstate shall insert the correct dates and deadlines in the Notice before the Notice Program commences, based upon those dates and deadlines set by the Court in the Preliminary Approval Order. Notices and publications provided under or as part of the Notice Program shall not bear or include the Allstate logo or trademarks or the return address of Allstate, or otherwise be styled to appear to originate from Allstate.

81. The Notice also shall include a procedure for Settlement Class members to opt-out of the Settlement Class. A Settlement Class member may opt-out of the Settlement Class at any time during the Opt-Out Period, provided the opt-out notice is postmarked no later than the last day of the Opt-Out Period. Any Settlement Class member who does not timely and validly request to opt-out shall be bound by the terms of this Agreement. Requests for exclusion from the Settlement must be delivered to the Settlement Administrator via mail.

82. The Notice also shall include a procedure for Settlement Class members to object to the Settlement and/or to Class Counsel's application for attorneys' fees, costs and expenses and/or Service Award to the Class Representative. All such objections must:

- a. be in writing;
- b. clearly identify the case name and number;

- c. state whether it applies only to the Settlement Class Member, to a specific subset of the Settlement Class, or to the entire Settlement Class;
- d. state with specificity the grounds for the objection;
- e. include a Notice of Intention to Appear in the body of the objection, if the Settlement Class Member wishes to appear and be heard at the Final Approval Hearing;
- f. be submitted by the Settlement Class Member only to the Court, either by filing them electronically or in person at any location of the United States District Court for the Northern District of California or by mailing them to the Class Action Clerk, United States District Court for the Northern District of California; and
- g. be filed or postmarked on or before the last day of the Opt-Out Period.

83. Notice may be provided to Settlement Class members in up to three different ways: Email notice to Settlement Class members for whom Allstate has email addresses (“Email Notice”) and who have agreed to accept their Policy statements and/or information by email; Postcard notice to Settlement Class members for whom Allstate does not maintain email addresses (“Postcard Notice”) and who have agreed to accept their Policy statements and/or information by regular mail; and Long Form Notice with details regarding the Settlement (“Long Form Notice”) via regular mail to Settlement Class members who request it and/or via

download on the Settlement Website. Email Notice, Postcard Notice, and Long Form Notice shall collectively be referred to as “Mailed Notice.” Not all Settlement Class members will receive all forms of Notice, as detailed herein. The cost of all forms of Notice and the Notice Program shall be paid out of the Settlement Amount. A Spanish version of the Long Form Notice shall be provided to Settlement Class members who request it. The Email Notice, Postcard Notice, and Long Form Notice shall inform Settlement Class members, in Spanish, of the availability of the Spanish version of the Long Form Notice.

84. Allstate, at the direction and with the assistance of the Settlement Administrator as appropriate, shall create a list of Settlement Class members and their electronic mail addresses and/or postal addresses based on readily available information already within its possession. Allstate will bear the expense of extracting the necessary data to make this list of Settlement Class members. Allstate will provide the list to the Settlement Administrator as soon as practicable, but no later than thirty (30) days after Preliminary Approval of the Settlement.

85. The Settlement Administrator may run the physical addresses of all Settlement Class members receiving Postcard Notice through the National Change of Address Database and shall mail to all such Settlement Class members the Postcard Notice. The initial mailed Postcard Notice and Email Notice shall be referred to as “Initial Mailed Notice.”

86. The Settlement Administrator shall perform reasonable address traces for all Initial Mailed Notices that are returned as undeliverable. By way of example, a “reasonable” tracing procedure would be to run addresses of returned Postcard Notices through the Lexis/Nexis database that can be utilized for such purpose. No later than 90 days after Preliminary Approval, the Settlement Administrator shall complete the re-mailing of Postcard Notices to those Settlement Class members whose new addresses were identified as of that time through address traces (“Notice Re-mailing Process”). The Settlement Administrator shall send Postcard Notices to all Settlement Class members’ whose emails were returned as undeliverable and complete such Notice pursuant to the deadlines described herein as they relate to the Notice Re-mailing Process.

87. The Notice Program (which is composed of both the Initial Mailed Notice and the Notice Re-mailing Process) shall be completed no later than 90 days after entry of a Preliminary Approval Order. The Settlement Administrator agrees to cap the Settlement Administration Costs at \$1,057,030.

88. Within the provisions set forth in this Section IX, further specific details of the Notice Program shall be subject to the agreement of Class Counsel and Allstate.

89. No person shall have any claims against Allstate, Defense Counsel, the Named Plaintiff, Class Counsel, and/or the Settlement Administrator based on any

eligibility determinations, distributions, or awards made in accordance with this Settlement.

X. Final Approval Order and Judgment

90. Plaintiff's Motion for Preliminary Approval of the Settlement will include a request to the Court for a scheduled date on which the Final Approval Hearing will occur. Plaintiff shall file her Motion for Final Approval of the Settlement, and application for attorneys' fees, costs, and expenses and for Service Award for the Class Representative no later than 90 after Preliminary Approval of the Settlement. At the Final Approval Hearing, the Court will hear argument on Plaintiff's Motion for Final Approval of the Settlement, and on Class Counsel's application for attorneys' fees, costs, and expenses and for the Service Award for the Class Representative. One week prior to the Final Approval Hearing, Plaintiff may file supplemental briefing in support of final approval of the Settlement including, but not limited to, any objections and/or opt-outs received. In the Court's discretion, the Court also will hear argument at the Final Approval Hearing from any Settlement Class Members (or their counsel) who object to the Settlement or to Class Counsel's application for attorneys' fees, costs, expenses or the Service Award application, provided the objectors submitted timely objections that meet all of the requirements listed in the Agreement.

91. At or following the Final Approval Hearing, the Court will determine whether to enter the Final Approval Order granting Final Approval of the Settlement and entering final judgment thereon and whether to approve Class Counsel's request for attorneys' fees, costs, expenses and a Service Award.

Such proposed Final Approval Order shall, among other things:

- a. Determine that the Settlement is fair, adequate and reasonable;
- b. Finally certify the Settlement Class for settlement purposes only;
- c. Determine that the Notice provided satisfies Due Process requirements;
- d. Provide for the future entry of judgment dismissing the Action with prejudice;
- e. Release Allstate and the Released Parties from the Released Claims;
and
- f. Reserve the Court's continuing and exclusive jurisdiction over the Parties to this Agreement, including Allstate, all Settlement Class Members, and all objectors, to administer, supervise, construe and enforce this Agreement in accordance with its terms.

XI. Distributions From The Settlement Amount

92. In exchange for the mutual promises and covenants in this Agreement, including, without limitation, the Releases and occurrence of the Effective Date,

Allstate shall be responsible for paying the Settlement Amount, from which Settlement Class Member Payments shall be paid to the Settlement Class Members.

93. Unless a Remaining Current Primary Policy Holder has contacted the Settlement Administrator to request a paper check instead of a Policy credit, Allstate, by and at the direction of the Settlement Administrator, shall credit the Policies of all Remaining Current Primary Policy Holders their Settlement Class Member Payments within the Payment Period.

94. Settlement Class Member Payments to Remaining Current Primary Policy Holders shall be made first by crediting a Policy for those Policy Holders, or by mailing a standard size check if it is not feasible or reasonable to make the payment by a credit. Allstate shall notify Remaining Current Primary Policy Holders of any such credit via letter and provide a brief explanation that the credit has been made as a payment in connection with the Settlement. The form and substance of this notification shall be mutually agreed upon by the Parties and shall be substantially similar to the language of Exhibit D. Allstate will bear all costs and expenses associated with implementing the Policy credits and notification discussed in this paragraph.

95. Non-Remaining Current Primary Policy Holders shall receive his or her Settlement Class Member Payment via check from the Settlement Administrator. Within 20 business days after the end of the Payment Period, Allstate shall provide

the Settlement Administrator with a list of the Non-Remaining Current Primary Policy Holder Settlement Class Members. Settlement Class Member Payments to such Settlement Class Members shall be made by mailing a standard size check. The Settlement Administrator shall be responsible for mailing such checks.

96. Within 20 business days after the end of the Payment Period, Allstate shall remit to the Settlement Administrator that portion of the Settlement Amount necessary to fund the Settlement Class Member Payments to Non-Remaining Current Primary Policy Holders by check.

97. Within 20 business days after Effective Date, Allstate shall provide the Settlement Administrator with a list of Past Primary Policy Holder Settlement Class Members in order to send checks to Past Primary Policy Holders for their Settlement Class Member Payments (unless they have elected to receive an electronic payment).

98. Settlement Class Member Payments to Past Primary Policy Holder Settlement Class Members shall be made by mailing a standard size check or electronic payment (if elected). The Settlement Administrator shall be responsible for mailing such checks and effectuating electronic payments as applicable.

99. The amount of the Net Settlement Amount attributable to uncashed or returned checks sent by the Settlement Administrator shall be held by the Settlement Administrator one year from the date that the first distribution check is mailed by the Settlement Administrator. During this time the Settlement Administrator shall

make a reasonable effort to locate intended recipients of settlement funds whose checks were returned (such as by running addresses of returned checks through the Lexis/Nexis database that can be utilized for such purpose) to effectuate delivery of such checks. The Settlement Administrator shall make only one such additional attempt to identify updated addresses and re-mail or re-issue a distribution check to those for whom an updated address was obtained.

a. Disposition of Residual Funds

100. Within 2 years after the date the Settlement Administrator mails the first Settlement Class Member Payment, any remaining amounts such as resulting from uncashed checks (“Residual Funds”) in the Qualified Settlement Fund shall be distributed to a *cy pres* recipient. Specifically, the parties agree that the Court may direct payment of any amounts remaining in the Qualified Settlement Fund, plus interest, to the Center for Auto Safety, <http://www.autosafety.org>, or other court approved *cy pres* recipient. While most known for strengthening highway safety standards to save lives, for decades the Center for Auto Safety has provided tools to educate consumers in California and across the country on different types of auto insurance coverage and discount strategies to save consumers on costs of insurance premiums. Neither the Parties or counsel for the Parties have any interest or involvement in the governance or the work of Center for Auto Safety. Class Counsel shall seek the Court’s approval of distribution to the *cy pres* recipient. If the Court

does not approve the *cy pres* recipient, Class Counsel with input from Allstate will propose another *cy pres* recipient for the Court's approval.

b. Release

101. As of the Effective Date, Plaintiff and each Settlement Class Member, each on behalf of itself and on behalf of its respective heirs, assigns, beneficiaries and successors ("Releasing Parties"), shall automatically be deemed to have fully and irrevocably released and forever discharged Allstate and each of its present and former parents, subsidiaries, divisions, affiliates, predecessors, successors and assigns, and the present and former directors, officers, employees, agents, insurers, members, attorneys, advisors, consultants, representatives, partners, joint venturers, independent contractors, wholesalers, resellers, distributors, retailers, predecessors, successors and assigns of each of them ("Released Parties"), of and from any claims that were or could have been alleged based on the facts pleaded in the Complaint dated November 5, 2015 and/or any subsequent amended complaint filed in conjunction with the Court's approval of the Settlement ("Released Claims").

102. After entering into this Settlement, the Settlement Class Members and/or Named Plaintiff may discover facts other than, different from, or in addition to, those that they know or believe to be true with respect to the claims released by this Settlement, but they intend to release fully, finally and forever any and all such claims. The Settlement Class Members and Named Plaintiff expressly agree that,

upon the Effective Date, they waive and forever release any and all provisions, rights, and benefits conferred by Section 1542 of the California Civil Code, which reads:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

and any law of any state, territory, or possession of the United States or principles of common law, which is similar, comparable, or equivalent to Section 1542 of the California Civil Code.

c. Payment of Attorneys' Fees, Costs, and Service Awards

103. Class Counsel will ask the Court to approve a Service Award to the Class Representative in the amount of \$5,000 to be paid out of the Settlement Amount by the Settlement Administrator directly to the Class Representative within 20 days of the Effective Date. The Service Award shall be paid to the Class Representative in addition to the Class Representative's Settlement Class Member Payment. Allstate agrees not to oppose Class Counsel's request for the Service Award. The Parties agree that the Court's failure to approve the Service Award, in whole or in part, shall not prevent the Settlement Agreement from becoming Effective, nor shall it be grounds for termination.

104. Class Counsel agree to cap their request for attorneys' fees at thirty percent of the gross Settlement Amount (\$7,500,000). Class Counsel agree to cap their request for costs and expenses at \$400,000. Allstate agrees not to oppose Class Counsel's request for attorneys' fees of up to thirty percent of the Settlement Amount (\$7,500,000), and not to oppose Class Counsel's request for reimbursement of reasonable costs and expenses of up to \$400,000. Any award of attorneys' fees, costs, and expenses to Class Counsel shall be payable solely out of the Settlement Amount. The Parties agree that the Court's failure to approve, in whole or in part, any award for attorneys' fees or reduction or modification of any amount sought shall not prevent the Settlement Agreement from becoming Effective, nor shall it be grounds for termination.

105. Absent instructions from the Court, Class Counsel has the authority to allocate and distribute any awarded attorneys' fees, costs, and expenses to other counsel, in its sole discretion. Allstate and Defense Counsel shall have not liability or responsibility for allocation of any such awarded funds, and, in the event that any dispute arises relating to the allocation of fees or costs, Class Counsel, and the Settlement Administrator agree to hold Allstate and Defense Counsel harmless from any and all such liabilities, costs, and expenses of such dispute, including attorneys' fees.

106. Within 14 days of the Effective Date, the Settlement Administrator shall pay Class Counsel all Court-approved attorneys' fees, costs, and expenses.

107. The Parties negotiated and reached agreement regarding attorneys' fees and costs, and the Service Award, only after reaching agreement on all other material terms of this Settlement.

d. Termination of Settlement

108. This Settlement may be terminated by either Plaintiff or Allstate by serving on counsel for the opposing Party and filing with the Court a written notice of termination within 30 days (or such longer time as may be agreed in writing between Plaintiff and Allstate) after any of the following occurrences:

- a. Plaintiff and Allstate agree to termination;
- b. the Court rejects, materially modifies, materially amends or changes, or declines to finally approve the Settlement;
- c. an appellate court vacates or reverses the Final Approval Order, and the Settlement is not reinstated and finally approved without material change by the Court on remand within 360 days after such reversal;
- d. the Effective Date does not occur;
- e. the Commissioner and/or Administrative Law Judge does not approve the Department Agreement;

- f. the Department Agreement is not fully and finally executed and adopted by the Commissioner and/or Administrative Law Judge;
- g. the Stipulation and request for stay of the Department Proceeding referenced in paragraph 17 is not entered;
- h. the Department Proceeding is reinstated prior to the Final Approval Order;
- i. any court certifies, on a conditional basis or otherwise, a class, collective, or representative action involving a claim described in this Action by any member(s) of the Settlement Class;
- j. the Class Representative does not execute the Settlement Agreement or submit a valid and timely objection or opt-out notice;
- k. the Class Representative and/or Class Counsel materially breach the Settlement Agreement; or
- l. any other ground for termination provided for elsewhere in this Agreement.

109. Allstate also shall have the right to terminate the Settlement by serving on Class Counsel and filing with the Court a notice of termination within 14 days after its receipt from the Settlement Administrator of any report indicating that the number of Settlement Class members who timely request exclusion from the Settlement Class equals or exceeds 5%.

e. **Effect of a Termination**

110. In the event of a termination, this Agreement shall be considered null and void; all of Plaintiff's, Class Counsel's, and Allstate's obligations under the Settlement shall cease to be of any force and effect; and the Parties shall return to the status *quo ante* in the Action as if the Parties had not entered into this Agreement. In addition, in the event of such a termination, all of the Parties' respective pre-Settlement rights, claims and defenses will be retained and preserved and any Party may move to lift the stay of the Department Proceeding. Any and all costs and/or expenses associated with the Notice and administration of the Settlement prior to its termination shall be borne by Allstate.

111. In the event of a termination, any payments made to the Settlement Administrator shall be returned to Allstate within ten (10) days from the date the Settlement Agreement becomes null and void, less the Settlement Administrator's fees and costs up until the date Allstate notifies the Settlement Administrator that the Agreement is terminated.

112. The Settlement shall become effective on the Effective Date unless earlier terminated in accordance with the provisions hereof.

113. In the event the Settlement is terminated in accordance with the provisions of this Agreement, any discussions, offers, or negotiations associated with this Settlement shall not be discoverable or offered into evidence or used in the

Action or any other action or proceeding for any purpose. In such event, all Parties to the Action shall stand in the same position as if this Agreement had not been negotiated, made, or filed with the Court.

114. If the Settlement does not receive final and non-appealable Court approval, Allstate shall not be obligated to make any payments or provide any other monetary or non-monetary relief to Plaintiff or the Settlement Class Members, any attorneys' fees, costs, or expenses to Class Counsel, and/or any Service Award to Plaintiff.

f. No Admission of Liability

115. Allstate continues to dispute its liability for the claims alleged in the Action and maintains that its private passenger auto insurance policy pricing and ratemaking practices and representations concerning those practices complied, at all times, with applicable laws and regulations. Allstate does not admit any liability or wrongdoing of any kind, by this Agreement or otherwise. Allstate has agreed to enter into this Agreement to avoid the further expense, inconvenience, and distraction of burdensome and protracted litigation, and to be completely free of any further claims that were asserted or could possibly have been asserted in the Action.

116. Class Counsel believe that the claims asserted in the Action have merit, and they have examined and considered the benefits to be obtained under the proposed Settlement set forth in this Agreement, the risks associated with the

continued prosecution of this complex, costly and time-consuming litigation, and the likelihood of success on the merits of the Action. Class Counsel fully investigated the facts and law relevant to the merits of the claims, conducted significant formal discovery including extensive written discovery and depositions over a period of approximately four years, and conducted independent investigation of the challenged practices. Class Counsel concluded that the proposed Settlement set forth in this Agreement is fair, adequate, reasonable, and in the best interests of the Settlement Class members.

117. The Parties understand and acknowledge that this Agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties either previously or in connection with the negotiations or proceedings connected with this Agreement shall be deemed or construed to be an admission of the truth or falsity of any claims or defenses heretofore made, or an acknowledgment or admission by any party of any fault, liability, or wrongdoing of any kind whatsoever.

118. Neither the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Settlement: (a) is or may be deemed to be, or may be used as, an admission of, or evidence of, the validity of any claim made by the Plaintiff or Settlement Class members, or of any wrongdoing or liability of the Released Parties; or (b) is or may be deemed to be, or may be used as, an admission

of, or evidence of, any fault or omission of any of the Released Parties, in the Action or in any proceeding in any court, administrative agency or other tribunal.

119. In addition to any other defenses Allstate may have at law, in equity, or otherwise, to the extent permitted by law, this Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit or other proceeding that may be instituted, prosecuted or attempted in breach of this Agreement or the Releases contained herein.

XIX. Miscellaneous Provisions

120. With the exception of the claims brought on behalf of the Settlement Class and resolved pursuant to the terms of the Settlement, Class Counsel currently have no other clients who claim to have experienced the alleged challenged conduct that is the subject of the Lawsuit and who have expressed interest in filing claims related to the alleged challenged conduct against Allstate.

121. Upon Final Approval, Class Counsel shall take all steps reasonably necessary to effectuate the dismissal with prejudice of the Department Proceeding and shall oppose any attempts to reinstate the Department Proceeding by any person or entity after the Court's Final Approval Order is entered.

122. Gender and Plurals. As used in this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so indicates.

123. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Releasing Parties and the Released Parties.

124. Cooperation of Parties. The Parties to this Agreement agree to cooperate in good faith to prepare and execute all documents, to seek Court approval, uphold Court approval, and do all things reasonably necessary to complete and effectuate the Settlement described in this Agreement.

125. Obligation To Meet And Confer. Before filing any motion in the Court raising a dispute arising out of or related to this Agreement, the Parties shall consult with each other and certify to the Court that they have consulted.

126. Integration. This Agreement constitutes a single, integrated written contract expressing the entire agreement of the Parties relative to the subject matter hereof. No covenants, agreements, representations, or warranties of any kind whatsoever have been made by any Party hereto, except as provided for herein.

127. No Conflict Intended. Any inconsistency between the headings used in this Agreement and the text of the paragraphs of this Agreement shall be resolved in favor of the text.

128. Governing Law. Except as otherwise provided herein, the Agreement shall be construed in accordance with, and be governed by, the laws of the State of California, without regard to the principles thereof regarding choice of law.

129. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, even though all Parties do not sign the same counterparts. Original signatures are not required. Any signature submitted by facsimile or through email of an Adobe PDF shall be deemed an original.

130. Jurisdiction. The Court shall retain jurisdiction over the implementation, enforcement, and performance of this Agreement, and shall have exclusive jurisdiction over any suit, action, proceeding or dispute arising out of or relating to this Agreement that cannot be resolved by negotiation and agreement by counsel for the Parties. The Court shall retain jurisdiction with respect to the administration, consummation and enforcement of the Agreement and shall retain jurisdiction for the purpose of enforcing all terms of the Agreement. The Court shall also retain jurisdiction over all questions and/or disputes related to the Notice program and the Settlement Administrator. As part of their agreement to render services in connection with this Settlement, the Settlement Administrator shall consent to the jurisdiction of the Court for this purpose.

131. Notices. All notices to Class Counsel provided for herein, shall be sent by email with a hard copy sent by overnight mail to:

MEHRI & SKALET PLLC
Cyrus Mehri
Jay Angoff, Esq.

2000 K Street, NW
Suite 325
Washington, DC 20016
Class Counsel

TYCKO & ZAVAREEI LLP
Andrea Gold, Esq.
2000 Pennsylvania Avenue, NW
Suite 1010
Washington, DC 20006
Class Counsel

BERGER MONTAGUE PC
Jeff Osterwise, Esq.
1818 Market Street
Suite 3600
Philadelphia, PA 19103
Class Counsel

DLA PIPER LLP (US)
Michael P. O'Day
650 S. Exeter Street
Suite 1100
Baltimore, Maryland 21202
Counsel for Allstate

The notice recipients and addresses designated above may be changed by written notice. Upon the request of any of the Parties, the Parties agree to promptly provide each other with copies of objections, requests for exclusion, or other filings received as a result of the Notice program.

132. Modification and Amendment. This Agreement may not be amended or modified, except by a written instrument signed by Class Counsel and counsel for Allstate and, if the Settlement has been approved preliminarily by the Court,

approved by the Court.

133. No Waiver. The waiver by any Party of any breach of this Agreement by another Party shall not be deemed or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, of this Agreement.

134. No Assignment: Class Counsel and the Named Plaintiff represent and warrant that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof or interest therein, including, but not limited to, any interest in the Action or any related action, and they further represent and warrant that they know of no such assignments or transfers on the part of any member of the Settlement Class.

135. Authority. Class Counsel (for the Plaintiff and the Settlement Class Members), and counsel for Allstate (for Allstate), represent and warrant that the persons signing this Agreement have full power and authority to bind the person, partnership, corporation or entity included within the definitions of Plaintiff and Allstate, for whom they are signing, to all terms of this Agreement. Any person executing this Agreement in a representative capacity represents and warrants that he or she is fully authorized to do so and to bind the Party on whose behalf he or she signs this Agreement to all of the terms and provisions of this Agreement.

136. Agreement Mutually Prepared. Neither Allstate nor Plaintiff shall be considered to be the drafter of this Agreement or any of its provisions for the purpose

of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement.

137. Calculation of Days: Unless otherwise noted, all references to “days” in this Settlement Agreement shall be to calendar days. In the event any date or deadline set forth in this Settlement Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

138. Reasonable Extensions: Unless otherwise ordered by the Court, the Parties may jointly agree to reasonable extensions of time to carry out any of the provisions of this Settlement Agreement.

139. Stay of Proceedings: All motions, discovery, and other proceedings in the Action shall be stayed until the Court enters the Final Approval Order and Final Judgment, or this Settlement Agreement is otherwise terminated. The Parties also agree that all motions, discovery, and proceedings in the Department Proceeding are stayed, and the Parties will not take any action in the Department Proceeding until the federal Court enters the Final Approval Order and Final Judgment, or this Settlement Agreement is otherwise terminated. Upon Entry of the Preliminary Approval Order, all Settlement Class Members shall be barred and enjoined from prosecution of the Released Claims against any of the Released Parties.

140. Effect on Court Orders: Nothing in this Settlement Agreement shall alter or abrogate any prior Court orders entered in this Action or the Department

Proceeding, except as necessary to give effect to the agreed upon stay.

141. Best Efforts: The Parties, together with Class Counsel and Defense Counsel, agree to prepare and execute all documents, to seek Court approvals, to defend Court approvals, and to do all things reasonably necessary to complete the Settlement.

142. Independent Investigation and Decision to Settle. The Parties understand and acknowledge that they: (a) have performed an independent investigation of the allegations of fact and law made in connection with this Action (including but not limited to approximately four years of contested discovery in the Department Proceeding); and (b) that even if they may hereafter discover facts in addition to, or different from, those that they now know or believe to be true with respect to the subject matter of the Action as reflected in this Agreement, that will not affect or in any respect limit the binding nature of this Agreement. It is the Parties' intention to resolve their disputes in connection with this Action pursuant to the terms of this Agreement now and thus, in furtherance of their intentions, the Agreement shall remain in full force and effect notwithstanding the discovery of any additional facts or law, or changes in law, and this Agreement shall not be subject to rescission or modification by reason of any changes or differences in facts or law, subsequently occurring or otherwise.

143. Receipt of Advice of Counsel. Each Party acknowledges, agrees, and

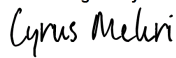
specifically warrants that he, she or it has fully read this Agreement and the Release contained herein, received independent legal advice with respect to the advisability of entering into this Agreement and the Release and the legal effects of this Agreement and the Release, and fully understands the effect of this Agreement and the Release

144. Tax Consequences: No opinion concerning the tax consequences of this Settlement Agreement to any Settlement Class Member is given or will be given by Allstate, Allstate’s counsel, or Class Counsel, nor is any Party or his/her/its counsel providing any representation or guarantee regarding the tax consequences of the Settlement as to any Settlement Class Member.

Counsel for Plaintiff

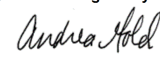
Dated: 9/29/2023

MEHRI & SKALET, PLLC
Cyrus Mehri, Esq.
Jay Angoff, Esq.

DocuSigned by:

94360A48550D4B1...
By: Cyrus Mehri

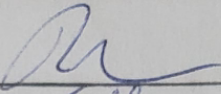
Dated: 9/29/2023

TYCKO & ZAVAREEI LLP
Andrea Gold, Esq.

DocuSigned by:

65861ACF9C3545E...
By: Andrea Gold

Dated: 7/31/23

BERGER MONTAGUE PC
Jeff Osterwise, Esq.


By: Jeffrey Osterwise

Dated: 7-30-23

ANDREA STEVENSON

Andrea Stevenson

Dated: _____

ALLSTATE INSURANCE COMPANY

By: _____

Dated: _____

ALLSTATE INDEMNITY COMPANY

By: _____

Dated: _____

ALLSTATE NORTHBROOK
INDEMNITY COMPANY

By: _____

Dated: _____

BERGER MONTAGUE PC
Jeff Osterwise, Esq.

By: _____

Dated: _____

ANDREA STEVENSON

Dated: 7/31/23

ALLSTATE INSURANCE COMPANY

Nathan Remmert

By: Nathan Remmert

Dated: 7/31/23

ALLSTATE INDEMNITY COMPANY

Nathan Remmert

By: Nathan Remmert

Dated: 7/31/23

ALLSTATE NORTHBROOK
INDEMNITY COMPANY

Nathan Remmert

By: Nathan Remmert

Counsel for Allstate

Dated: 7/31/23

DLA PIPER LLP (US)
Michael P. O'Day, Esq.



Exhibit A

Email Notice

If You Purchased Automotive Vehicle Insurance from Allstate between July 1, 2016 and September 30, 2022, You May Be Eligible for a Payment from a Class Action Settlement.

Para una notificación en Español, visitar www.AllstateCaliforniaAutoRatingSettlement.com.

A \$25,000,000 Settlement has been reached in a class action lawsuit alleging that Allstate Insurance Company and Allstate Indemnity Company (“Allstate”)¹ used optimization/elasticity of demand (a method of taking into account an individual’s or class’s willingness to pay a higher premium relative to other individuals or classes) as a rating factor when setting insurance rates, and that this method violated California law. Allstate denies the allegations in the lawsuit and denies that it did anything wrong. The Court has not decided who is right. Those included in the Settlement Class have legal rights and options, such as receiving Settlement benefits or excluding themselves from or objecting to the Settlement.

WHO IS INCLUDED? Allstate’s records indicate that you are a Settlement Class Member. The Settlement Class includes all current and former Allstate California auto insurance Primary Policy Holders whose total premiums were calculated, at any time on or after July 1, 2016, based on Allstate’s selection of a rating factor relativity exceeding both the Current and Indicated rating factor relativities for certain coverages in connection with the Years Licensed and/or Multipolicy rating factors. Specifically, those Primary Policy Holders include (a) any Primary Policy Holder whose premiums were determined based on licensure for 29 or more years and had Comprehensive coverage, (b) any Primary Policy Holder whose premiums were determined based on licensure of 34 or more years and had Collision coverage, and (c) any Primary Policy Holder who in addition to their auto Policy had a condo, life, and/or mobile home Policy and did not have a renters policy. The Policy or policies held by such multipolicy Primary Policy Holders (group (c)) in addition to their auto Policy are the following: Condo; Mobilehome; Life; Owner + Life; Condo + Life; Mobilehome + Life; Condo + PUP; Mobilehome + PUP; Life + PUP; Owner, Life + PUP; Condo, Life + PUP; Mobilehome, Life + PUP.

“Primary Policy Holder” means each person who has an ownership interest in and financial responsibility for a Policy or Policies during the Class Period. There is one Primary Policy Holder for each Policy issued by Allstate, also known as the first named insured on each Policy issued by Allstate. Other persons insured (i.e., additional named insureds) under a Policy are not Primary Policy Holders.

“Policy” means any private passenger auto insurance Policy issued by Allstate in the state of California.

“Class Period” means the period from July 1, 2016, through September 30, 2022.

SETTLEMENT BENEFITS. Allstate will pay \$25 million to a Settlement Fund to make payments or give Policy credits to eligible Settlement Class Members as well as to pay Class Counsel’s attorneys’ fees, costs, notice and administration expenses, and Service Awards. The maximum estimated amounts for the deductions from the \$25 million Settlement Fund are as follows: Class Counsel’s attorneys’ fees (\$ [REDACTED]), costs (\$ [REDACTED]), notice and administration expenses (\$ [REDACTED]) and Service Award (\$5,000). After these fees and costs are deducted from the Settlement Fund, the remaining funds (approximately \$ [REDACTED]) will be divided by the total number of Settlement Class Members (approximately 1,293,698) to calculate the payment amount for each Settlement Class Member. All Settlement Class Members will receive an equal payment

¹ Although not named as a Defendant in the Action, during the time period covered by the Settlement Allstate Northbrook Indemnity Company issued private passenger auto insurance policies that are covered by the terms of the Settlement and therefore is also a party to the Settlement. Allstate Northbrook Indemnity Company is included in the definition of “Allstate” as used herein.

amount (estimated at \$ [REDACTED]). If the Settlement is approved, payments or Policy credits will *automatically* be made to Settlement Class Members identified in Allstate's records. If you received this notice by email or mail, you do not need to do anything to receive a payment or Policy credit. However, if you are a former Allstate customer you may elect to receive a digital payment, instead of a check, online at www.AllstateCaliforniaAutoRatingSettlement.com or by scanning the QR code included below on this notice.

The Settlement also includes additional non-monetary relief which constrains Allstate's ability to implement price optimization in California.

OTHER OPTIONS. If you do not want to be legally bound by the Settlement, you must exclude yourself by [REDACTED]. If you do not timely exclude yourself, you will release any claims you have and will not be able to sue Allstate for any claim relating to the lawsuit per the Settlement Agreement and Release as follows:

“As of the Effective Date, Plaintiff and each Settlement Class Member, each on behalf of itself and on behalf of its respective heirs, assigns, beneficiaries and successors (“Releasing Parties”), shall automatically be deemed to have fully and irrevocably released and forever discharged Allstate and each of its present and former parents, subsidiaries, divisions, affiliates, predecessors, successors and assigns, and the present and former directors, officers, employees, agents, insurers, members, attorneys, advisors, consultants, representatives, partners, joint venturers, independent contractors, wholesalers, resellers, distributors, retailers, predecessors, successors and assigns of each of them (“Released Parties”), of and from any claims that were or could have been alleged based on the facts pleaded in the Complaint dated November 5, 2015 and/or any subsequent amended complaint filed in conjunction with the Court's approval of the Settlement (“Released Claims”).”

If you stay in the Settlement, you may object to it by [REDACTED].

If you wish to exclude yourself from the Settlement Class, you must send a letter to the Settlement Administrator including your full name and current address and statement that you wish to exclude yourself from the Settlement Class in *Stevenson v. Allstate Insurance Co., et al.*, Case No. 4:15-cv-04788-YGR (N.D. Cal.).

To be effective you must submit the above information to the following address **postmarked no later than** [REDACTED]:

[Insert address]

This is a firm deadline for requesting exclusion from the proposed Settlement. You cannot ask to be excluded on the phone, by email, or at the website.

The Court will hold a hearing on [REDACTED] to consider whether to approve the Settlement and a request by Class Counsel for attorneys' fees of up to [REDACTED]% of the Settlement Fund plus Class Counsel's costs and expenses, and Service Award to the Class Representative in the amount of \$5,000. You may appear at the hearing, but you are not required to attend. You may also hire your own attorney, at your own expense, to appear or speak for you at the hearing.

For more information regarding the Settlement and a copy of the Judgment (once it is available), visit the [Settlement Website](#).

Exhibit B

Allstate California Auto Insurance
Class Action Settlement Administration
P.O. Box XXXX
New York, NY 10150-XXXX

Case 4:15-mj-04788-YGR Document 69-3 Filed 10/02/23 Page 60 of 74

FIRST-CLASS MAIL
U.S. POSTAGE PAID
CITY, ST
PERMIT NO. XXXX

Electronic Service Requested

QR CODE
GOES
HERE

<<Barcode>>

Class Member ID: <<Refnum>>

Postal Service: Please do not mark barcode

<<FirstName>> <<LastName>>

<<BusinessName>>

<<Address>>

<<Address2>>

<<City>>, <<STATE>> <<Zip>>-<<zip4>>

If You Had an Allstate Auto Insurance Policy in California at any time between July 1, 2016 and September 30, 2022, You May Be Eligible for a Payment from a Class Action Settlement.

Para una notificación en Español, visitar www.AllstateCaliforniaAutoRatingSettlement.com.

For more information regarding the Settlement, call the toll free number or visit the Settlement website.

A \$25,000,000 Settlement has been reached in a class action lawsuit alleging that Allstate Insurance Company and Allstate Indemnity Company, collectively "Allstate," violated California law by using price optimization (a method of setting prices that takes into account an individual's or class of consumers' willingness to pay a higher price for a product relative to other individuals or classes) when pricing its automobile insurance in California. Allstate denies the allegations in the lawsuit and denies that it did anything wrong. The Court has not decided who is right. Those included in the Settlement Class have legal rights and options, such as receiving Settlement benefits or excluding themselves from or objecting to the Settlement.

WHO IS INCLUDED? Allstate's records indicate that you are a **Settlement Class Member**. The Settlement Class includes all current and former Allstate California auto insurance Primary Policy Holders whose total premiums were calculated, at any time on or after July 1, 2016, based on Allstate's selection of a rating factor relativity exceeding both the Current and Indicated rating factor relativities for certain coverages in connection with the Years Licensed and/or MultiPolicy rating factors. Specifically, those Primary Policy Holders include (a) any Primary Policy Holder whose premiums were determined based on licensure for 29 or more years and had Comprehensive coverage, (b) any Primary Policy Holder whose premiums were determined based on licensure of 34 or more years and had Collision coverage, and (c) any Primary Policy Holder who in addition to their auto Policy had a condo, life, and/or mobile home Policy and did not have a renters Policy. The Policy or policies held by such multipolicy Primary Policy Holders (group (c)) in addition to their auto Policy are the following: Condo; Mobilehome; Life; Owner + Life; Condo + Life; Mobilehome + Life; Condo + PUP; Mobilehome + PUP; Life + PUP; Owner, Life + PUP; Condo, Life + PUP; Mobilehome, Life + PUP.

"Primary Policy Holder" means each person who has an ownership interest in and financial responsibility for a Policy or Policies during the Class Period. There is one Primary Policy Holder for each Policy issued by Allstate, also known as the first named insured on each Policy issued by Allstate. Other persons insured (i.e., additional named insureds) under a Policy are not Primary Policy Holders.

1. Although not named as a Defendant in the Action, during the time period covered by the Settlement Allstate Northbrook Indemnity Company issued private passenger auto insurance policies that are covered by the terms of the Settlement and therefore is also a party to the Settlement. Allstate Northbrook Indemnity Company is included in the definition of "Allstate" as used herein.

"Policy" means any private passenger auto insurance Policy issued by Allstate in the state of California.
"Class Period" means the period from July 1, 2016, through September 30, 2022.

If you believe that you are in the Settlement Class, but have not received notice of the Settlement, you may call the toll free number, 1-800-858-8585, write the Settlement Administrator at [insert address], or send an e-mail to [insert address].

SETTLEMENT BENEFITS. Allstate will pay \$25 million to make payments (via check, digital payment, or Policy credit) to eligible Settlement Class Members as well as to pay Class Counsel's attorneys' fees, costs, expenses, costs of Settlement Administration, and a Service Award. After these fees and costs are deducted from the Settlement Fund, the remaining funds (approximately \$[redacted]) will be paid to Settlement Class Members with an equal payment amount of approximately \$[redacted]. If the Settlement is approved, payments will automatically be made to Settlement Class Members identified in Allstate's records. You do not need to do anything to receive a payment. However, if you are a former Allstate customer (or choose not to renew your Policy) you may elect to receive a digital payment, instead of a check, online at www.AllstateCaliforniaAutoRatingSettlement.com or by scanning the QR code included below on this notice.

The Settlement also includes additional non-monetary relief which constrains Allstate's ability to implement price optimization measures in California.

OTHER OPTIONS. If you do not want to be legally bound by the Settlement, you must exclude yourself by [redacted], and the Court will exclude you from the Settlement. If you do not timely exclude yourself, you will release any claims you have and will not be able to sue Allstate for any claim relating to the lawsuit. Class members who do not exclude themselves will be bound by any judgement. If you stay in the Settlement, you may object to it by [redacted]. The Detailed Notice available at the website or by calling the toll-free number below includes information on how to exclude yourself or object. The Court will hold a hearing on [redacted] to consider whether to approve the Settlement and a request by Class Counsel for attorneys' fees of up to [redacted] % of the Settlement Amount plus Class Counsel's costs and expenses and a Service Award to the Class Representative in the amount of \$5,000 each. You may appear at the hearing, but you are not required to attend. You may also hire your own attorney, at your own expense, to appear or speak for you at the hearing.

Exhibit C

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

If You Had an Allstate Auto Insurance Policy in California at any time between July 1, 2016 and September 30, 2022, You May Be Eligible for a Payment from a Class Action Settlement. You Should Read this Notice as it May Impact Your Legal Rights.

The United States District Court for the Northern District of California (“the Court”) authorized this Notice. This is not a solicitation from a lawyer. This is not a legal action against you and you are not required to take any action to receive benefits that may be approved.

Para una notificación en Español, visitar www.AllstateCaliforniaAutoRatingSettlement.com.

- A \$25,000,000 settlement has been reached in a class action case known as *Stevenson v. Allstate Insurance Co., et al.*, Case No. 4:15-cv-04788-YGR (N.D. Cal.) (“Action”). The Plaintiff filed a class action complaint alleging six causes of action pertaining to the alleged use by Allstate Insurance Company and Allstate Indemnity Company of price optimization/elasticity of demand (a method of taking into account an individual’s or class’s willingness to pay a higher premium relative to other individuals or classes) as a rating factor in California in violation of California’s Unfair Competition Law, Cal. Bus. & Prof. Code § 17200 et seq. (“UCL”), California’s False Advertising Law, Cal. Bus. & Prof. Code § 17500 et seq. (“FAL”), and the California Insurance Code, and as unjust enrichment. Allstate denies the Plaintiff’s allegations and denies that it did anything wrong. The Court has not decided who is right.
- A settlement of this lawsuit (“Settlement”) has been negotiated which, if approved by the Court, may entitle you to an automatic payment. By entering into the Settlement, Allstate¹ has not admitted the truth or validity of any of the claims against it. Your rights and options under the Settlement—and the deadlines to exercise them—are explained below.
- Your legal rights are affected whether you act or do not act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
EXCLUDE YOURSELF	Get no benefits from the Settlement. This is the only option that allows you to start or remain part of any other lawsuit against Allstate about the legal claims in this case.
OBJECT	Write to the Court about why you do not like the Settlement.
GO TO A HEARING	Ask to speak in Court about the fairness of the Settlement.
DO NOTHING	If you received a notice by email or in the mail about this Settlement, a payment will automatically be issued to you for the amount you are eligible to receive, if the Settlement is approved. If you are a current Allstate customer, you will receive your payment as policy credit after

¹ “Allstate” refers to Allstate Insurance Company, Allstate Indemnity Company, and Allstate Northbrook Indemnity Company. Although not named as a Defendant in the Action, during the time period covered by the Settlement Allstate Northbrook Indemnity Company issued private passenger auto insurance policies that are covered by the terms of this Settlement and therefore is also a party to this Settlement.

QUESTIONS? CALL 1- [REDACTED] OR VISIT WWW.ALLSTATECALIFORNIAAUTORATINGSETTLEMENT.COM

	<p>the Settlement is approved so long as you remain an Allstate customer at the time the payment is made. If you are a former Allstate customer or are no longer an Allstate customer at the time payment is made you will receive your payment as a check, unless you elect to receive a digital payment. You may elect to receive a digital payment online at www.AllstateCaliforniaAutoRatingSettlement.com or by scanning the QR code included below on this notice. You will give up your rights to sue Allstate about the legal claims in this case.</p>
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- These rights and options—and the deadlines and requirements to exercise them—are explained in this notice.
- This Notice summarizes the proposed Settlement. For the precise terms and conditions of the Settlement, you may (1) see the Settlement Agreement available at www.AllstateCaliforniaAutoRatingSettlement.com, or by scanning the QR included below on this notice; (2) contact Class Counsel representing the Settlement Class (contact info listed under Question [redacted] below); (3) access the Court docket in this case, for a fee, through the Court’s Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>; or (4) visit the office of the Clerk of Court for the United States District Court for the Northern District of California, Phillip Burton Federal Building & United States Courthouse, 450 Golden Gate Avenue, 16th Floor, San Francisco, CA 94102, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.
- The Court presiding over this case still has to decide whether to approve the Settlement. If it does, and after any appeals are resolved, benefits will be distributed to those who qualify. Please be patient as this process sometimes takes a long time.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK’S OFFICE TO INQUIRE ABOUT THIS NOTICE, THIS SETTLEMENT, OR THE CLAIMS PROCESS.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION..... PAGE 3

- 1. Why is this Notice being provided?
- 2. What is this lawsuit about?
- 3. Why is this a class action?
- 4. Why is there a Settlement?

WHO IS IN THE SETTLEMENT..... PAGE 4

- 5. How do I know if I am part of the Settlement?
- 6. What if I am not sure whether I am included in the Settlement?

THE SETTLEMENT BENEFITS—WHAT YOU GET IF YOU QUALIFY PAGE 4

- 7. What does the Settlement provide?

HOW TO GET A PAYMENT..... PAGE 5

- 8. How can I get a payment?
- 9. When will I get my payment?
- 10. What am I giving up to get a payment?

EXCLUDING YOURSELF FROM THE SETTLEMENT PAGE 6

- 11. If I exclude myself, can I get anything from this Settlement?
- 12. If I do not exclude myself, can I sue later?
- 13. How do I get out of the Settlement?

THE LAWYERS REPRESENTING YOU PAGE 7

- 14. Do I have a lawyer in the case?
- 15. How will the lawyers be paid?

OBJECTING TO THE SETTLEMENT..... PAGE 7

- 16. How do I tell the Court if I do not like the Settlement?
- 17. What is the difference between objecting and asking to be excluded?

THE COURT'S FINAL APPROVAL HEARING PAGE 8

- 18. When and where will the Court decide whether to approve the Settlement?
- 19. Do I have to come to the hearing?

IF YOU DO NOTHING PAGE 9

- 20. What happens if I do nothing?

GETTING MORE INFORMATION PAGE 9

- 21. How do I get more information?

BASIC INFORMATION

1. Why is this Notice being provided?

A Court authorized this notice because you have a right to know about a proposed Settlement of this class action lawsuit and about all of your options before the Court decides whether to give “final approval” to the Settlement. This notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who may be eligible for those benefits, and how to get them.

Judge Yvonne Gonzalez Rogers of the United States District Court for the Northern District of California is overseeing this class action. The Settlement resolves the case known as *Stevenson v. Allstate Insurance Co., et al.*, Case No. 4:15-cv-04788-YGR (N.D. Cal.).

The person who sued is called the “Plaintiff,” and the companies sued, Allstate Insurance Company and Allstate Indemnity Company, are called collectively “Allstate” or “Defendants.”²

2. What is this lawsuit about?

In California, as in other states, drivers are required to maintain auto insurance. Auto insurance companies are not permitted to determine auto insurance premiums based on what the market will bear, but instead must determine premiums based on those rating factors that the Insurance Commissioner has approved as having a substantial relationship to the risk of loss. This case was brought as a class action complaint alleging that Allstate violated California’s Unfair Competition Law, Cal. Bus. & Prof. Code § 17200 et seq. (“UCL”), California’s False Advertising Law, Cal. Bus. & Prof. Code § 17500 et seq. (“FAL”), and California Insurance Code, § 1861.10, and that Allstate was unjustly enriched enrichment, by improperly using price optimization/elasticity of demand (a policyholders’ or class of policyholders’ willingness to tolerate a price increase as a compared to other policyholders or other classes of policyholders) as a factor in calculating premiums in California. This notice is just a summary of the allegations. The complaint in the lawsuit is posted at www.AllstateCaliforniaAutoRatingSettlement.com and contains all of the allegations. Allstate denies these allegations; however, in order to avoid the expense, inconvenience, and distraction of continued litigation, Allstate has agreed to the Settlement described herein.

3. Why is this a class action?

In a class action, one or more people called Settlement Class Representatives (in this case Andrea Stevenson) sue on behalf of people who have similar claims. All of these people are a “Settlement Class” or “Settlement Class Members.” One court resolves the issues for all Settlement Class Members, except for those who timely exclude themselves from the Settlement Class.

4. Why is there a Settlement?

The Court did not decide in favor of Plaintiff or Defendants. Instead, both sides agreed to settle this case to avoid the cost and risk of a trial. The proposed Settlement does not mean that any law was broken or that the Defendants did anything wrong. Defendants deny all legal claims in this case. Plaintiff and her lawyers think that in light of litigation uncertainties and the lengthy delay that would

² Although not named as a Defendant in the Action, during the time period covered by the Settlement Allstate Northbrook Indemnity Company issued private passenger auto insurance policies that are covered by the terms of the Settlement and therefore is also a party to the Settlement and included in the definition of “Allstate.”

result from a trial and possible appeal, the proposed Settlement is in the best interest of the Settlement Class Members.

WHO IS IN THE SETTLEMENT

To see if you will be affected by the Settlement or if you can get a payment from it, you first have to determine if you are a Settlement Class Member.

5. How do I know if I am part of the Settlement?

If you received notice of the Settlement by email or by mail then Allstate's records show you may be a member of the Settlement Class. But even if you did not receive a notice, you may still be a member of the Settlement Class.

The Proposed "Settlement Class" is composed of:

All current and former Allstate California auto insurance Primary Policy Holders whose total premiums were calculated, at any time on or after July 1, 2016, based on Allstate's selection of a rating factor relativity exceeding both the Current and Indicated rating factor relativities for certain coverages in connection with the Years Licensed and/or Multipolicy rating factors. Specifically, those Primary Policy Holders include (a) any Primary Policy Holder whose premiums were determined based on licensure for 29 or more years and had Comprehensive coverage, (b) any Primary Policy Holder whose premiums were determined based on licensure of 34 or more years and had Collision coverage, and (c) any Primary Policy Holder who in addition to their auto policy had a condo, life, and/or mobile home policy and did not have a renters policy. The policy or policies held by such multipolicy Primary Policy Holders (group (c)) in addition to their auto Policy are the following: Condo; Mobilehome; Life; Owner + Life; Condo + Life; Mobilehome + Life; Condo + PUP; Mobilehome + PUP; Life + PUP; Owner, Life + PUP; Condo, Life + PUP; Mobilehome, Life + PUP.

"Primary Policy Holder" means each person who has an ownership interest in and financial responsibility for a Policy or Policies during the Class Period. There is one Primary Policy Holder for each Policy issued by Allstate, also known as the first named insured on each Policy issued by Allstate. Other persons insured (i.e., additional named insureds) under a Policy are not Primary Policy Holders.

"Policy" means any private passenger auto insurance policy issued by Allstate in the state of California.

"Class Period" means the period from July 1, 2016, through September 30, 2022.

Excluded from the Settlement Class are (a) officers, directors, and employees of Allstate; (b) the judge overseeing the proposed settlement and the judge's immediate family and (c) all Primary Policy Holders who make a timely election to be excluded.

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

If you are not sure whether you are in the Settlement Class, or have any other questions about the Settlement, visit the Settlement Website at www.AllstateCaliforniaAutoRatingSettlement.com or call the toll free number, 1-_____. You may also write with questions to [Insert address].

QUESTIONS? CALL 1-_____ OR VISIT WWW.ALLSTATECALIFORNIAAUTORATINGSETTLEMENT.COM

THE SETTLEMENT BENEFITS—WHAT YOU GET IF YOU QUALIFY

If the Settlement is approved and becomes final, it will provide benefits to Settlement Class Members.

7. What does the Settlement provide?

Allstate will pay \$25 million to a Settlement Fund to make payments or give policy credits to Settlement Class Members at the direction of the Settlement Administrator as well as to pay Class Counsel’s attorneys’ fees, costs, notice and administration expenses, and Service Award. The maximum estimated amounts for the deductions from the \$25 million Settlement Fund are as follows: Class Counsel’s attorneys’ fees (\$ [REDACTED]), costs (\$ [REDACTED]), notice and administration expenses (\$ [REDACTED]) and Service Award (\$5,000). After these fees and costs are deducted from the Settlement Fund, the remaining funds (approximately \$ [REDACTED]) will be divided by the total number of Settlement Class Members (approximately 1,293,698) to calculate the payment amount for each Settlement Class Member. All Settlement Class Members will receive an equal payment amount (estimated at \$ [REDACTED]).

Settlement Class Members who are “Remaining Current Policy Holders” will receive a credit. “Non–Remaining Current Policy Holders” and those Settlement Class Members who are no longer Policyholders will receive their Settlement Class Member Payment by paper check, unless they elect to receive a digital electronic payment.

“Remaining Current Policy Holder” means a Settlement Class Member who continues to have his or her Policy as of the Effective Date and who remains a current Primary Policy Holder as of the Payment Date.

“Non–Remaining Current Primary Policy Holder” means a Settlement Class Member who continues to have his or her Policy as of the Effective Date and who is no longer a Primary Policy Holder as of the Payment Date.

“Effective Date” means the day following: (A) the entry by the Court of the Final Order and Judgment: (i) affirming certification of the Settlement Class; (ii) finding the Settlement Agreement to be fair, adequate and reasonable; (iii) finding that the Notice to the Class of the Settlement Agreement was fair, adequate and reasonable; (iv) resolving any and all objections to the fairness and reasonableness of the Settlement Agreement, if any; and (B) the expiration of the deadline for seeking appellate review of the Final Order and Judgment if no appeal is sought; or the day following the date all appellate courts with jurisdiction affirm the Final Judgment and Order with no possibility of further appellate review existing.

“Payment Date” means that date occurring after the Effective Date on which Allstate credits the Policy of a Remaining Current Primary Policy Holder, or would credit the Policy of a Non-Remaining Current Primary Policy Holder, if such Policy Holder were a Remaining Current Policy Holder.”

“Payment Period” means the period beginning on the Effective Date and ending 120 days after the Effective Date.

The Settlement also includes additional non-monetary relief which constrains Allstate’s ability to implement price optimization measures in California.

Details on all of the settlement benefits are in the Settlement Agreement, which is available at www.AllstateCaliforniaAutoRatingSettlement.com.

HOW TO GET A PAYMENT

QUESTIONS? CALL 1- [REDACTED] OR VISIT WWW.ALLSTATECALIFORNIAAUTORATINGSETTLEMENT.COM

8. How can I get a payment?

If you received a notice by email or in the mail telling you that you are Settlement Class Member, you will receive an automatic payment or policy credit once the Settlement is approved by the Court and the Effective Date passes, provided you have not requested exclusion from the Settlement (*see* — “Excluding Yourself From The Settlement” below). If you are a former Allstate customer (or choose to cancel your policy prior to issuance of a credit) you will receive your payment as a check, unless you elect to receive a digital electronic payment. You may elect to receive a digital payment online at www.AllstateCaliforniaAutoRatingSettlement.com or by scanning the QR code included below on this notice.

If you did not receive a notice by email or in the mail and believe you are a Settlement Class Member, please contact the Settlement Administrator at www.AllstateCaliforniaAutoRatingSettlement.com or by calling 1- [REDACTED].

9. When will I get my payment?

Payments and policy credits will be made after the Effective Date, which comes after Court grants “final approval” to the Settlement and after any appeals are resolved (*see* “The Court’s Final Approval Hearing” below). It is uncertain when the Court will decide to approve or disapprove the proposed Settlement and whether any appeals will be filed. Please be patient.

10. What am I giving up to get a payment?

If the Settlement becomes final, Settlement Class Members who do not timely request exclusion from the Settlement will be releasing Allstate per the Settlement Agreement and Release as follows:

“As of the Effective Date, Plaintiff and each Settlement Class Member, each on behalf of itself and on behalf of its respective heirs, assigns, beneficiaries and successors (“Releasing Parties”), shall automatically be deemed to have fully and irrevocably released and forever discharged Allstate and each of its present and former parents, subsidiaries, divisions, affiliates, predecessors, successors and assigns, and the present and former directors, officers, employees, agents, insurers, members, attorneys, advisors, consultants, representatives, partners, joint venturers, independent contractors, wholesalers, resellers, distributors, retailers, predecessors, successors and assigns of each of them (“Released Parties”), of and from any claims that were or could have been alleged based on the facts pleaded in the Complaint dated November 5, 2015 and/or any subsequent amended complaint filed in conjunction with the Court’s approval of the Settlement (“Released Claims”).”

This means you will no longer be able to sue Allstate regarding any of the claims described in the Settlement Agreement.

The Settlement Agreement is available at www.AllstateCaliforniaAutoRatingSettlement.com. The Settlement Agreement provides more detail regarding the release and describes the released claims with specific descriptions in necessary, accurate legal terminology, so read it carefully. You can talk to the law firms representing the Settlement Class listed in the section “The Lawyers Representing You” for free or you can, at your own expense, talk to your own lawyer if you have any questions about the released claims or what they mean.

EXCLUDING YOURSELF FROM THE SETTLEMENT

QUESTIONS? CALL 1- [REDACTED] OR VISIT WWW.ALLSTATECALIFORNIAAUTORATINGSETTLEMENT.COM

If you do not want to participate in this proposed Settlement and you want to keep the right to sue Allstate about the legal issues in this case, then you must take steps to opt out of the Settlement. This is called asking to be excluded from, or sometimes called “opting out” of, the Settlement Class.

11. If I exclude myself, can I get anything from this Settlement?

No. If you exclude yourself, you may not apply for any benefits under the Settlement and you cannot object to the proposed Settlement. If you ask to be excluded, however, you will retain any right you have to sue or be part of a different lawsuit against the Defendants in the future. You will not be bound by anything that happens in this lawsuit.

12. If I do not exclude myself, can I sue later?

No, not over the issues raised in this case.

13. How do I get out of the Settlement?

If you wish to exclude yourself from the Settlement Class, you must send a letter to the Settlement Administrator including your full name and current address and statement that you wish to exclude yourself from the Settlement Class in *Stevenson v. Allstate Insurance Co., et al.*, Case No. 4:15-cv-04788-YGR (N.D. Cal.).

To be effective you must submit the above information to the following address **postmarked no later than** [redacted]:

[insert address]

This is a firm deadline for requesting exclusion from the proposed Settlement. You cannot ask to be excluded on the phone, by email, or at the website.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in the case?

The Court approved the law firms of Mehri & Skalet PLLC, Tycko & Zavareei LLP and Berger Montague PC, as Class Counsel to represent the Settlement Class. You will not be charged separately for these lawyers. If you wish to be represented by your own lawyer in this case, you may hire one at your own expense.

15. How will the lawyers be paid?

Class Counsel will apply to the Court for an award of attorneys’ fees of up to \$ [redacted] plus costs and expenses (capped at \$ [redacted]) for investigating the facts, litigating the cases, and negotiating the Settlement. To date, Class Counsel have not received any payment for their services in conducting this Action on behalf of the Settlement Class Representative and the Settlement Class, nor have Class Counsel been reimbursed for their costs and expenses to date in this case. Class Counsel will also request the Court to award a Service Award of \$5,000 to the Settlement Class Representative in recognition of her service to the Settlement Class. The amount of the fees, expenses and service award will be determined by the Court. Class Counsel’s contact information is as follows:

CLASS COUNSEL

QUESTIONS? CALL 1-[redacted] OR VISIT WWW.ALLSTATECALIFORNIAAUTORATINGSETTLEMENT.COM

<p>MEHRI & SKALET PLLC Cyrus Mehri, Esq. Jay Angoff, Esq. 1250 Connecticut Ave. NW, Suite 300 Washington, DC 20036</p>	<p>TYCKO & ZAVAREEI LLP Andrea Gold, Esq. 2000 Pennsylvania Ave, N.W., Suite 1010 Washington, DC 20006</p>	<p>BERGER MONTAGUE PC Jeff Osterwise, Esq. 1818 Market Street, Suite 3600 Philadelphia, PA 19103</p>
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OBJECTING TO THE SETTLEMENT

16. How do I tell the Court if I do not like the Settlement?

You can object to the Settlement if you do not like some part of it. You cannot ask the Court to order a different settlement; the Court can only approve or reject the Settlement.

Any objection to the proposed Settlement must be in writing. If you submit a timely written objection, you may, but are not required to, appear at the Final Approval Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for hiring and paying that attorney.

All objections must:

- clearly identify the case name and case number of this Action (*Stevenson v. Allstate Insurance Co., et al.*, Case No. 4:15-cv-04788-YGR (N.D. Cal.));
- state your full name, current address, and phone number;
- state whether the objection applies only to you, to a specific subset of the Settlement Class, or to the entire Settlement Class;
- state with specificity the grounds for the objection;
- include a Notice of Intention to Appear in the body of the objection, if you wish to appear and be heard at the Final Approval Hearing.

Your objection must be submitted to the Court either by mailing it to the Clerk of Court for the United States District Court for the Northern District of California, Phillip Burton Federal Building & United States Courthouse, 450 Golden Gate Avenue, Box 36060, San Francisco, CA 94102, or by filing it in person at any location of the United States District Court for the Northern District of California. Your objection must be **filed or postmarked no later than** [REDACTED]. This is a firm deadline. Objections postmarked after this date will not be recognized.

17. What is the difference between objecting and asking to be excluded?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you cannot object to the Settlement and you will not be eligible to apply for any benefits under the Settlement because the case no longer affects you.

THE COURT'S FINAL APPROVAL HEARING

QUESTIONS? CALL 1-[REDACTED] OR VISIT WWW.ALLSTATECALIFORNIAAUTORATINGSETTLEMENT.COM

18. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at 2:00 p.m. on _____, at the United States District Court for the Northern District of California, United States Courthouse, Courtroom 1 on the 4th Floor, 1301 Clay Street, Oakland, CA 94612. At the Final Approval Hearing, the Court will consider whether the proposed Settlement is fair, reasonable, and adequate. The Court may also consider Class Counsel's request for attorneys' fees, costs and expenses, and Service Award. If there are objections received by the deadline, the Court may consider them. After the Final Approval Hearing, the Court will decide whether to approve the Settlement and how much to award in attorneys' fees, costs and expenses, as well as the Service Award. The Court is limited to approving or denying the proposed Settlement, and that it cannot change the terms of the Settlement Agreement.

The Final Approval Hearing may be moved to a different date or time without additional notice, so it is recommended that you periodically check www.AllstateCaliforniaAutoRatingSettlement.com or call the toll-free number for updated information.

19. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend the hearing at your own expense. If you send in a written objection, you do not have to come to the Final Approval Hearing to talk about it. As long as you filed or mailed your written objection on time, the Court may consider it. You may also pay your own lawyer to attend the Final Approval Hearing, but their attendance is not necessary.

IF YOU DO NOTHING

20. What happens if I do nothing?

If you are a Settlement Class Member and received a notice by email or in the mail telling you that you will receive an automatic payment or policy credit, you do not need to do anything in order to receive your payment or policy credit (provided the Court approves the Settlement). If you *did not* receive a notice by email or in the mail telling you that you will receive an automatic payment or policy credit and do nothing, you *will not* get a payment or policy credit from this Settlement. In addition, 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 claims in this case, ever again.

GETTING MORE INFORMATION

21. How do I get more information?

This notice summarizes the proposed Settlement. More details are in the Settlement Agreement. The Settlement Agreement and other relevant documents are available at www.AllstateCaliforniaAutoRatingSettlement.com. You also may write with questions to [insert address]. Inquiries should NOT be directed to the Court.

[PLACEHOLDER FOR QR CODE]

QUESTIONS? CALL 1-_____ OR VISIT WWW.ALLSTATECALIFORNIAAUTORATINGSETTLEMENT.COM

Exhibit D

Date:

Policy No: [] [Legal Entity - Underwriting company]

Dear:

Recently you were sent a notice in the mail informing you that you are a Settlement Class Member in the class action settlement Stevenson v. Allstate Insurance Co., et al., Case No. 4:15-cv-04788-YGR (N.D. Cal.). That notice indicated that you were eligible for a payment once the Settlement is approved by the Court. This Settlement has now been approved and all Settlement Class Members will receive an equal payment amount of \$ _____. Your Allstate billing account has recently been credited \$ _____. This payment will offset any pending balance you have on your Allstate billing account. After the payment is applied, if the remaining balance on the billing account is a credit greater than \$2.00 you will receive a refund. If the balance on your billing account is less than \$2.00 after application of the credit, the remaining credit will stay on your account and will be applied to any future charges incurred or refunded if your policy is cancelled.

To the extent you would like additional information about the Settlement, visit the Settlement website at www.AllstateCaliforniaAutoRatingSettlement.com or write to _____.

Sincerely,
[Legal entity – UW company]

Agent No:

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

ANDREA STEVENSON, individually
and on behalf of all others similarly
situated,

Plaintiffs,

v.

ALLSTATE INSURANCE CO., and
ALLSTATE INDEMNITY CO,

Defendants.

Case No.: 4:15-cv-04788-YGR

**[PROPOSED] ORDER
GRANTING PLAINTIFF'S
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION
SETTLEMENT**

1 1. **WHEREAS**, Plaintiff Andrea Stevenson (“Class Representative”), on behalf of
2 herself and the Settlement Class as defined below, and Defendants Allstate Insurance Co. and
3 Allstate Indemnity Co. (“Defendants”) (collectively, the “Parties”) entered into a Settlement
4 Agreement on July 28, 2023, which sets forth the terms and conditions for a proposed settlement
5 of this Action and for its dismissal with prejudice upon the terms and conditions set forth therein,
6 subject to Court approval;

7 2. **WHEREAS**, Plaintiff has moved the Court for an order (i) preliminarily approving
8 the Settlement under Federal Rule of Civil Procedure 23, (ii) preliminarily certifying the
9 Settlement Class for settlement purposes only, as defined below, (iii) appointing the named
10 Plaintiff as Class Representative and Plaintiff’s counsel as Class Counsel, (iv) directing notice as
11 set forth herein, and (v) scheduling the Final Approval Hearing;

12 3. **WHEREAS**, the Settlement is the product of informed, arms’-length
13 settlement negotiations in mediations conducted before the neutral mediator Sanford Kingsley
14 and subsequent further months-long negotiations finalizing the Settlement;

15 4. **WHEREAS**, the Court is familiar with and has reviewed the record, the
16 Settlement Agreement, Plaintiff’s Notice of Motion and Motion for Preliminary Approval of
17 Class Action Settlement, the Memorandum of Points and Authorities in Support Thereof, and
18 the supporting Declarations, and has found good cause for entering the following Order; and

19 5. **WHEREAS**, unless otherwise specified, all capitalized terms used herein have the
20 same meaning as set forth in the Settlement Agreement.

21 6. **NOW THEREFORE, it is hereby ORDERED and ADJUDGED as follows:**

22 1. The Court finds that it has jurisdiction over the subject matter of this Action and
23 over all Parties to the Action.

24 2. Plaintiff has moved the Court for an order (i) preliminarily approving the
25 Settlement of the Action under Federal Rule of Civil Procedure 23, (ii) finding that the Court will
26 likely be able to certify the Settlement Class for settlement purposes only, and (iii) directing notice
27 as set forth herein.

28

1 3. The Court preliminarily finds that, subject to the Final Approval Hearing, the
2 Settlement Agreement, including the exhibits attached thereto, is fair, reasonable, and adequate
3 pursuant to Federal Rule of Civil Procedure 23, is within the range of possible approval, and is in
4 the best interests of the Settlement Class defined below.

5 4. The Court further finds that the Settlement Agreement substantially fulfills the
6 purposes and objectives of the class action and provides substantial relief to the Settlement Class
7 without the risks, burdens, costs, or delay associated with continued litigation, trial, and/or appeal.
8 The Court also finds that the Settlement Agreement: (a) is the result of arm's-length negotiations
9 between experienced class action attorneys; (b) is sufficient to warrant notice of the Settlement
10 and the Final Approval Hearing to be disseminated to the Settlement Class; (c) meets all applicable
11 requirements of law, including Federal Rule of Civil Procedure 23 and the Class Action Fairness
12 Act, 28 U.S.C. § 1715, the United States Constitution, and the United States District Court for the
13 Northern District of California's Procedural Guidance for Class Action Settlements; and (d) is not
14 a finding or admission of liability by Defendants or any other person(s), nor a finding of the validity
15 of any claims asserted in the Action or of any wrongdoing or any violation of law.

16 5. **Certification of the Settlement Class.** For purposes of settlement only: (a)
17 Cyrus Mehri and Jay Angoff of Mehri & Skalet PLLC, Andrea R. Gold of Tycko & Zavareei
18 LLP, and Jeffrey Osterwise of Berger Montague PC are appointed as Class Counsel for the
19 Settlement Class; and (b) Plaintiff Andrea Stevenson is appointed Class Representative for the
20 Settlement Class. The Court finds that these attorneys are competent and capable of exercising
21 the responsibilities of Class Counsel and that Class Representative will adequately protect the
22 interests of the Settlement Class defined below.

23 7. For purposes of settlement only, the Court conditionally certifies the following
24 Settlement Class as defined in the Settlement Agreement:

25 8. "All current and former Allstate California auto insurance Primary Policy
26 Holders whose total premiums were calculated, at any time on or after July 1,
27 2016, based on Allstate's selection of a rating factor relativity exceeding both the
28 Current and Indicated rating factor relativities for certain coverages in connection

1 with the Years Licensed and/or Multipolicy rating factors. Specifically, those
2 Primary Policy Holders include (a) any Primary Policy Holder whose premiums
3 were determined based on licensure for 29 or more years and had Comprehensive
4 coverage, (b) any Primary Policy Holder whose premiums were determined based
5 on licensure of 34 or more years and had Collision coverage, and (c) any Primary
6 Policy Holder who in addition to their auto policy had a condo, life, and/or mobile
7 home policy and did not have a renters policy. The policy or policies held by such
8 multipolicy Primary Policy Holders (group (c)) in addition to their auto Policy are
9 the following: Condo; Mobilehome; Life; Owner + Life; Condo + Life;
10 Mobilehome + Life; Condo + PUP; Mobilehome + PUP; Life + PUP; Owner, Life
11 + PUP; Condo, Life + PUP; Mobilehome, Life + PUP.” Settlement Agreement ¶
12 58.”

13 9. The Settlement Agreement defines “Primary Policy Holder” as “each person
14 who has an ownership interest in and financial responsibility for a Policy or Policies during the
15 Class Period” and explains that “[t]here is one Primary Policy Holder for each Policy issued by
16 Allstate, also known as the first named insured on each Policy issued by Allstate.” *Id.* at ¶ 47.

17 10. The Settlement Agreement defines “Policy” as “any private passenger auto insurance
18 policy issued by Allstate in the state of California.” *Id.* at ¶ 46.

19 11. The Class Period shall be from September 16, 2016, to September 30, 2022. *Id.* at ¶
20 26.

21 12. Excluded from the Settlement Class are: (a) officers, directors, and employees of
22 Allstate; (b) the judge overseeing the proposed settlement and the judge’s immediate family and
23 (c) all Primary Policy Holders who make a timely election to be excluded. *Id.* at ¶ 58.

24 13. The Court finds, subject to the Final Approval Hearing referred to in Paragraph 10
25 below, that, within the context of and for the purposes of settlement only, the Settlement Class
26 satisfies the requirements of Federal Rule of Civil Procedure 23. Specifically, the Court finds that:
27 (a) the Settlement Class is so numerous that joinder of all members is impracticable; (b) there are
28 questions of fact and law common to the Settlement Class; (c) the claims of the Class

1 Representative are typical of the claims of the members of the Settlement Class; (d) the Class
2 Representative and Class Counsel will fairly and adequately protect the interests of the
3 members of the Settlement Class; (e) common questions of law or fact predominate over questions
4 affecting individual members; and (f) a class action is a superior method for fairly and efficiently
5 adjudicating the Action.

6 14. If the Settlement Agreement does not receive the Court's final approval, if final
7 approval is reversed on appeal, or if the Settlement Agreement is terminated or otherwise fails to
8 become effective, the Court's grant of conditional class certification of the Settlement Class shall
9 be vacated, the Parties shall revert to their positions in the Action as they existed before the
10 Settlement Agreement's execution date, July 28, 2023, and the Class Representative and the
11 Settlement Class Members will once again bear the burden to prove the propriety of class
12 certification and the merits of their claims at trial.

13 6. **Notice and Administration.** Pursuant to Federal Rule of Civil Procedure 23(e),
14 the Court finds that it has sufficient information to enable it to determine whether to give notice of
15 the proposed Settlement to the Settlement Class. The Court further finds that the proposed
16 Settlement and Notice Program meet the requirements of Rule 23(e) and that the Court will likely
17 be able to certify the Settlement Class for purposes of judgment on the Settlement.

18 15. The Notice Program described in the Motion for Preliminary Approval and the forms
19 of notice attached thereto satisfy the requirements of Federal Rule of Civil Procedure 23 and are
20 approved. Non-material modifications to the notices may be made by the Settlement
21 Administrator without further order of the Court, so long as they are approved by the Parties and
22 consistent in all material respects with the Settlement Agreement and this Order. The Settlement
23 Administrator is directed to carry out the Notice Program in conformity with the Settlement
24 Agreement and the below-stated schedule, and to perform all other tasks that the Settlement
25 Agreement requires. Class Counsel shall file an appropriate affidavit by the Settlement
26 Administrator with respect to complying with the provisions of the Notice Program at least 14
27 days prior to the Final Approval Hearing.

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1 16. The Court further finds that the form, content, and method of giving notice to the
2 Settlement Class as described in the Notice Program submitted with the Motion for
3 Preliminary Approval: (a) constitute the best practicable notice to the Settlement Class; (b) are
4 reasonably calculated, under the circumstances, to apprise Settlement Class Members of the
5 pendency of the Action, the terms of the proposed Settlement, and their rights to object to the
6 Settlement and to exclude themselves from the Settlement Class; (c) are reasonable and constitute
7 due, adequate, and sufficient notice to those persons entitled to receive notice; and (d) satisfy
8 the requirements of Federal Rule of Civil Procedure 23, the constitutional requirement of due
9 process, and any other legal requirements. The Court finds that the notices are written in plain
10 language, use simple terminology, and are designed to be readily understandable by Settlement
11 Class Members. The Court further finds that the Notice Program fully complies with the United
12 States District Court for the Northern District of California's Procedural Guidance for Class
13 Action Settlements.

14 17. The Parties have selected, Kroll Settlement Administration LLC to serve as the
15 Settlement Administrator. The Court hereby appoints and authorizes Kroll Settlement
16 Administration LLC to be the Settlement Administrator, and to perform and execute the notice
17 responsibilities set forth in the Settlement Agreement and by this Court.

18 18. The Settlement Administrator shall make all necessary efforts and precautions to
19 ensure the security and privacy of Settlement Class Member information and protect it from loss,
20 misuse, unauthorized access and disclosure, and to protect against any reasonably anticipated
21 threats or hazards to the security of Settlement Class Member information; shall not use
22 the information provided by Defendants or Class Counsel in connection with the Settlement or
23 this Notice Program for any purposes other than providing notice or conducting settlement
24 administration; and shall not share Settlement Class Member information with any third parties
25 without advance consent from the Parties.

26 19. The Court finds that Kroll Settlement Administration LLC will comply with the
27 notice provisions of the Class Action Fairness Act of 2005, 28 U.S.C. § 1715, as described in
28

1 the Declaration of Scott M. Fenwick of Kroll Settlement Administration LLC Re: Proposed
2 Notice Program.

3 20. The Court orders Kroll Settlement Administration LLC to commence the Notice
4 Program as soon as practicable after entry of this Preliminary Approval Order, and orders Allstate
5 to provide a list of Settlement Class members to Kroll Settlement Administration LLC by no later
6 than 30 days after entry of this Preliminary Approval Order. Pursuant to the terms and
7 requirements of the Settlement Agreement, Kroll Settlement Administration LLC will complete
8 the Notice Program no later than 90 days after entry of this Preliminary Approval Order. The
9 deadline for Settlement Class Members to object to or request exclusion from the Settlement
10 shall be 120 days after entry of this Preliminary Approval Order.

11 7. **Opting-Out from Settlement Class.** Any person falling within the definition of
12 the Settlement Class may, upon request, be excluded or “opt out” from the Settlement Class. Any
13 such person who desires to opt out must submit written notice of such intent via United States
14 mail to the Settlement Administrator at the designated address included in the Notice. To be
15 effective, the written notice seeking exclusion shall be postmarked no later than the deadline
16 stated in the Notice, which shall be 120 days after entry of this Preliminary Approval Order.

17 21. All those persons submitting valid and timely requests for exclusion shall not be
18 entitled to receive any benefits of the Settlement and shall not be entitled to object to the
19 Settlement.

20 22. Any Settlement Class Member who does not timely and validly exclude themselves
21 from the Settlement shall be bound by the terms of the Settlement. If final judgment is entered,
22 any Settlement Class Member who has not submitted a timely, valid written request for exclusion
23 from the Settlement Class shall be bound by all subsequent proceedings, orders, and judgments in
24 this matter, including but not limited to the Releases set forth in the Settlement Agreement and
25 incorporated in the judgment.

26 8. **Objections and Appearances.** Any Settlement Class Member who has not
27 submitted a timely written request for exclusion from the Settlement Class and who wishes to
28 object to the Settlement must submit a written objection to the Court and the objection must

1 be filed or postmarked no later than the deadline stated in the Notice, which shall be 120 days
2 after entry of this Preliminary Approval Order. A Settlement Class Member may object to the
3 Settlement, the Service Award, and/or the Attorneys' Fees and Expenses Award.

4 23. In order to be valid, an objection must be in writing and must (i) clearly identify the
5 case name and number, *Stevenson v. Allstate Insurance Co., et al.*, Case No. 4:15-cv-04788-YGR
6 (N.D. Cal.); (ii) state whether it applies only to the Settlement Class Member, to a specific subset
7 of the Settlement Class, or to the entire Settlement Class; and (iii) state with specificity the
8 grounds for the objection. Settlement Class Members who fail to timely submit a written objection
9 in the manner described above shall be deemed to have waived any objection to the Settlement
10 and shall be foreclosed from raising any objection to the Settlement at the Final Approval Hearing,
11 or through appeal, collateral attack, or otherwise.

12 24. Any Settlement Member who timely submits a written objection in the manner
13 described above has the option to appear and request to be heard at the Final Approval Hearing,
14 either in person or through the objecting Settlement Class Member's counsel, if applicable, by
15 including a Notice of Intention to Appear in the body of the written objection. If an objecting
16 Settlement Class Member wishes to be represented by an attorney, the objector shall be solely
17 responsible for the objector's attorneys' fees and expenses.

18 9. **Final Approval Hearing.** A hearing will be held by this Court in the Courtroom
19 of the Honorable Yvonne Gonzalez Rogers, United States District Court for the Northern District
20 of California, United States Courthouse, Courtroom 1 on the 4th Floor, 1301 Clay Street, Oakland,
21 CA 94612 at p.m. on [REDACTED] 2024 ("Final Approval Hearing"), to determine: (a) whether the
22 Settlement should be approved as fair, reasonable, and adequate to the Settlement Class; (b)
23 whether a Final Approval Order and Judgment should be entered; (c) whether the Settlement
24 benefits as proposed in the Settlement Agreement should be approved as fair, reasonable, and
25 adequate; (d) whether to approve the application for a Service Award for the Class
26 Representative and an Attorneys' Fees and Expenses Award; and (e) any other matters that may
27 properly be brought before the Court in connection with the Settlement. The Court may approve
28 the Settlement with such modifications as the Parties may agree to, if appropriate, without further

1 notice to the Settlement Class.

2 10. **Final Approval Briefing.** Class Representative and Class Counsel shall file their
3 motion seeking final approval of the Settlement and application for attorneys' fees, costs, and
4 expenses and for a Service Award for the Class Representative no later than 90 days after entry
5 of this Preliminary Approval Order. Seven (7) days prior to the Final Approval Hearing, Class
6 Representative and Class Counsel may file supplemental briefing in support of final approval of
7 the Settlement and in support of the application for attorneys' fees, costs, expenses, and Service
8 Award for the Class Representative.

9 11. **Reasonable Procedures.** Class Counsel and Defense Counsel are hereby
10 authorized to use all reasonable procedures in connection with approval and administration of the
11 Settlement that are not materially inconsistent with this Order or the Settlement Agreement,
12 including making, without further approval of the Court, minor changes to the form or content of
13 the notices and other exhibits that they jointly agree are reasonable or necessary to further the
14 purpose of effectuating the Settlement Agreement.

15 12. **Extension of Deadlines.** Upon application of the Parties and good cause shown,
16 the deadlines set forth in this Order may be extended by order of the Court, without further notice
17 to the Settlement Class. Settlement Class Members must check the Settlement website regularly
18 for updates and further details regarding extensions of these deadlines. The Court reserves the
19 right to adjourn or continue the Final Approval Hearing, and/or to extend the deadlines set forth in
20 this Order, without further notice of any kind to the Settlement Class.

21 13. **Termination of the Settlement and Use of this Order.** If the Settlement fails to
22 become effective in accordance with its terms, or if the Final Order and Judgment is not entered
23 or is reversed or vacated on appeal, this Order shall be null and void, the Settlement Agreement
24 shall be deemed terminated, and the Parties shall return to their positions without any prejudice,
25 as provided for in the Settlement Agreement. The fact and terms of this Order or the Settlement,
26 all negotiations, discussions, drafts and proceedings in connection with this Order or the
27 Settlement, and any act performed or document signed in connection with this Order or the
28 Settlement, shall not, in this or any other Court, administrative agency, arbitration forum, or other

1 tribunal, constitute an admission, or evidence, or be deemed to create any inference (i) of any acts
 2 of wrongdoing or lack of wrongdoing, (ii) of any liability on the part of Defendants to Plaintiff,
 3 the Settlement Class, or anyone else, (iii) of any deficiency of any claim or defense that has been
 4 or could have been asserted in this Action, (iv) of any damages or absence of damages suffered
 5 by Plaintiff, the Settlement Class, or anyone else, or (v) that any benefits obtained by the
 6 Settlement Class under the Settlement represent the amount that could or would have been
 7 recovered from Defendants in this Action if it were not settled at this time. The fact and terms of
 8 this Order or the Settlement, and all negotiations, discussions, drafts, and proceedings associated
 9 with this Order or the Settlement, including the judgment and the release of the Released Claims
 10 provided for in the Settlement Agreement, shall not be offered or received in evidence or used for
 11 any other purpose in this or any other proceeding in any court, administrative agency, arbitration
 12 forum, or other tribunal, except as necessary to enforce the terms of this Order, the Final Order
 13 and Judgment, and/or the Settlement.

14 14. **Related Orders.** All further proceedings in the Action are ordered stayed until
 15 entry of the Final Approval Order or termination of the Settlement Agreement, whichever occurs
 16 earlier, except for those matters necessary to obtain and/or effectuate final approval of the
 17 Settlement Agreement.

18 15. For the sake of clarity, the Court enters the following deadlines:

<u>EVENT</u>	<u>DATE</u>
Deadline for Defendants to provide the Settlement Administrator a list of Settlement Class Members	30 days entry of the Preliminary Approval Order
Deadline for Settlement Administrator to Complete the Notice Program	90 days after entry of the Preliminary Approval Order

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1 2 3	Deadline to submit Motion for Final Approval of the Settlement and Application for Attorneys' Fees, Expenses, and Service Award	90 days after entry of the Preliminary Approval Order
4 5 6	Deadline for Settlement Class Members to submit written Objections, including supporting documentation, if applicable	120 days after entry of the Preliminary Approval Order
7 8 9	Deadline for Settlement Class Members to submit written requests for exclusion from the Settlement	120 days after entry of the Preliminary Approval Order
10 11 12	Deadline to submit Settlement Administrator's affidavit confirming completion of the Notice Program	14 days prior to the Final Approval Hearing
13 14 15	If applicable, deadline to submit supplemental briefing in support of Motion for Final Approval of the Settlement and Application for Attorneys' Fees, Expenses, and Service Award	7 days prior to Final Approval Hearing
16 17	Final Approval Hearing	At least 190 days after entry of the Preliminary Approval Order

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20 **IT IS SO ORDERED.**

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23 DATED: _____, 2023

24 HON. YVONNE GONZALEZ ROGERS
25 UNITED STATES DISTRICT JUDGE
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