

**You have received this letter because your vehicle was adjusted to be a total loss by PEMCO MUTUAL INSURANCE COMPANY, and you may be able to get a payment from this class action settlement for alleged underpayment of your total loss claim.**

**The Pierce County (Tacoma) Washington Superior Court authorized this notice.  
This is not a solicitation from a lawyer.**

- Subject to Court approval, the Settlement will provide up to \$14,110,030.44 (less legal fees and costs) to pay claims for those who properly submit Claim Forms by **June 17, 2021** and are not successfully challenged by PEMCO Mutual Insurance Company (“PEMCO”).
- The Settlement affects the rights of PEMCO insureds whose vehicles were deemed total losses and PEMCO resolved the losses after using Autosource estimates that contained a deduction for “typical negotiation.” Other requirements set forth below also apply.

<b>Your legal rights and options in this Settlement:</b>	
<b>Submit a Claim Form</b>	This is the only way to get a payment. The green colored Claim Form is enclosed with this notice and can be mailed in, or you can submit your claim on-line at <a href="http://www.PEMCOTotalLossSettlement.com">www.PEMCOTotalLossSettlement.com</a> .
<b>Comment (including object)</b>	Write to the Court about what you think about the Settlement.
<b>Go to the hearing</b>	If you would like, you may ask to speak in Court about the fairness of the Settlement. You do not need to do this to receive a payment.
<b>Do nothing</b>	Get no payment.

Questions? Call the Settlement Administrator toll-free at 1-833-722-0890, or visit [www.PEMCOTotalLossSettlement.com](http://www.PEMCOTotalLossSettlement.com)

To view JND’s privacy policy, please visit <https://www.jndla.com/privacy-policy>

## **1. Why did I get this letter?**

You have received this letter (called a “Notice”), and the enclosed green Claim Form (or multiple claim forms if you had multiple qualifying accidents) because PEMCO’s records show that you were an insured of PEMCO in the State of Washington who received payment under your PEMCO policy because your vehicle was deemed a total loss as a result of a loss occurring between May 17, 2012 and April 30, 2020, and that you meet certain other requirements (set forth in Section 5, below).

The class action suit has been pending since May 17, 2018. It has now been resolved with PEMCO agreeing to pay a Settlement in an amount up to \$14,110,030.44. If the Settlement is approved, you may be eligible for benefits that will be provided as part of the proposed Settlement. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. If you wish to receive money from or comment upon (including object to) the Settlement you must follow the procedures described below. If you do nothing, you will be bound by any final judgment.

The Court in charge of the case is the Pierce County Superior Court for the State of Washington, and the case is known as *Stier v. PEMCO Mutual Insurance Co.*, Case No. 18-2-08153-5. The person who brought this class action lawsuit, called the “Plaintiff,” has sued PEMCO on behalf of certain policyholders with “total loss” claims.

## **2. What is this lawsuit about?**

In the lawsuit, Plaintiff claims that in settling total losses using Autosource estimates, PEMCO improperly took deductions for “typical negotiation” that were not factually supported, reasonable, or allowed by Washington Administrative Code § 284-30-391. Plaintiff alleges that the use of the “typical negotiation” deduction resulted in the underpayment of total loss claims to PEMCO insureds who received total loss payments based on the Autosource estimate and, as a result, breached PEMCO’s insurance contract and violated Washington consumer protection laws. PEMCO denies that it did anything wrong, that it breached its insurance contract, or that it violated Washington law in using Autosource estimates that took deductions for “typical negotiation.”

## **3. Why is this a class action?**

In a class action, the Plaintiff, also referred to as the Class Representative, sues on behalf of people who have similar claims. All these people are part of a “Class.” One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. Pierce County Superior Court Judge BRYAN CHUSHCOFF is presiding over this class action and certified this action as a Class Action prior to the Settlement.

## **4. Why is there a Settlement?**

Prior to further proceedings, both sides agreed to a Settlement, which if approved, brings the litigation to an end. That way, Plaintiff and PEMCO avoid the cost, delay, and uncertainty of moving forward in litigation to trial and possible appeals, and the Class Members will get payments. The Class Representative and his attorneys think the Settlement is best for the Class Members.

You may be eligible to receive money from this Settlement if you submit a valid claim form.

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

You are a member of the Class if you are a PEMCO insured under a policy issued in the State of Washington who was paid by PEMCO for the total loss of your own vehicle(s) under one of PEMCO's first party coverages (Comprehensive, Collision, and Underinsured Motorist) and PEMCO used an Autosource estimate as part of the process in valuing your vehicle.

You are not a part of the Class if (a) none of the Autosource estimates PEMCO obtained for your loss included a "typical negotiation" deduction, (b) your date of loss was outside the Class Period, or (c) you are a PEMCO employee.

**6. How much will my payment be?**

Each Class Member's payment will depend on the total loss value paid by PEMCO in which an Autosource estimate used a "typical negotiation" deduction. Here's how it works. Each Class Member is entitled to submit a claim. For Class Members who qualify for a payment, because their total loss was settled involving an Autosource estimate which took a "typical negotiation" deduction, the payment will be an amount, not paid to you, up to the amount of the "typical negotiation" deduction. The average payment – which will vary based on the "typical negotiation amount" deducted on your claim and what PEMCO paid – will be approximately \$550.

Not everyone who receives this notice will be eligible for payment. You can only receive a payment if you submit a Valid Claim Form according to the requirements set forth in Section 7, below. PEMCO also may challenge any Valid Claim Form that is submitted.

**7. How can I receive a payment?**

To qualify for payment, you must be an eligible Class Member (see Section 5, above) and submit a Valid Claim Form. The Claim Form (the single green page) is enclosed with this Notice. Read the instructions carefully, either fill it out online by **June 17, 2021** or fill out the form, sign it, and submit it by mail postmarked by **June 17, 2021**.

**8. When would I get my payment?**

The Court will hold a hearing on **May 7, 2021 at 9:00 a.m.** to decide whether to approve the Settlement. If eligible, you will get your payment after the Settlement is approved, all appeals have been concluded, and no further appeals are possible.

We will provide regular updates of the status of the Settlement to all people who submit Claim Forms at [www.PEMCOTotalLossSettlement.com](http://www.PEMCOTotalLossSettlement.com). Please be patient.

**9. What am I giving up to get a payment or stay in the Class?**

Unless you opt out of the Class, you are in the Class, which means that you cannot sue, continue to sue, or be part of any other lawsuit against PEMCO about the factual and legal issues in this case. It also means that all the Court's orders in this case will apply to you and legally bind you.

## The Lawyers Representing You

### **10. Do I have a lawyer in this case?**

The following attorneys represent you, Plaintiff, and the other Class Members:

Stephen M. Hansen

Law Offices of Stephen M. Hansen, P.S.

1821 Dock Street, Suite 103

Tacoma, Washington 98402

steve@stephenmhansenlaw.com

1-253-302-5955

Scott P. Nealey

Law Office of Scott P. Nealey

315 Montgomery Street, 10<sup>th</sup> Floor

San Francisco, CA 94111

snealey@nealeylaw.com

1-415-231-5311

These lawyers are working together on your behalf and can be reached via the above e-mails and telephone numbers.

These lawyers are called “Class Counsel.” You will not be charged for these lawyers’ work in securing the Settlement benefits for you and the other Class Members. You owe nothing if you participate in the Settlement. The Court determines Class Counsel’s fees separately. If you want to be represented by your own lawyer, you may hire one at your own expense.

### **11. How will the lawyers be paid?**

Class Counsel will ask the Court for attorneys’ fees of up to twenty-seven percent of the entire Settlement amount of \$14,110,030.44 and out-of-pocket costs of up to \$44,502.63, according to the terms of the Settlement Agreement. Class Counsel have worked continuously on this case but have not received any money for that work. The attorneys’ fees and costs, as awarded by the Court, will be paid from the \$14,110,030.44 available to the Class Members in this Settlement. In addition, Class Counsel will apply to the Court for a service award of up to \$10,000.00 for the Plaintiff in acting as the Class Representative. This service award is being requested in recognition of the time, effort, and risk incurred by the Class Representative in securing this Settlement for you and the other Class Members.

### **12. If I want to, how can I tell the Court that I like or don’t like the Settlement?**

If you’re a Class Member, you can – but need not – comment on the Settlement. You can give reasons why you think the Court should or should not approve it. The Court will consider your views. To comment or object you must send a letter with your comment to the two lawyers listed below, postmarked by **April 23, 2021**. Be sure to include your name, address, telephone number, your signature, and the reasons for your comment on (or objection to) the Settlement. Mail the comment to both lawyers listed below:

Class Counsel

Stephen M. Hansen

Law Offices of Stephen M. Hansen, P.S.

1821 Dock Street, Suite 103

Tacoma, Washington 98402

Counsel for PEMCO

Randall Thomsen

Harrigan Leyh Farmer & Thomsen, LLP

999 Third Avenue, Suite 4400

Seattle, WA 98104

The Court will not consider any objections not timely served on both counsels.

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

The Court will hold a Final Settlement Hearing **at 9:00 a.m. on May 7, 2021** at the Pierce County Superior Court Courthouse (Department 5), 930 Tacoma Avenue, Tacoma, WA 98402. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge CHUSHCOFF will listen to anyone at the hearing who asked to speak, and if objections were timely served, will consider them. The Court also will decide how much to pay Class Counsel. The Final Settlement Hearing may be postponed without further notice to the Class.

**14. Do I have to come to the hearing?**

No. Class Counsel will answer questions Judge CHUSHCOFF may have. But you are welcome to come at your own expense. If you send a comment (including an objection), you don't have to come to Court to talk about it. As long as you mailed it on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

**15. May I speak at the hearing?**

You may ask the Court for permission to speak at the Final Settlement Hearing. To do so, you must send a letter to both lawyers listed in Section 12, above, saying that it is your "Notice of Intention to Appear at the Final Settlement Hearing in *Stier v. PEMCO Mutual Ins. Co.*" You must include your name, address, telephone number, and signature. Your Notice of Intention to Appear must be postmarked by **April 23, 2021**.

**16. What happens if I do nothing at all?**

If you do nothing, you will get no money from this settlement. If you are a Class Member, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against PEMCO about the legal issues in this case ever again.

**Getting More Information**

**17. Are there more details about the Settlement?**

This notice summarizes the proposed Settlement. More details are in the Settlement Agreement. You can view and print a copy of the Settlement Agreement and other information about the lawsuit by visiting [www.PEMCOTotalLossSettlement.com](http://www.PEMCOTotalLossSettlement.com), where you will find answers to common questions about the Settlement, and other information to help you determine whether you are eligible for a payment. The website will also have instructions for filling out your Claim Form online.

**Please do not call the Court, the Court clerk's office, PEMCO, or PEMCO's attorneys to inquire about this Settlement. They will be unable to help you.**

By order of the Superior Court for the State of Pierce County, Washington.

Dated: January 8, 2021

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/s/

Judge BRYAN CHUSHCOFF