

A class action lawsuit involving homeowner's insurance issued by Farmers may affect your rights.

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

- Homeowners have sued Farmers Insurance Company, Inc. and Farmers Insurance Exchange (the "Defendants") saying that they improperly withheld payments for general contractor's overhead and profit ("O&P") from amounts paid on claims under homeowner's insurance policies to citizens of Oklahoma. The lawsuit contends that an industry standard requires payment for general contractor services whenever three or more trades are anticipated in a home repair.
- A Court has approved the lawsuit as a class action on behalf of those Oklahoma citizens who are or were insured by Farmers under a homeowners' policy, who suffered a covered loss to their home from June 14, 1994 to the present, whose loss was adjusted on an actual cash value ("ACV") basis, whose claim files indicate the anticipated involvement of three trades or more in the repair of the property at the time of the ACV adjustment, and whose ACV adjustment did not include a 20% payment for O&P. See Questions 11-15 for more details.
- The Court has not decided whether the Defendants did anything wrong, and the case is currently scheduled to go to trial. There is no money available now and no guarantee there will be. However, your rights are affected, and you have a choice to make now.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT:	
DO NOTHING	Stay in this lawsuit. Await the outcome. Share in possible benefits. Give up certain rights. By doing nothing, you keep the possibility of getting money or other benefits that may come from a trial or settlement. But, you give up any rights to sue the Defendants on your own about the same legal claims in this lawsuit.
ASK TO BE EXCLUDED	Get out of this lawsuit. Get no benefits from it. Keep rights. If you ask to be excluded and money or benefits are later awarded, you won't share in those. But, you keep any rights to sue the Defendants on your own about the same legal claims in this lawsuit.

- Lawyers must prove the claims against the Defendants at a trial. If money or benefits are obtained from Farmers, you will be notified about how to ask for a share.
- Your options are explained in this notice. To ask to be excluded, you must act by **May 16, 2008**.

QUESTIONS? CALL **1-866-225-1105** TOLL FREE, OR VISIT WWW.BURGESS-CLASS.COM

PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITE NUESTRO SITIO DE INTERNET.

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BASIC INFORMATION

1. Why was this notice issued?

A Court has approved, or “certified,” this case as a class action lawsuit that may affect you. See Questions 11-15 for more details. If you are included, you may have legal rights and options before the Court decides whether the claims being made against the Defendants on your behalf are correct. This notice explains all of these things.

Judge Mark R. Smith, of the District Court of Comanche County, State of Oklahoma, is currently overseeing this case. The case is known as *Burgess et al. v. Farmers Insurance Company, Inc. et al.*, No. CJ-2001-292. The people who sued are called the “Plaintiffs.” The companies they are suing, Farmers Insurance Company, Inc. and Farmers Insurance Exchange are called the “Defendants.”

2. What is this lawsuit about?

The lawsuit is about whether the Defendants improperly withheld payments of general contractor’s overhead and profit (“O&P”) from amounts paid on claims for covered loss under homeowner’s policies where three or more trades were involved. The Plaintiffs’ claim that the industry standard is to pay O&P when three or more trades are needed to complete a home repair. The Defendants have denied all of these claims and maintain that it did not act wrongfully or unlawfully. The suit asks for money to be paid to the Class, in an amount to be decided by a jury. The Court has not decided whether the Class or the Defendants are right. The lawyers for the Class will have to prove their claims at a trial.

3. What is general contractor’s overhead and profit (“O&P”)?

Plaintiffs define O&P as an amount charged by a general contractor for supervising, scheduling, and/or warranting work, and/or for materials supplied by a subcontractor in the course of repairing damage to a building.

4. What is a class action?

In a class action, one or more people called Class Representatives, in this case, Bill Burgess and Betty Burgess, sue on behalf of people who have similar claims. All these people are a Class or Class members. One court resolves the issues for all Class members, except for those who exclude themselves from the Class. Gary Sadeghy was previously appointed as a Class Representative, but has dismissed his claims against the Defendants and is no longer involved in the case.

5. Why is this lawsuit a class action?

The Court decided that this lawsuit could move towards a trial as a class action because it meets the requirements of Oklahoma state law, 12 O.S. § 2023, which governs class actions in Oklahoma. For instance, the Court found that:

- The people affected share common characteristics, so they will be able to identify themselves as Class members;
- It would not be practical to bring each individual member of the Class before the Court (tens of thousands of policyholders);
- There are questions of law or fact common to all Class members that are at the heart of the case;

- The legal claims of the Class Representatives are typical of the claims of the Class members because they were insured through Farmers' homeowners policies and suffered a covered loss between June 14, 1994 and the present;
- The Class Representatives and their lawyers will fairly and adequately represent all of the Class members; and
- A class action would be a fair and efficient way—the superior alternative—to resolve this lawsuit.

More information about why the Court is allowing this lawsuit to be a class action is in the [Class Certification Ruling](#), which you may view at www.Burgess-Class.com.

THE CLAIMS IN THE LAWSUIT

6. What does the lawsuit complain about?

The lawsuit says that the Defendants intentionally underpaid the homeowners' claims of thousands of Oklahomans by failing to provide them a payment for O&P. The Plaintiffs also claim that the Defendants have been improperly withholding these payments from people making homeowners' claims for years. They also complain that the Defendants withheld information from homeowners about their right to O&P at the time their claim was paid. The Plaintiffs' claims are based on the contention that there is an industry standard three trades rule which requires payment for the services of a general contractor when three or more trades are anticipated in a home repair. You can read the Plaintiffs' [Class Action Complaint](#) at www.Burgess-Class.com.

7. How do the Defendants' answer?

The Defendants deny the claims and allegations in the lawsuit and deny that they did anything wrong. The Defendants deny they have underpaid any homeowners' claims, or that they failed to provide homeowners insureds with any relevant information concerning coverage. It is the position of the Defendants that there is no industry standard three trades rule, and that the determination of whether, and when O&P is reasonably likely to be incurred depends upon a number of different factors in addition to the number of trades. The [Defendants' Answer to the Complaint](#) can be viewed at www.Burgess-Class.com.

8. Has the Court decided who is right?

No. The Court has not decided whether the Plaintiffs or the Defendants are right. By establishing the Class and ordering that this Notice be provided, the Court is not suggesting the Plaintiffs will win or lose this case. The lawyers for the Plaintiffs must prove their case at a trial.

9. What are the Plaintiffs asking for?

Plaintiffs are asking for money or other benefits for the Class. They are also asking for attorneys' fees and costs, plus interest.

10. Is there any money available now?

No money or benefits are available now because the Court has not yet decided whether the Defendants did anything wrong, and the two sides have not settled the case. There is no guarantee that money or benefits will ever be obtained. If they are, you will be notified about how to ask for a share.

WHO IS IN THE CLASS

11. How do I know if I am part of this?

Judge Smith decided that everyone who fits the following description is a Class member: *All Oklahoma citizens who were or are Farmers homeowners' policyholders who: (1) suffered a covered loss to their home from June 14, 1994 to the present; (2) whose loss was adjusted on an actual cash value (ACV) basis; (3) whose claim files indicate the anticipated involvement of three trades or more in the repair of the property at the time of the ACV adjustment; and (4) whose ACV adjustment did not include a 20% payment for O&P.*

12. What is a covered loss?

It is a loss that the Defendants determined is payable under one of their insurance policies.

13. How do I know if my claim was adjusted on an actual cash value ("ACV") basis?

Your claim was adjusted on an ACV basis if you received an initial payment from the Defendants for your covered loss where depreciation was taken out. Depreciation is a decrease or loss in value that occurs because of age or wear.

14. What is a trade?

Plaintiffs define a trade as an occupation of a skilled craftsman, e.g., electrician, drywall installer, carpenter, and others.

15. Help me understand whether I am included.

This series of questions may also help you determine if you are a Class member. Please answer all of the questions in order.

Question	Yes	No
Are you a citizen of Oklahoma?	Continue.	You are not a Class member.
Do you or did you have a homeowner's policy issued by the Defendants?	Continue.	You are not a Class member.
Did you suffer a covered loss to your home from June 14, 1994 to the present?	Continue.	You are not a Class member.
Was the loss covered by the homeowner's policy issued by the Defendants?	Continue.	You are not a Class member.
Was your claim adjusted on an ACV basis?	Continue.	You are not a Class member.

Question	Yes	No
Did your property damage claim involve three or more trades?	Continue.	You are not a Class member.
Did you receive a payment from the Defendants that did not include a 20% payment of O&P?	You probably are a Class member.	You are not a Class member.

16. I'm still not sure if I am included.

If you are still not sure whether you are included, you can visit the website www.Burgess-Class.com, call toll free 1-866-225-1105, or write to Burgess Class Action, PO Box 6336, Portland, OR 97228-6336, for more information.

YOUR RIGHTS AND OPTIONS

You have to decide whether to stay in the Class or whether to exclude yourself before a possible trial, and you have to decide this no later than **May 16, 2008**.

17. What happens if I do nothing at all?

By doing nothing, you are staying in the Class. If the Plaintiffs obtain money or benefits from the Defendants—either as a result of a trial or a settlement—you will be able to apply for a share. However, if you stay in, you will be legally bound by all of the decisions that the Court makes. No matter whether the Plaintiffs win or lose the case, you will not be able to sue, or continue to sue, the Defendants about the legal claims in this case, ever again.

18. What happens if I exclude myself?

If you exclude yourself from the Class and the Class gets any money or benefits (as a result of the trial or any settlement that may or may not be reached between the Defendants and the Plaintiffs) you will not be able to get any of that money or those benefits. However, if you exclude yourself, you will not be legally bound by the Court's judgments. You will be able to sue, or continue to sue, the Defendants on your own about the same legal claims that are involved in this case, now or in the future.

If you do pursue your own lawsuit after you exclude yourself, you'll have to hire and pay your own lawyer for that case, and you'll have to prove your claims, without the benefit of the work performed by the lawyers in this class action.

19. How do I ask to be excluded?

To exclude yourself, send a letter that says you want to be excluded from *Burgess v. Farmers Insurance Company, Inc.* Include your name, address, telephone number, and signature. You can use the Exclusion Request form on page 8 or get a form at www.Burgess-Class.com. You must mail your Exclusion Request postmarked by **May 16, 2008**, to: Burgess Exclusions, PO Box 6336, Portland, OR 97228-6336.

THE LAWYERS REPRESENTING THE CLASS

20. Do I have a lawyer in this case?

Yes. The Court appointed the following lawyers to represent the Class as "Class Counsel": Reggie Whitten and Michael Burrage of Whitten, Burrage, Priest, Fulmer, Anderson & Eisel; Jason Roselius and Derrick Morton of Nelson, Roselius, Terry, O'Hara & Morton; and Terry West and Bradley West of The West Law Firm. These lawyers are experienced in handling similar cases.

21. Should I get my own lawyer?

You do not need to hire your own lawyer because Class Counsel is working on your behalf. But, if you want your own lawyer, you will have to pay that lawyer. You can ask him or her to appear in Court for you in this case if you want someone other than Class Counsel to speak for you.

22. How will the lawyers be paid?

If Class Counsel obtains money or benefits for the Class, they may ask the Court for fees and expenses. You will not have to pay any of these fees and expenses. If the Court grants their request, the fees and expenses would be deducted from any money obtained for the Class, or paid separately by the Defendants.

A TRIAL

23. How and when will the Court decide who is right?

If the case is not dismissed or settled, the Plaintiffs will have to prove their claims at a trial which will take place at the District Court of Comanche County, 315 SW 5th Street, Lawton, Oklahoma. During the trial, a jury will hear all of the evidence, so that a decision can be reached about whether the Plaintiffs or the Defendants are right about the claims in the lawsuit. There is no guarantee that the Plaintiffs will win any money or benefits for the Class.

24. Do I have to come to the trial?

You will not need to attend unless you choose to do so, or you are asked to attend by the Court. Class Counsel will present the case for the Plaintiffs, and the lawyers for the Defendants will present their defenses. You and/or your own lawyer are welcome to appear in this case, at your own expense. Check the website or call 1-866-225-1105 to be kept informed of the trial schedule.

25. Will I get money after the trial?

If the Plaintiffs obtain money or benefits as a result of the trial or a settlement, you will be notified about how to ask for a share or what your other options are at that time. These things are not known right now. Court orders and other important information about the case will be posted on the website, www.Burgess-Class.com, as it becomes available. You can access the website, whether you stay in the lawsuit or exclude yourself, to obtain current information about this case.

GETTING MORE INFORMATION

26. Are more details available?

Visit the website at www.Burgess-Class.com, where you will find the [Class Certification Ruling](#), the [Complaint](#) that the Plaintiffs lodged, and the [Defendants' Answer to the Complaint](#). You may also call toll-free at 1-866-225-1105 for more information, or write to Burgess Class Action, PO Box 6336, Portland, OR 97228-6336.

EXCLUSION REQUEST

I want to be excluded from *Burgess v. Farmers Insurance Company, Inc.* I understand that if I exclude myself, I will not be able to get any money or benefits if any become available from this case, however, I will not be bound by any Court orders, and I will keep any rights I have to sue the Defendants about the claims in this case, as part of any other lawsuit.

Name

Address

City

State

Zip

Telephone

Signed

Date

If you want to be excluded, mail this form, postmarked by **May 16, 2008**, to:

Burgess Exclusions, PO Box 6336, Portland, OR 97228-6336.

DON'T MAIL THIS FORM IF YOU WANT TO STAY IN THE CLASS.