

UNITED STATES DISTRICT COURT, WESTERN DISTRICT OF ARKANSAS  
*Stuart, et al. v. State Farm Fire & Casualty Company*

**NOTICE OF CLASS ACTION SETTLEMENT**

**A federal court authorized this notice.**

**This is not an advertisement or a solicitation from a lawyer.**

**PLEASE READ THIS NOTICE IN ITS ENTIRETY**

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**If you made a claim to State Farm for loss or damage to a dwelling or other structure located in Arkansas based on a loss that occurred between May 1, 2010 and December 6, 2013, and you received a payment from State Farm for such claim, this class action settlement may affect your rights**

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- Several policyholders sued State Farm Fire and Casualty Company (“State Farm”) for applying depreciation to the estimated costs of the labor necessary to repair or replace damaged structures in making actual cash value (“ACV”) claim payments under State Farm policies. The Court allowed the lawsuit to proceed as a “class action” on behalf of a “Class” of persons and entities who made a structural damage claim under a State Farm policy for a dwelling or other structure located in Arkansas based on losses that occurred between May 1, 2010 and December 6, 2013, which resulted in an ACV claim payment on which depreciation was applied to estimated labor costs.
- The parties have now reached a proposed settlement of the lawsuit, which is subject to the Court’s final approval.
- Your legal rights are affected whether you act, or don’t act. Your options are explained in this notice.
- You may be eligible for a payment if you qualify and timely submit a valid claim form. **There is a deadline to act.** No payments will be made until the Court approves the settlement and all appeals are resolved.
- Please read this notice carefully.
- **Have a question? Read on and then visit [www.Stuart-v-StateFarm.com](http://www.Stuart-v-StateFarm.com) or call 1-855-613-6151.**

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:**

<b>SUBMIT A CLAIM FORM</b>	The only way to get a payment if you qualify.
<b>ASK TO BE EXCLUDED (deadline May 2, 2020)</b>	You will receive no payment. This is the only option that allows you to ever be part of any other lawsuit against State Farm over the legal claims in this case.
<b>OBJECT (deadline May 2, 2020)</b>	Write to the Court about why you don’t agree with the settlement.
<b>GO TO A HEARING (scheduled for June 1, 2020)</b>	Ask to speak in Court about the settlement.
<b>DO NOTHING</b>	You will get no payment You give up rights.

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## BASIC INFORMATION

### 1. Why was this notice issued?

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State Farm's records show that you submitted a structural damage claim under a State Farm policy for a dwelling or other structure located in Arkansas based on events that occurred between May 1, 2010 and December 6, 2013, for which you may have received an "actual cash value" claim payment, directly or indirectly, from State Farm on which depreciation may have been applied to estimated labor costs. The Court allowed, or "certified," a class action lawsuit that might affect your rights. The parties have now reached a proposed settlement of that lawsuit.

The Court authorized this notice because you have a right to know of a proposed settlement of this class action, including the right to submit a claim for payment as part of the settlement, and about all of your options regarding this settlement before the Court decides whether to give "Final Approval" to the settlement. If the Court approves the parties' Stipulation of Settlement ("Settlement Agreement"), and if any appeals are resolved in favor of the settlement, then payments will be made to those who qualify and timely submit a valid claim. This notice explains the lawsuit, the settlement, your legal rights, what benefits are available, who may be eligible for them, and how to get them.

The Honorable Susan O. Hickey, a Judge in the United States District Court for the Western District of Arkansas, is overseeing this lawsuit. The case is named: *Stuart, et al. v. State Farm Fire and Casualty Company*, Case No. 4:14-cv-04001.

### 2. What State Farm company is part of this Settlement?

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The claims currently pending in the lawsuit are against State Farm Fire and Casualty Company.

### 3. What is this lawsuit about?

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This lawsuit is about whether State Farm breached its Arkansas insurance policies by applying depreciation to the estimated costs of labor in calculating the ACV claim payments that it made to its insureds. Plaintiffs contend that the depreciation resulted in Plaintiffs being underpaid and was a breach of the insurance contract.

State Farm denies that its conduct breached the insurance contract. State Farm contends that many policyholders received everything they were entitled to under their policy, including through payments for replacement cost benefits.

### 4. What is a class action and who is involved?

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In a class action, one or more people called "Class Representatives" sue on behalf of other people who have similar claims. The people together are a "Class" or "Class Members." The Plaintiffs who sued originally are the Class Representatives. The person or entity they sue (in this case, State Farm) is called the Defendant. One court resolves the issues for all Class Members. The Court has appointed the Plaintiffs' lawyers (names and contact information in Question 19) to represent the Class and has appointed the Plaintiffs to serve as Class Representatives.

### 5. Why is there a settlement?

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The Court did not decide in favor of the Plaintiffs or State Farm, and has not found that State Farm did anything wrong. Instead, both sides agreed to settle. That way, the parties avoid the cost of a trial and potentially an appeal, and the people who qualify will get compensation. The Class Representatives and their attorneys think the settlement is best for all Class members. The settlement does not mean that State Farm did anything wrong. No trial has occurred, and the Court has not yet ruled on Plaintiffs' claims or State Farm's defenses.

## WHO IS IN THE SETTLEMENT?

To see if you are bound by and/or potentially eligible for benefits from this Settlement, you first have to determine if you are a Class member.

### 6. Who is in the Settlement Class?

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This settlement covers a Class of State Farm insureds who, according to Plaintiffs' allegations, were underpaid on their claims because State Farm calculated their ACV claim payments by applying depreciation to estimated labor costs.

You are receiving this notice because you are a potential member of the settlement "Class," consisting of:

**All persons and entities that received "actual cash value" payments, directly or indirectly, from State Farm for loss or damage to a dwelling or other structure located in the State of Arkansas, such payments arising from events that occurred between May 1, 2010 and December 6, 2013, where the cost of labor was depreciated.**

If you are a member of the Class, you will automatically be included unless you take affirmative steps to exclude yourself. Both current and former State Farm insureds can be part of this lawsuit.

### 7. Are there exceptions to being included?

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The following people are excluded from the Class: (1) all persons and entities that received payment from State Farm in the full amount of insurance shown on the declarations page; (2) State Farm and its affiliates, officers and directors; (3) members of the judiciary and their staff to whom this action is assigned; and (4) Plaintiffs' counsel.

### 8. Understanding Class Membership

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This Notice has been broadly mailed to people in Arkansas. This series of questions may help you determine if you are a Class Member. Please consider all of the questions in order:

Question	Yes <u>or</u> Don't Know	No
Do you or did you have an Arkansas homeowners insurance policy issued by State Farm Fire and Casualty Company?	Continue	You are not a Class Member.
Did you receive an "actual cash value" payments, directly or indirectly, from State Farm for loss or damage to a dwelling or other structure located in the State of Arkansas, such payments arising from events that occurred between May 1, 2010 and December 6, 2013?	Continue	You are not a Class Member.
Did your "actual cash value" payment include a deduction for estimated depreciation of labor?	You may be a Class Member, subject to certain exclusions.	You are not a Class Member.

### 9. I'm still not sure if I am included.

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If you are not sure whether you are included in the Class, you may call the toll-free number 1-855-613-6151 with questions or visit [www.Stuart-v-StateFarm.com](http://www.Stuart-v-StateFarm.com).

Please do not call State Farm or your State Farm agent to discuss this lawsuit. You may, however, continue to call State Farm or your State Farm agent regarding any other insurance matters.

## YOUR LEGAL RIGHTS AND OPTIONS

You have to decide whether to stay in the Class, whether to make a claim, whether to object, or whether to be excluded, and you have to decide this now.

### **THE SETTLEMENT BENEFITS—WHAT YOU GET IF YOU QUALIFY**

#### **10. What am I entitled to receive if I timely submit a claim form?**

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Class Members who fully complete a claim form (attached to the back of this Notice) and timely mail it to the proper address (“Claimants”) may be eligible for payment. State Farm has agreed to pay Claimants the following:

(1) **Group A:** Claimants from whom estimated labor depreciation was initially deducted and not subsequently recovered, and who did not complete repairs in full, will receive payment of 100% of the estimated unpaid labor depreciation, plus interest at 5.25% per annum.

(2) **Group B:** Claimants from whom estimated labor depreciation was initially deducted, and who either recovered partially the initially deducted labor depreciation and/or completed repairs in full, will receive a payment of 75% of the estimated unpaid labor depreciation, plus interest at 5.25% per annum.

(3) **Group C:** Claimants from whom estimated labor depreciation was initially deducted, and who subsequently recovered all depreciation, shall receive a payment of 10% of the estimated labor depreciation initially withheld but later paid in full.

Each category of payment set forth in 1, 2, and 3 above is subject to State Farm’s right to challenge or reduce the amount owed on the basis that (i) labor depreciation was not actually applied, (ii) repairs were made, or (iii) the Claimant is not a Class Member.

If you have more than one loss during the Class Period of May 1, 2010 and December 6, 2013, you will need to submit a separate claim form for each loss. State Farm’s rights, and additional terms and explanation regarding how the payments are to be calculated, are set forth in the Settlement Agreement, which can be viewed at [www.Stuart-v-StateFarm.com](http://www.Stuart-v-StateFarm.com).

### **HOW TO GET A PAYMENT—SUBMITTING A CLAIM FORM**

#### **11. How can I get a payment?**

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To ask for a payment, you must complete a claim form truthfully, accurately, and completely, to the best of your ability. The claim form must be signed. **You must mail the completed claim form to the following address, postmarked no later than July 1, 2020:**

*Stuart v. State Farm Settlement*  
c/o JND Legal Administration  
PO Box 91209  
Seattle, WA 98111

A blank copy of the claim form should accompany this Notice. You may obtain an additional blank claim form by calling the Settlement Administrator at 1-855-613-6151.

#### **12. When will I get my payment?**

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If the Court grants “Final Approval” of the settlement, and if any appeals are resolved in favor of the settlement, then payment will be mailed to eligible Class Members after the claims administration process is completed. If you submit a claim form but do not qualify for a payment, you will be notified of that determination. This process can take time, so please be patient.

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

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Unless you exclude yourself, you are staying in the Class, and that means that you can't sue or be part of any other lawsuit against State Farm over the legal claims in this case. It also means that all of the Court's orders will apply to you and legally bind you.

If you submit a Claim Form, or simply stay in the Class and do not exclude yourself (*see* Sections 14-16 regarding "Excluding Yourself from the Class"), you will agree to "release and discharge" all "Released Persons" of all "Released Claims." You may view a full copy of the Settlement Agreement at [www.Stuart-v-StateFarm.com](http://www.Stuart-v-StateFarm.com), which provides more information.

Here is the definition of "Released Claims" and "Released Persons" in the Settlement:

"Released Claims" means and includes any and all known and Unknown Claims, rights, demands, actions, causes of action, allegations, or suits of whatever kind or nature, whether *ex contractu* or *ex delicto*, debts, liens, contracts, liabilities, agreements, attorneys' fees, costs, penalties, interest, expenses, or losses (including actual, consequential, statutory, extra-contractual and/or punitive or exemplary damages) arising from or in any way related to depreciation of any kind on claims within the class period (including, but not limited to, calculation, deduction, determination, inclusion, modification, omission, and/or withholding of depreciation), which have been alleged or which could have been alleged by Plaintiffs in the Lawsuit, on behalf of themselves and/or on behalf of the Class, to the full extent of *res judicata* protections but only as related to depreciation on claims within the class period, and whether arising under or based on contract, extra-contractual or tort theories, bad faith, common law or equity, or federal, state or local law, statute, ordinance, rule or regulation. Released Claims do not include any claim for enforcement of the contemplated Stipulation of Settlement and/or Final Order and Judgment.

"Unknown Claim" means any claim arising out of facts found hereafter to be other than or different from the facts now known or believed to be true, relating to any matter covered by this Stipulation.

"Released Persons" means (i) State Farm Fire and Casualty Company, and all of the past and present divisions, parent entities, associated entities, affiliates, partners, and subsidiaries; and (ii) all past and present officers, directors, shareholders, agents, attorneys, employees, stockholders, successors, assigns, independent contractors, and legal representatives of the entities set forth in (i).

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you don't want to participate in this settlement or case for any reason, but you want to keep the right to individually sue State Farm about the issues in this case, then you must take steps to get out of the settlement. This is called excluding yourself from—or is sometimes referred to as "opting out" of—the Class.

### **14. How do I get out of the Settlement?**

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To ask to be excluded, you must send an "Exclusion Request" in the form of a letter sent by regular mail. The letter must include: (i) the name of the case (*Stuart, et al. v. State Farm Fire & Casualty Company, Case No. 14-cv-04001; USDC, WD Ark.*); (ii) a sentence expressly stating that you want to be excluded from the Class in this case, (iii) your name, address, telephone number, and (iv) your personal signature (not the signature of your attorney). **You must mail this letter postmarked by May 2, 2020** to the Settlement Administrator at the following address:

*Stuart v. State Farm Settlement*  
c/o JND Legal Administration  
PO Box 91209  
Seattle, WA 98111

You can't exclude yourself by phone, by email, or at the website.

There is a deadline to ask to be excluded. If you do not want to participate in the Class, then you must postmark the Exclusion Request letter by **May 2, 2020**.

**15. If I don't exclude myself, can I sue State Farm for the same thing later?**

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No. Unless you exclude yourself, you give up any right to sue State Farm for the claims that this settlement resolves. You must exclude yourself from this Class to sue State Farm over the claims resolved by this settlement. Remember, the exclusion deadline is May 2, 2020.

**16. If I exclude myself, can I get a payment from the Settlement?**

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No. If you exclude yourself, you should not submit a Claim Form to ask for a payment as it will be rejected.

**OBJECTING TO THE SETTLEMENT**

If you do not exclude yourself from the Settlement, you can tell the Court if you don't agree with the settlement or some part of it.

**17. How do I tell the Court if I don't agree with all or part of the Settlement?**

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If you are a Class Member, you can object to the Settlement if you don't like any part of it. By the postmark deadline of May 2, 2020, you must submit a written objection in the case with the Court, and send a copy to the Settlement Administrator as noted below. You must include the name of the case (*Stuart, et al. v. State Farm Fire & Casualty Company, Case No. 14-cv-04001; USDC, WD Ark.*), your full name, address, telephone number, your signature, the specific reasons why you object to the settlement, and a statement as to whether you intend to appear at the Final Approval Hearing in person or through counsel. If you do intend to appear at the Final Approval Hearing to object to the settlement, you must also provide with your written objection a detailed statement of the specific legal and factual basis for each objection, a list of any witnesses you will call at the hearing with each witness' address and summary of the witness' testimony, a detailed description of all evidence you will offer at the hearing with copies of the exhibits attached, and documentary proof of your membership in the Class. You or your lawyer may appear at the Final Approval Hearing if you have filed a written objection as provided above. (See the section on the "Court's Final Approval Hearing" below). If you have a lawyer file an objection for you, he or she must follow all Court's rules and you must list the attorney's name, address, bar number and telephone number in the written objection filed with the Court.

File the objection with the Clerk of the Court by no later than May 2, 2020, or mail the objection to the Clerk of the Court at the address below so that it is postmarked no later than May 2, 2020.	Mail a copy of the objection to the Administrator at the following address so that it is postmarked no later than May 2, 2020:
<b>Court</b>	<b>Administrator</b>
Clerk of the Court Judge Isaac C. Parker Federal Building 30 South 6th Street, Room 1038 Fort Smith, AR 72901-2437	<i>Stuart v. State Farm Settlement</i> c/o JND Legal Administration PO Box 91209 Seattle, WA 98111

**18. What's the difference between objecting and asking to be excluded?**

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Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class or the settlement. If you exclude yourself, you have no basis to object because the case no longer affects you. If you object, and the Court approves the settlement anyway, you will still be legally bound by the result.

## THE LAWYERS REPRESENTING THE CLASS

### 19. Do I have a lawyer in this case?

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The Court appointed the Plaintiffs' lawyers in this case to represent the Class ("Class Counsel"). Those lawyers are Matthew L. Mustokoff, Richard A. Russo, Jr., **Kessler Topaz Meltzer & Check LLP**, John C. Goodson, Matt Keil, **Keil & Goodson P.A.**, Tom Thompson, Casey Castleberry, **Murphy, Thompson, Arnold, Skinner & Castleberry**, Richard E. Norman, R. Martin Weber, Jr., **Crowley Norman LLP**, Steven E. Vowell, **Taylor Law Partners, LLP**, and James M. Pratt, Jr., **James M. Pratt, Jr., P.A.**

The Court determined that these attorneys are qualified to represent the interests of the Class in this lawsuit. More information about these firms, their practices, and their lawyers' experience is available on their websites.

### 20. Should I get my own lawyer?

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You may if you want, but you do not need to hire your own lawyer because Class Counsel represent the Class of which you may be a member. For example, you can hire a lawyer to appear in Court for you if you want someone other than Class Counsel to speak for you. If you hire your own lawyer, you will be responsible for the charges that lawyer requires you to pay for representing you.

### 21. How will Class Counsel get paid?

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If you choose to remain in this lawsuit, you will not be required to pay attorneys' fees or expenses to Class Counsel out of your own pocket. As part of the Settlement, Class Counsel will ask the Court for their attorney's fees and expenses to be paid in addition to the monetary benefits obtained for the Class. Class Counsel will ask the Court for up to \$2,833,333 for attorneys' fees and \$400,000 as reimbursement of their litigation expenses, will ask the Court for payment in the amount of \$24,620.73 to reimburse Class Counsel for the cost incurred for the prior notice program, and will ask the Court to award the two Class Representatives \$9,500 each for their efforts in prosecuting this litigation ("Service Awards"). State Farm has agreed not to oppose the request for fees, expenses, and Service Awards up to these amounts. The Court may award less than these amounts. State Farm will separately pay the fees, expenses, and Service Awards that the Court orders. These payments will not reduce the amount distributed to Class Members. State Farm will also separately pay the costs to send notice and to administer the Settlement.

## THE COURT'S FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you don't have to.

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

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The Court has scheduled a Final Approval Hearing at 10:00 a.m., on June 1, 2020, at the United States Courthouse, 100 Reserve Street, Third Floor Room 360, Hot Springs, Arkansas 71901. At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them at that time. The Court may listen to people who have asked to speak about their objection. The Court may also decide how much to award Class Counsel for fees and expenses for representing the Class and how much to award the Class Representatives as an enhancement. At or after the hearing, the Court will decide whether to approve the settlement. It is not known how long this decision will take.

### 23. Do I have to come to the hearing?

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No. Class Counsel will answer any questions that the Court may have. If you wish to attend the hearing, or wish to present your objections to the Settlement, you may come at your own expense. You may also pay your own lawyer to attend, but it's not necessary, unless you choose to have a lawyer appear on your behalf to object to the settlement.

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

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If you submitted a proper written objection to the settlement, you or your lawyer acting on your behalf may speak at the Final Approval Hearing. You cannot speak at the Hearing if you exclude yourself from the settlement.

**IF YOU DO NOTHING**

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

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If you do not submit a settlement claim, you'll get no payment from this settlement even if you qualify for one. But, unless you exclude yourself from the settlement, you won't be able to individually sue State Farm for the claims in this case.

**GETTING MORE INFORMATION**

**26. How can I get additional information?**

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This notice summarizes the proposed settlement. More details are in the Settlement Agreement. You can visit the website [www.Stuart-v-StateFarm.com](http://www.Stuart-v-StateFarm.com) where you will find the Court's Preliminary Approval Order, a copy of the Settlement Agreement, a copy of this Notice, the Claim Form, the Plaintiffs' Amended Complaint, and State Farm's Answer to the Amended Complaint. You may also contact the Settlement Administrator at 1-855-613-6151.

Please do not call State Farm or your State Farm agent to discuss this lawsuit. You may, however, continue to call State Farm or your State Farm agent regarding any other insurance matters.

**PLEASE DO NOT CALL OR WRITE THE JUDGE OR  
CLERK OF THE COURT WITH QUESTIONS**

**PLEASE DO NOT CALL OR WRITE YOUR  
STATE FARM AGENT WITH QUESTIONS**

**DIRECT ALL INQUIRIES TO CLASS COUNSEL  
OR AN ATTORNEY OF YOUR OWN CHOOSING**

*By Order of the United States District Court for the Western District of Arkansas*