

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Christopher v. Residence Mutual Insurance Company
(San Bernardino County Sup. Court, Case No. CIVDS1711860)

THIS LEGAL NOTICE MAY AFFECT YOUR RIGHTS, PLEASE READ IT CAREFULLY.

**A court authorized this Notice. This is not a solicitation.
This is not a lawsuit against you, and you are not being sued.
However, your legal rights may be affected whether you act or not.**

1. Why should you read this notice?

You received this Notice because you may be eligible to receive a settlement payment as a Class Member under the proposed Settlement in the lawsuit titled *Christopher v. Residence Mutual Insurance Company* (San Bernardino County Superior Court, Case No. CIVDS1711860) (the “Lawsuit”).

It is important that you carefully read this Notice because your rights may be affected by the proposed Settlement whether you act or not.

The Court in this Lawsuit ordered that this Notice be mailed to all Class Members to notify you of the proposed Settlement. This Notice does not express any opinion by the Court regarding the merits of any claims or defenses asserted by any party in the Lawsuit. Instead, this Notice was sent to you to inform you that this Lawsuit is pending and of the terms of the proposed Settlement, so that you may make appropriate decisions. In the event that this Notice conflicts with the Settlement Agreement, the terms of the Settlement Agreement shall govern.

The proposed Settlement will apply to all persons who meet the definition of the following Class (“Class Member”):

Settlement Class: All current and former Residence Mutual Insurance Company (“RMIC”) policyholders who made a claim under a Homeowner’s Insurance policy issued by RMIC for covered dwelling damage at a covered residence premises located within the State of California in which: (1) RMIC determined that Profit and Overhead was part of the repair or replacement of the damage; (2) RMIC estimated the amount of Profit and Overhead; and (3) RMIC did not pay the Profit and Overhead until and unless it was incurred between March 9, 2013 and January 1, 2019. The Class Excludes: (i) claims which were the subject of any lawsuit brought on an individual basis against RMIC filed during or after the Class Period and which alleged causes of action related to any of the Released Claims or any claim wherein an RMIC policyholder executed a policyholder’s release related to that claim; (ii) RMIC, including all present or former officers and/or directors of RMIC, neutral evaluators, and their immediate families; (iii) the presiding judge and court staff to whom this case is assigned, and any member of the presiding judge's immediate family; (iv) RMIC's counsel of record and their immediate families; and (v) all persons who make a timely election to be excluded from the Settlement Class.

According to RMIC’s records, you may be a Class Member because you made a homeowner’s insurance claim to RMIC between March 9, 2013 and January 1, 2019 and may not have been paid the agreed upon Profit and Overhead

until and unless you incurred it. If you are a Class Member, you are eligible to receive a settlement payment under the proposed Settlement.

Plaintiffs William and Kandy Christopher and RMIC have presented this Settlement to the Court for its review and approval. On July 9, 2020, the Court ordered that this Notice be provided to potential Class Members.

The Court will decide whether to provide final approval to the Settlement at a court hearing currently scheduled for **November 19, 2020** at 10 a.m. in department S26 at 247 W. 3rd Street, San Bernardino, California 92415 (the “Final Approval Hearing”). The Final Approval Hearing may be continued to another date. If that happens, the Claims Administrator will post information about the new date and time on the Claims Administrator’s Website at www.jndla.com/cases/class-action-administration. Notice of Final Approval and judgment will also be posted to the Claims Administrator’s Website.

A. BACKGROUND INFORMATION

1. Summary of the Lawsuit

The Lawsuit is a class action, meaning a lawsuit where the claims and rights of many people are decided in a single court proceeding.

The Lawsuit was commenced on March 9, 2017 as a class action through filing a complaint against RMIC in *Christopher v. Residence Mutual Insurance Company* in the Superior Court of California, County of Los Angeles. The Lawsuit was transferred to the Superior Court of California, County of San Bernardino, Case No. CIVDS1711860.

The Lawsuit alleges that RMIC failed to provide agreed upon Profit and Overhead until and unless it was incurred.

RMIC denies the allegations. RMIC expressly denies any and all charges of wrongdoing or liability arising out of the alleged acts, omissions, facts, matters, transactions, or occurrences alleged, or that could have been alleged, in the Lawsuit. RMIC contends that it has complied with applicable state and federal laws, including but not limited to California insurance laws and regulations.

Accordingly, Plaintiffs and RMIC have agreed to settle the Lawsuit, subject to Court approval, upon the terms set forth in the Stipulation for Class Action Settlement and Release (the “Stipulation” or “Settlement Agreement”). The Settlement is a compromise. RMIC, by settling the Lawsuit, does not admit, concede or imply any fault, wrongdoing, or liability.

2. Why Did I Receive This Notice?

RMIC’s records indicate you were/are a policyholder of a homeowner’s insurance policy issued by RMIC during the Applicable Period, and may be entitled to receive a payment under the distribution formula described in Section C.3.

3. Benefits to the Settlement Class

Plaintiffs and RMIC disagree as to whether there is any liability, including but not limited to: (1) whether this lawsuit is appropriate for treatment as a class action; (2) whether the Class Members are owed any money or insurance policy benefits; and (3) the amount of money or insurance policy benefits owed, if any. RMIC has raised numerous defenses to Plaintiffs’ claims and those defenses could significantly reduce or even eliminate any liability or damages owed to the Class Members. Class Counsel has conducted an extensive investigation into

the facts of the class action and the Plaintiffs and Class Members' claims, including through formal discovery, informal disclosures between the Parties, and other investigations undertaken by counsel for Plaintiffs and the Class Members. Furthermore, the Parties engaged in extensive negotiations and exchange of data, documents, information and mediation first with mediator Hon. Judge Peter Litchman (Ret.) and then again with mediator Hon. Judge Louis Meisinger (Ret.). As a result, Class Counsel have concluded that the Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Settlement Class in light of all known facts and circumstances, including the likely damages, risk of significant delay, risk that the Lawsuit would not proceed on a class action basis, defenses asserted by RMIC, and numerous potential appellate issues. The Settlement ends the continued expense of further litigation, the risk and uncertainty of possible negative future outcomes and attendant delay. The terms of the Settlement were reviewed by the Court and preliminarily approved as being fair and reasonable to the Class Members. The Court has not ruled on the merits of Plaintiffs' claims.

4. What is a Class Action?

In a class action lawsuit, one or more persons sue on behalf of other people who have similar claims. William and Kandy Christopher are the court-appointed Class Representatives in the Lawsuit, and assert claims on behalf of themselves and similarly situated individuals. A class action allows the Court to resolve the claims of all the class members at the same time. Unless a class member requests to be excluded, he or she is bound by the determination or judgment entered in the case, whether the class wins or loses, and may not file his or her own lawsuit on the same claims that were alleged and released. A class action allows one court to resolve all of the issues in a lawsuit for all the class members who choose not to exclude themselves from the class.

B. YOUR RIGHTS AND OPTIONS.

1. How Do I Get a Settlement Payment?

Do nothing and you will receive your share of the Settlement Fund for the general class claims.

2. Right to Object

You can ask the Court to deny final approval of the Settlement by filing an objection to the Settlement. You cannot ask the Court to order a larger settlement, or to change the terms of the settlement; the Court can only approve or deny the proposed Settlement. If the Court denies final approval of the Settlement, no settlement payments will be made to anyone and the Lawsuit will continue. If that is what you want to happen, you must object. Should you object to the amount of Catalyst Attorneys' Fees and the Court reduces the amount of said fees, the amount that the Court reduces said fees will **NOT** be added into the distribution of the Settlement Fund.

If you wish to object to the proposed Settlement for the general class claims, you must mail a written objection to the Court and to the Claims Administrator regarding the final approval of the proposed Settlement Agreement, including any objection to Class Counsel's motion for attorneys' fees and costs. Such objection and any supporting briefs or other materials must be mailed, via First Class U.S. Mail, to the Court and to the Claims Administrator and postmarked no later than **October 19, 2020**. Class Members who opt-out of the Settlement may not file and serve an objection or otherwise object to this Settlement Agreement.

The postmark date of the mailing of an objection shall be deemed the exclusive means for determining that the objection is timely. An objection must be dated, signed, and must state the case name and number, the participating Class Member's name, current address and telephone number, each objection and the basis or reason for each objection, and whether the participating Class Member intends to appear at the Final Fairness Hearing.

To Court:

Hon. Judge David Cohen
247 W. 3rd Street, Dept. S26
San Bernardino, CA 92415

To Claims Administrator:

Christopher v. Residence Mutual Insurance Company
c/o JND Legal Administration
PO Box 91208
Seattle, WA 98111

You do not need to appear for the Final Approval Hearing in order to have your objection considered. If you have submitted a valid and timely Notice of Objection, then you have the right to appear before the Court at the Final Approval Hearing currently scheduled for November 19, 2020 at 10 a.m. in department S26 the San Bernardino Courthouse located at 247 W. 3rd Street, San Bernardino, California 92415. You may 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 paying that attorney. You may both object to the Settlement and participate in it. Filing an objection will not exclude you from the Settlement. If you wish to be excluded from the Settlement, then you must follow the procedure below by opting out.

3. Right to Opt Out

You have the right not to participate in this Settlement. If you do not want to participate in the Settlement and receive payment, you must timely return a completed Request for Exclusion to the court-appointed Claims Administrator at *Christopher v. Residence Mutual Insurance Company*, c/o JND Legal Administration, PO Box 91208, Seattle, WA 98111.

The completed Request for Exclusion must (1) include a clear statement of your intention to be excluded from the settlement; (2) include your full name, address, and telephone number; (3) be signed and dated; (4) be returned by U.S. Mail to the Claims Administrator at the specified address; and (5) must be postmarked no later than **October 19, 2020**.

You must mail your completed Request for Exclusion by no later than **October 19, 2020**. Requests for exclusion that are not timely submitted or complete will be disregarded. **Any person who excludes themselves from the Settlement will not be entitled to any portion of the Gross Settlement Amount.** All Class Members who have not opted to exclude themselves will be bound by the Settlement.

C. TERMS OF THE SETTLEMENT

1. The Proposed Settlement and Gross Settlement Amount

Without admitting any wrongdoing, RMIC has agreed to pay Two Hundred and Fifty Thousand Dollars and no cents (\$250,000.00) (the “Settlement Fund”) to fully resolve claims asserted by Plaintiffs and the Class Members in this action, for Class Counsel’s attorneys’ fees and costs in this Lawsuit, for Service Awards to Plaintiffs, William and Kandy Christopher for their efforts and on behalf of the other Class Members, for the costs of claims administration. RMIC has further agreed to pay up to Eight Hundred and Fifty Thousand Dollars and no cents (\$850,000.00) in additional attorneys’ fees sought pursuant to a catalyst theory (the “Catalyst Attorneys’ Fees”). Thus, the Gross Settlement Amount of \$1,100,000 is composed of the Settlement Fund (\$250,000) and the Catalyst Attorneys’ Fees (\$850,000).

The Gross Settlement Amount may vary if the Court does not approve the requested amount for the Settlement Fund and/or the Catalyst Attorneys’ Fees. No portion of the Settlement Fund will revert to RMIC.

2. Distributions from the Settlement Amount

Subject to Court approval, distributions will be made from the Gross Settlement Amount as follows:

First, a total Service Award payment of Twenty Thousand Dollars and no cents (\$20,000.00) to Plaintiffs William and Kandy Christopher, in exchange for their general release and other valuable consideration.

Second, Class Counsel will ask the Court to award up to Fifty Thousand Dollars and no cents (\$50,000.00) in reasonable attorneys’ fees for work performed on behalf of Class Members and up to Twenty Thousand Dollars and no cents (\$20,000.00) in litigation costs. The Court will determine the actual amount awarded.

Third, a payment of up to Eight Hundred and Fifty Thousand Dollars and no cents (\$850,000.00) to the Class Counsel for being the attorneys that allegedly stopped RMIC’s practice as alleged in the Lawsuit.

Fourth, payment to the Claims Administrator for the costs of administration of no more than \$16,000 for administration of the settlement.

Fifth, the remaining amount (the “Net Settlement Amount”) will be distributed to Class Members who do not exclude themselves from the Settlement as described below.

3. Calculation of Your Settlement Share

If you are a Class Member and you do not exclude yourself from this Settlement before **October 19, 2020**, you become a “Participating Settlement Class Member,” entitled to a Settlement Payment on the terms described below. Your Settlement Payment shall be a flat amount and calculated based on your proportional share of interest owed for your delayed Profit and Overhead payment. In that regard, if RMIC paid you Profit and Overhead, you have a “delayed” claim and will be paid an approximate flat amount of \$13.38 - \$15.56 per Class Member. If RMIC did not pay you Profit and Overhead, you have an “unpaid” claim and will be paid an approximate flat amount of \$53.68 - \$62.42 per Class Member. These amounts were calculated using a formula approved by the Court.

4. Tax Withholdings

No taxes will be withheld from any money provided to you through this Settlement. You are solely and exclusively responsible for remitting to state and/or federal taxing authorities any applicable other taxes due and shall hold RMIC and the Released Parties harmless for any taxes, penalties, interest, liabilities, costs and expenses caused by any such taxing authority relating in any way to your tax treatment of payments made to them or failure to timely or properly pay any taxes owed on your Settlement Payment.

5. Attorneys' Fees and Costs

Class Counsel has not yet received any payment for the services that they have provided in this litigation on behalf of Plaintiffs and the Settlement Class, nor have they been reimbursed for their out-of-pocket expenses incurred on behalf of the Settlement Class, which are expected not to exceed \$20,000. Class Counsel will file a motion with the Court to approve payment of attorneys' fees to Class Counsel in the amount of \$50,000, plus reimbursement of the litigation costs they advanced, all of which would be paid to Class Counsel from the \$250,000 Settlement Fund.

Also, Class Counsel will seek approval from the Court to approve a payment \$850,000.00 to Class Counsel for allegedly being the attorneys that stopped RMIC's practice as alleged in the Lawsuit.

The attorneys' fees and costs must be approved by the Court. The proposed fee split amongst Class Counsel for any attorneys' fees award shall be divided 50% to McCathern, LLP and 50% to Moss Bollinger, LLP. In the event the Court awards a lump sum amount to Class Counsel for attorneys' fees and costs, without any specified division among Class Counsel, then Class Counsel shall first be reimbursed for their respective reasonable costs submitted to the Court, and thereafter shall split the remaining sum in the manner specified herein for allocation of attorneys' fees among Class Counsel.

These fees will serve to compensate Class Counsel for their efforts achieving the settlement for the benefit of the Settlement Class, for being the attorneys that allegedly stopped RMIC's practice as alleged in the Lawsuit, and for the risk in undertaking this representation on a contingency basis. Class Counsel has already spent many hours litigating this case, conducting discovery, investigating Class Members' claims, and negotiating this Settlement. You can review Class Counsel's motion for attorneys' fees and costs, which will be filed with the Court by October 28, 2020, on the Claims Administrator's Website.

D. RELEASE OF CLAIMS

In exchange for these payments, Plaintiffs William and Kandy Christopher and the Participating Settlement Class Members, including their heirs, assigns, and estates, agree to dismiss and release all claims that were asserted and settled in the Lawsuit against RMIC with prejudice. This means that all members of the Settlement Class who do not opt out will be barred from seeking, among other things, any other relief on any and all claims pertaining to overheard and profit on your homeowner's insurance policy. This includes all claims that were asserted in the pleadings or could have been asserted in the pleadings based on the same factual predicate as those claims litigated and contemplated by the settlement during the Class Period. Participating Settlement Class Members will be bound by this release even if they do not take any action in response to this Notice.

E. FINAL SETTLEMENT APPROVAL HEARING

The Court will hold a hearing in the California Superior Court for the County of San Bernardino, Department S26, located at 247 W. 3rd Street, San Bernardino, California 92415, on **November 19, 2020** at 10 a.m. to decide whether to finally approve the Settlement as fair, reasonable, and adequate. At that time, the Court also will be asked to approve Class Counsel's request for attorneys' fees and reimbursement of litigation costs, and the Service Awards for Plaintiffs. If you wish to appear at the hearing you must file and mail your written comments pursuant to the procedure described above, no later than **October 19, 2020**. It is possible that the hearing date or time will be changed, so you should check the Court's calendar before attending, if you plan to attend. If you mail written comments, it is not necessary for you to appear at this hearing.

F. HOW DO I OBTAIN ADDITIONAL INFORMATION?

This Notice only summarizes the Lawsuit, the Settlement, and related matters. The pleadings and other documents in this Lawsuit may be examined during regular business hours at the Office of the Clerk, located at 247 W. 3rd Street, San Bernardino, California 92415. Settlement-related documents, dates, deadlines and other information will be posted to the Claims Administrator's Website: www.jndla.com/cases/class-action-administration.

This notice has been reviewed and approved by Hon. Judge David Cohen of the California Superior Court for the County of San Bernardino. If you have any questions regarding this lawsuit and how it affects your rights, please contact Class Counsel or the Claims Administrator and ask about the RMIC Settlement.

Christopher v. Residence Mutual Insurance Company
c/o JND Legal Administration
PO Box 91208
Seattle, WA 98111

or
Class Counsel:

Evan Selik
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**PLEASE DO NOT TELEPHONE THE COURT FOR INFORMATION ABOUT THIS SETTLEMENT.
PLEASE DO NOT CONTACT DEFENDANT'S CORPORATE OFFICE, MANAGERS, OR ATTORNEYS
FOR INFORMATION ABOUT THIS SETTLEMENT.**

Dated: September 4, 2020

OPT-OUT FORM

Christopher v. Residence Mutual Insurance Company
(San Bernardino County Sup. Court, Case No. CIVDS1711860)

DO NOTHING AND YOU WILL RECEIVE YOUR SHARE OF THE SETTLEMENT FUND FOR THE GENERAL CLASS CLAIMS. HOWEVER, **IF YOU DO NOT WISH TO RECEIVE ANY SETTLEMENT PAYMENT FROM THIS CLASS ACTION**, YOU MUST COMPLETE, SIGN AND RETURN THIS FORM WITH ANY NECESSARY DOCUMENTS BY U.S. MAIL, FAX, OR SUBMIT ONLINE BY **OCTOBER 19, 2020** TO:

Christopher v. Residence Mutual Insurance Company
c/o JND Legal Administration
PO Box 91208
Seattle, WA 98111

Email Address: RMICClassaction@jndla.com
Fax Number: 206-788-8766

1. CLAIMANT INFORMATION:

Name (Last, First, Middle Initial) _____
Current Street Address _____
City _____, State _____ Zip Code _____
Residence Mutual Insurance Company Policy Number _____
Residence Mutual Insurance Company Claim Number _____
Address of Residence on which the Claim for Insurance Was Made: _____

2. RECORDS INFORMATION

According to Residence Mutual Insurance Company’s (“RMIC”) records, you may be a Class Member because you made an homeowner’s insurance claim to RMIC between March 9, 2013 and January 1, 2019 and may not have been paid the agreed upon profit and overhead until and/or unless you incurred it.

Now, please read below. Please CHECK THE BOX IF YOU WISH TO OPT-OUT:

[] The insurance information listed in this Section is correct. I wish to opt-out of receiving any settlement payment from this class action.

3. OPT-OUT OF RECEIVING SETTLEMENT PAYMENT

By submitting this Claim, I am hereby opting out of receiving any settlement payment from this class action lawsuit entitled *Christopher v. Residence Mutual Insurance Company*, San Bernardino County Sup. Court, Case No. CIVDS1711860. This means I am choosing NOT to participate in this lawsuit, and as such, am NOT releasing any claims, damages, remedies sought or causes of action alleged in this lawsuit or that could have been alleged based on the pleaded allegations to the extent they concern claims, damages, remedies sought or causes of actions alleged.

I declare under penalty of perjury under the laws of the State of California and the United States of America that the information I provided in this Opt-Out Form is true and correct.

Executed on _____, 2020 at _____, _____.

(City)

(State)

(Signature)

(Print Name)