

SPECIAL NOTICE
THIS NOTICE MAY AFFECT YOUR RIGHTS
PLEASE READ IT CAREFULLY

NOTICE OF PENDENCY OF CLASS ACTION
AND PRELIMINARY APPROVAL OF SETTLEMENT
REGARDING AUTOMOBILE INSURANCE PREMIUMS
CHARGED TO SOME PERSONS WHO WERE INSURED
WITH 21st CENTURY INSURANCE COMPANY

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

AMBER MACKAY, an Individual, on)	Case No. BC297438
Behalf of Herself and All Others)	
Similarly Situated; JACQUELINE)	
LEACY, an Individual, on Behalf of)	NOTICE OF HEARING ON
Herself and All Others Similarly)	PROPOSED SETTLEMENT
Situated,)	OF CLASS ACTION
)	
Plaintiffs,)	
)	
v.)	
)	
21ST CENTURY INSURANCE)	
COMPANY, a Corporation, and DOES)	
1 through 100, inclusive,)	
)	
Defendants.)	

TO: ALL PERSONS WHO PURCHASED A CALIFORNIA PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY ISSUED BY 21ST CENTURY INSURANCE COMPANY WITH A POLICY EFFECTIVE DATE ON OR AFTER OCTOBER 1, 1997, AND BEFORE OCTOBER 31, 2005 AND WHO PAID INCREASED PREMIUMS DUE TO A LACK OF PRIOR INSURANCE INVOLVING THE APPLICATION OF A PERSISTENCY SURCHARGE AND/OR ACCIDENT VERIFICATION SURCHARGE.

TABLE OF CONTENTS

1. Why Should I Read this Notice?	3
2. What Is a Class Action?	3
3. What Is this Lawsuit About?	3
4. Who Is Included in this Class Action?	4
5. Who Represents the Class?	4
6. What Are the Terms of the Settlement?.....	5
7. Do I Need to Do Anything to Receive The Benefits of the Settlement? ...	5
8. What Does Class Membership Mean?	6
9. Can I Exclude Myself from the Class?	6
10. What if I Want to Object to or Comment on the Settlement?	6
11. What Is the Effect of the Final Settlement Approval?	7
12. Where Do I Get Additional Information?	7
13. What Are the Tax Consequences of the Settlement?	8
14. Summary of Relevant Dates	8

1. Why Should I Read this Notice?

The purpose of this Notice is to inform you that there is now pending in the Court a class action lawsuit on behalf of certain persons who purchased California private passenger automobile insurance policies issued by 21st Century Insurance Company (hereinafter referred to as 21st Century or Defendant).

On October 26, 2010, this Court gave preliminary approval to a settlement of the class action lawsuit ("Settlement"). This Notice describes the Settlement to you. You should read this Notice to determine how the Settlement affects you.

2. What is a Class Action?

A class action is a type of lawsuit in which one or a few named plaintiffs bring suit on behalf of all the members of a similarly situated group to recover damages for all of the group, or to obtain certain other relief on behalf of the entire group, without each member needing to file an individual lawsuit or appearing as an individual plaintiff. Class actions are usually used by the court where the claims raise basic issues of law or fact that are common, making it fair to bind all class members to the orders and judgments in the case, without the necessity of hearing essentially the same claims over and over again. Use of a class action eliminates the necessity of filing multiple suits and assures that all class members are bound by the results of the lawsuit.

3. What is this Lawsuit About?

On April 4, 2001, Plaintiffs individually and on behalf of others similarly situated, filed a class action lawsuit charging 21st Century with unfair business practices that purportedly violate California Business and Professions Code section 17200, based on the contention that 21st Century applied their Persistency Surcharge and Accident Verification Surcharge in violation of California law.

The Plaintiffs claim that some policyholders paid higher premiums for their automobile insurance policies than they should have paid when 21st Century surcharged them because they did not have prior insurance. Through the lawsuit, Plaintiffs challenge 21st Century's use of prior insurance as the basis to impose these surcharges.

21st Century vigorously denies Plaintiffs' allegations and denies that it acted improperly. 21st Century contends that the California Department of Insurance (the "DOI") approved the manner in which 21st Century verified driving records and determined persistency when it approved 21st Century's

class plans. 21st Century contends, among other things, that it was required to charge the rates approved by the DOI and would have violated state law by charging policyholders a premium other than approved by the DOI.

On October 6, 2010, subsequent to 21st Century's and Plaintiffs' agreement to settle this action, the California Court of Appeal, Second Appellate District, issued its decision (*Mackay v. Superior Court*, B220469, B223772) concluding that 21st Century is not civilly liable to Plaintiffs and the class for charging rates and using rating factors (i.e. Persistency Surcharge and Accident Verification Surcharge) that were approved by the DOI. The Court of Appeal ordered that judgment be entered in 21st Century's favor. Despite this favorable outcome to 21st Century, 21st Century will honor the settlement terms reached with Plaintiffs prior to the Court of Appeal's decision.

4. Who is Included in this Class Action?

On October 26, 2010, the Los Angeles Superior Court issued an Order preliminarily approving this settlement, and defined the Class as follows:

“Class” means every person who purchased automobile insurance from 21st Century at any time from October 1, 1997, and before October 31, 2005, and who paid increased premiums due to a lack of prior insurance involving the application of a Persistency Surcharge and/or Accident Verification Surcharge.

On the same date, the Los Angeles Superior Court also approved the sending of this Notice to all individuals who fall within the definition of the Class. The Court has set the date of February 14, 2011 to have a hearing on whether to finally approve the Settlement. You are not required to appear at this hearing to accept the benefits of the Settlement. If you wish to accept the benefits of the Settlement, please read paragraph 6, below.

5. Who Represents the Class?

- a. The Class Representatives.** Plaintiffs Jacqueline Leacy and Amber MacKay have been designated the Class Representatives by the Court.
- b. Class Counsel.** The Court has appointed the following Class Counsel to represent your interests and those of the Class:

Drew E. Pomerance, Esq.
Roxborough, Pomerance,
Nye & Adreani, LLP
5820 Canoga Avenue, Suite 250
Woodland Hills, California 91367
www.rpnalaw.com

Mark Goshgarian, Esq.
Goshgarian & Marshall, PLC
23901 Calabasas Road, Suite 2073
Calabasas, California 91302
www.gmlawplc.net

6. What are the Terms of the Settlement?

- (1) If you were charged the Persistency Surcharge only, you are entitled to receive \$12.00 in cash, upon completion and return of the attached Claim Form.
- (2) If you were charged both the Persistency Surcharge and the Accident Verification Surcharge, you are entitled to receive \$115.00 in cash, upon completion and return of the attached Claim Form.

21st Century has the records to determine whether you are entitled to claim \$12.00 or \$115.00. You are entitled to receive either \$12.00 or \$115.00, but not both.

- (3) Each of the two Class Representatives, Amber MacKay and Jacqueline Leacy, shall each receive an incentive payment of five thousand dollars (\$5,000.00) for their time and involvement in this case as a Class Representative.
- (4) In addition to the benefits described above, Class Counsel intend to apply to the Court for an award of attorneys' fees and reimbursement of expenses for services rendered, and reasonable expenses incurred, in connection with the Action. The reasonable fees, reimbursement of expenses and costs, including, without limitation, the fees of experts and consultants, as awarded by the Court to Class Counsel shall be paid to Class Counsel by Defendant up to an amount not to exceed Three Million Four Hundred Thousand Dollars (\$3,400,000). The award of attorneys' fees and costs, if any, shall not affect the benefits due to the members of the Class. This amount reflects the benefit Class Counsel conferred on the Class.
- (5) The Settlement is more fully described in the papers and pleadings on file with the Court, which can be inspected during regular business hours at the Office of the Clerk, Los Angeles Superior Court, 600 Commonwealth Avenue, Los Angeles, California 90005. You may also wish to refer to the full text of the proposed Settlement contained in the Settlement Agreement, and exhibits thereto, dated October 15, 2010, a copy of which may be obtained (1) by writing to Class Counsel at the addresses listed in Section 5 above or (2) contacting the settlement administrator's recorded message or website, as more fully set forth in section 12 below. The court will decide whether to finally approve this Settlement at the hearing for final approval on February 14, 2011.

7. Do I Need To Do Anything to Receive the Benefits of the Settlement?

IF YOU ARE ELIGIBLE TO RECEIVE ANY OF THE BENEFITS DESCRIBED IN SECTION 6 ABOVE, YOU MUST COMPLETE THE ATTACHED CLAIM FORM, AND RETURN THE COMPLETED CLAIM FORM BY MARCH 31, 2011.

8. What Does Class Membership Mean?

If you are a member of the Class, then:

- a. Class Representative and Class Counsel, including those listed on this notice, will act as your representative and counsel for the approval of the Settlement with Defendant. You are not required to pay for these lawyers' services or for the costs of the lawsuit.
- b. You will be entitled to participate in the benefits resulting from the Settlement in favor of the Class, as described in Section 6 above.
- c. You will be bound by the terms and conditions of the Settlement and releases, as well as any judgment or dismissal entered in the lawsuit.

9. Can I Exclude Myself From the Class?

Yes. If you do NOT want to participate in the settlement and wish to exclude yourself, that is to "opt-out" of this settlement, then you must request exclusion, by submitting in writing a request to "opt-out", postmarked by no later than January 21, 2011, ("the Opt-Out Request"), and mail it to 21st Century c/o Kent Keller, Barger & Wolen, LLP, 633 West Fifth Street, 47th Floor, Los Angeles, CA 90071. The writing must state that it is an "Opt-Out Request" (you wish to be excluded from the settlement), and it must include your 21st Century policy number(s), your name, your address, and it must be signed by you. **If you request exclusion, you will not be entitled to the benefits described in Section 6.**

Do not send an "Opt-Out Request" as set forth above if you wish to share in the Class benefits described in Section 6.

10. What if I Want to Object or Comment on the Settlement?

If you wish to object to the Settlement or otherwise comment upon the Settlement, you must file such objections or comments in writing with the Court by January 21, 2011. By submitting objections or comments on the Settlement, you do not waive your right to receive the benefits of the Settlement. Any papers filed with the court must be served on Class Counsel, at the addresses set forth in Section 5 above, and counsel for Defendants, at the following address:

Kent R. Keller, Esq.
BARGER & WOLEN, LLP
633 West Fifth Street, 47th Floor
Los Angeles, CA 90071

If you do not file an objection or comment by January 21, 2011, you will be precluded from appearing at the fairness hearing for final approval of the Settlement, which is scheduled to be held on February 14, 2011.

11. What is the Effect of the Final Settlement Approval?

The proposed Settlement does not constitute an admission of liability by Defendant. If the Los Angeles Superior Court grants final approval of the Settlement, the claims against Defendant by all members of the Class will be dismissed with prejudice, including all claims that have been asserted or that could have been asserted against Defendant concerning or in any way associated with Defendant's alleged violation of Insurance Code section 1861.02(c), and Defendant's use of the Persistency Surcharge and/or Accident Verification Surcharge, with respect to any private passenger automobile insurance policy issued by 21st Century with a policy effective date on or after October 1, 1997 and through October 31, 2005. No member of the Class would be permitted to continue to assert any such claim in any litigation or administrative proceedings against Defendant.

12. Where Do I Get Additional Information?

You can call the settlement administrator toll-free for a recorded message about any questions you may have, using the contact information below. The settlement administrator's recorded message can answer many questions about the settlement. The settlement administrator will also maintain the settlement website, www.mackayclassactionsettlement.com, which will provide information about the lawsuit, settlement, and settlement approval process, and will make certain key documents from the Court's file in this lawsuit available for viewing, downloading, and printing, at no cost to you, including the Settlement and Release Agreements and the Court's order preliminarily approving the settlement, this Notice and the Claim Form.

SETTLEMENT ADMINISTRATOR CONTACT INFORMATION	
By Toll-Free Telephone	1-877-315-1047
Website	www.mackayclassactionsettlement.com

If you wish to communicate with or obtain information from Class Counsel, you may do so by writing to Class Counsel at one of the addresses listed in Section 5 above. **PLEASE DO NOT CONTACT THE COURT OR THE DEPARTMENT OF INSURANCE.**

This Notice provides only a summary of matters relating to the Settlement. You may seek the advice and guidance of your own private attorney at your own expense if you wish. For more detailed information, you or your attorney may review the pleadings, records and other papers on file in this litigation. You may inspect these documents during regular Court hours at the Los Angeles Superior Court, located at 600 S. Commonwealth Avenue, Los Angeles, California 90005.

13. What are the Tax Consequences of the Settlement?

No opinion concerning tax consequences of the proposed Settlement to individual Class members is given or will be given by Defendants or counsel for Defendants or the Class Representatives or Class Counsel, nor are any representations in this regard made or any warranties made by virtue of the Settlement Agreement. You may wish to consult your own tax advisors regarding the tax consequences of the proposed settlement, including any payments, with respect thereto. Your tax obligations, and the determination thereof, are your sole responsibility, and the tax consequences of the proposed settlement may vary depending on your particular circumstances.

14. Summary of Relevant Dates.

• YOUR DEADLINE TO SUBMIT THE ATTACHED CLAIM FORM	MARCH 31, 2011
• YOUR DEADLINE TO FILE ANY OBJECTIONS WITH THE COURT	JANUARY 21, 2011
• YOUR DEADLINE TO OPT OUT OF THE SETTLEMENT	JANUARY 21, 2011
• FINAL FAIRNESS HEARING	FEBRUARY 14, 2011

Dated: December 3, 2010

By: Honorable Anthony Mohr
Judge, Los Angeles Superior Court



CLAIM FORM
21st CENTURY INSURANCE COMPANY
CLASS ACTION SETTLEMENT

FOR OFFICE USE ONLY

If you were insured by 21st Century Insurance Company for personal automobile insurance at any time during the Class Period (October 1, 1997 to October 31, 2005), you may be eligible for a payment in this settlement.

Please print (or type) clearly in blue or black ink. This Claim Form must be mailed and postmarked by **March 31, 2011**. Remember to include all requested information that you have available. If you have any questions, please call the class administrator Rust Consulting, Inc. at 1-877-315-1047, or visit the MacKay Class Action website at www.mackayclassactionsettlement.com.

1. CLASS MEMBER INFORMATION.



<<NAME1>>
 <<NAME2>>
 <<NAME3>>
 <<ADDR1>>
 <<ADDR2>>
 <<CITY STATE ZIP>>

If the pre-printed information to the left is not correct or if there is no pre-printed information, please check the box and complete the information below:

Name 1: _____
 Name 2: _____
 Address: _____

 City: _____
 State: ____ Zip Code: _____

Policy Number: (if known) _____ Daytime Phone Number: (____) ____ - _____
 Name of first person listed on the policy, if not you: (if known) _____
 Relationship to first person listed on the policy, if not you: (if known) _____

Are you currently insured by 21st Century Insurance Company for personal automobile insurance? Yes No

2. SIGN AND DATE YOUR CLAIM FORM.

I certify that I was insured by 21st Century Insurance Company for personal automobile insurance at some point during the period October 1, 1997 to October 31, 2005, and that all of the information on this Claim Form is true and correct to the best of my knowledge.

___/___/_____
 Month/Day/Year

 Signature

 Print Name

3. MAIL YOUR CLAIM FORM.

Claim Forms must be postmarked by **March 31, 2011** and mailed to:

MacKay Class Action Settlement
 Rust Consulting, Inc.
 P.O. Box 2403
 Faribault, MN 55021-9103

