

MOON LAW GROUP, PC
Kane Moon (SBN 249834)
kane.moon@moonyanglaw.com
Christopher L. Garcia (SBN 306082)
cgarcia@moonlawgroup.com
725 S. Figueroa St., 31st Floor
Los Angeles, California 90017
Telephone: (213) 232-3128
Facsimile: (213) 232-3125

Attorneys for Plaintiff BRANDIE ELLOIE

SEYFARTH SHAW LLP
Andrew M. Paley (SBN 149699)
apaley@seyfarth.com
Jonathan L. Brophy (SBN 245223)
jbrophy@seyfarth.com
Shardé T. Skahan (SBN 286157)
sskahan@seyfarth.com
David J. Kim (SBN 349802)
dakim@seyfarth.com
2029 Century Park East, Suite 3500
Los Angeles, California 90067-3021
Telephone: (310) 277-7200
Facsimile: (310) 201-5219

Attorneys for Defendant
HEALTHMARKETS INSURANCE AGENCY, INC.

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

BRANDIE ELLOIE, individually, and on behalf
of all others similarly situated,

Plaintiff,

vs.

HEALTHMARKETS, INC., a Delaware
corporation; HEALTHMARKETS INSURANCE
AGENCY, INC. a Delaware corporation;
INSPHERE INSURANCE SOLUTIONS, INC., a
Delaware corporation; and DOES 1 through 10,
inclusive,

Defendants.

Case No.: 21STCV09822

HON. DANIEL M. CROWLEY, DEPT. 71

**PAGA REPRESENTATIVE ACTION
SETTLEMENT AGREEMENT AND
RELEASE**

Complaint filed: March 23, 2021
FAC filed: July 22, 2021
Trial Date: None Set

PAGA REPRESENTATIVE ACTION SETTLEMENT AGREEMENT AND RELEASE

This PAGA Representative Action Settlement Agreement and Release (“Settlement” or “Agreement”) is made and entered into by and between Defendant HealthMarkets Insurance Agency, Inc. (“Defendant”) and Plaintiff Brandy Elloie (“Plaintiff”), on behalf of the State of California and other PAGA Members as defined below (collectively with Defendant, the “Parties”). By executing this Agreement, the Parties intend to settle the lawsuit entitled *Brandy Elloie v. HealthMarkets Insurance Agency, Inc.*, Los Angeles Superior Court, Case No. 21STCV09822, filed on March 23, 2021, and subsequently amended on July 22, 2021, involving claims brought under the Private Attorneys General Act of 2004 (“PAGA”), Labor Code § 2698, et seq. (the “Action”).

1. DEFINITIONS

As used herein, for the purposes of this Agreement only, the following terms shall be defined as set forth below:

1.1 “**Agent Agreement**” means Independent Insurance Agent Commission – Only Contract, which governed the working relationship between Defendant and PAGA Members (as defined below).

1.2 “**PAGA Members**” means all current and former persons who have been contracted with Defendant as independent contractor insurance agents within the State of California at any time during the PAGA Period.

1.3 “**Aggrieved Employee Settlement Amount**” means 25% of the PAGA Payment (as defined below).

1.4 “**Approval Order**” means the approval order issued and entered by the Court following a Motion For Approval Of The PAGA Settlement.

1.5 “**Attorneys’ Fees And Costs**” means the payment, as approved by the Court, to be made to Plaintiff’s Counsel (as defined below) in full satisfaction of all claims Plaintiff may have for reasonable attorneys’ fees, litigation costs, and expenses incurred in this Action. Attorneys’ Fees And Costs are to be taken from the Gross Settlement Amount (as defined below). The amount of attorneys’ fees awarded to Plaintiff’s Counsel may not exceed thirty-three and one-third percent (33 1/3%) of the Gross Settlement Amount, or \$181,666.66. Costs are costs actually incurred by

1 Plaintiff's counsel which are currently \$18,397.94 and not expected to exceed \$20,000.00 Defendant
2 agrees not to contest the amount of Attorneys' Fees And Costs, provided that they are consistent with
3 the terms of this Agreement.

4 1.6 **"Court"** refers to the Los Angeles County Superior Court presiding over the Action.

5 1.7 **"Data List"** means a complete list of all PAGA Members that Defendant will
6 diligently and in good faith compile from its records and provide to the Settlement Administrator (as
7 defined below) within 30 calendar days after the date of the Approval Order. The Data List will
8 include each individual's full name, last known mailing address and telephone number (if available),
9 social security number, bi-weekly Pay Periods (as defined below). For purposes of this Agreement,
10 the Data List provided by Defendant shall be considered the official information to be used for this
11 Settlement.

12 1.8 **"Defense Counsel"** refers to Andrew M. Paley, Jonathan L. Brophy, Shardé T.
13 Skahan, and David J. Kim of Seyfarth Shaw LLP.

14 1.9 **"Effective Date"** means the date upon which all of the following have occurred: date
15 upon which both of the following have occurred: (i) approval of the Settlement is granted by the
16 Court overseeing the Action, or other court assuming jurisdiction of this matter, and (ii) the Court's
17 Judgment approving the Settlement becomes Final. "Final" shall mean the latest of: (i) if there is an
18 appeal of the Court's Judgment, the date on which the Judgment is affirmed on appeal, the date of
19 dismissal of such appeal, or the expiration of the time to file a petition for review to the California
20 Supreme Court and/or petition for writ of certiorari to the U.S. Supreme Court, or (ii) if a petition for
21 writ of certiorari is filed, the date of denial of the petition for writ of certiorari, or the date the
22 Judgment is affirmed pursuant to such petition; or (iii) if no appeal is filed, the expiration date of the
23 time for filing or noticing any appeal of the Judgment.

24 1.10 **"Individual Settlement Payments to PAGA Members"** means the individual
25 payments that shall be made to each Aggrieved Employee, which in the aggregate total the Aggrieved
26 Employee Settlement Amount. Each Aggrieved Employee will receive a pro rata share of the
27 Aggrieved Employee Settlement Amount. Individual Settlement Payments to PAGA Members are
28 taken from the Net Settlement Amount (as defined below).

1.11 **“Judgment”** means a judgment entered by the Court that approves this Settlement, incorporates by reference the terms and conditions of this Agreement, and dismisses the Action with prejudice.

1.12 **“LWDA”** refers to the California Labor and Workforce Development Agency.

1.13 **“LWDA Payment”** means 75% of the Net Settlement Amount (as defined below), paid to the LWDA.

1.14 **“Notice to PAGA Members With Distribution of PAGA Payment”** refers to the statement the Settlement Administrator (as defined below) will include with the distribution of the Individual Settlement Payments to PAGA Members. A form of the Notice to PAGA Members With Distribution of PAGA Payment is attached hereto as Exhibit A

1.15 **“Gross Settlement Amount”** or **“GSA”** means the amount that the Parties negotiated and agreed upon for the resolution of the Action and Released Claims, \$545,000.00. The GSA shall be inclusive of (i) the Attorneys’ Fees and Costs; (ii) the Net Settlement Amount; and (iii) the Settlement Administrator’s Expenses (as defined below). The GSA is a material term of this Agreement and Defendant shall not be required to pay more than the GSA unless Defendant elects to do so via the Escalator Clause pursuant to Section 4.1.1 herein.

1.16 **“Net Settlement Amount”** (“NSA”) shall be the GSA minus the Attorneys’ Fees and Costs, and the Settlement Administrator’s Expenses approved by the Court. The Net Settlement Amount shall be allocated as follows: 75% of the NSA (i.e., the LWDA Payment) will be paid to the LWDA, and 25% of the NSA (i.e., the Aggrieved Employee Settlement Amount) will be paid to the PAGA Members on a pro rata basis based on the number of bi-weekly Pay Periods worked during the PAGA Period (as defined below).

1.17 **“PAGA”** refers to the Private Attorneys General Act of 2004.

1.18 **“PAGA Period”** shall mean the time period from May 18, 2020 through the date of the Approval Order.

1.19 **“Pay Periods”** refers to the number of bi-weekly periods during dates in which all PAGA Members’ Agent Agreements were in force during the PAGA Period in California. Defendant’s records will be determinative for purposes of calculating the Pay Periods and any

1 payments under the Settlement. If an individual worked during any day of the Pay Period, the Pay
2 Period shall be included in their pro rata share of the Aggrieved Employee Settlement Amount.

3 1.20 **“Plaintiff’s Counsel”** means Kane Moon and Christopher L. Garcia of the Moon Law
4 Group, PC.

5 1.21 **“Qualified Settlement Fund”** means a fund established by the Settlement
6 Administrator pursuant to U.S. Treasury Regulation Section 468B-1.

7 1.22 **“Released PAGA Claims”** shall mean any and all claims under the California Private
8 Attorneys General Act of 2004 (“PAGA”) alleged, or that could have been alleged, in the
9 authorization letter sent by Plaintiff to the LWDA, or the Operative Complaint (as defined at section
10 2.1.4) or demand in the Arbitration proceeding, based on the facts alleged in the LWDA letter or
11 Operative Complaint or demand in the Arbitration proceeding, pertaining to Plaintiff and the PAGA
12 Members, arising during the PAGA Period, irrespective of theory of recovery. This includes, but is
13 not limited to, PAGA claims based on misclassification of insurance agents as independent
14 contractors, failure to pay wages for all hours worked (including minimum, straight time, and
15 overtime wages), failure to provide meal periods, failure to authorize and permit rest periods, failure
16 to furnish wage statements, failure to maintain accurate records of all hours worked and meal periods,
17 failure to pay wages due at separation of employment, failure to reimburse business expenses,
18 including claims arising under California Labor Code sections 201-203, 226(a), 226.3, 226.7, 512,
19 1174, 1174.5, 1197.1, 2802, and the IWC Wage Order 4-2001.t. The Released PAGA Claims shall
20 be released by Plaintiff, the State of California, the LWDA, and all PAGA Members, without any
21 option to submit any Request for Exclusion.

22 1.23 **“Released Parties”** shall mean Defendant, its former, present and future owners,
23 parents, subsidiaries and affiliates, and all of its current, former and future officers, directors,
24 shareholders, agents, principals, heirs, representatives, insurers and reinsurers, and attorneys of the
25 entities listed in this paragraph.

26 1.24 **“Settlement Administrator”** refers to Simpluris.

27 1.25 **“Settlement Administrator’s Expenses”** refers to the costs payable from the GSA to
28 the Settlement Administrator for administering this Settlement, including, but not limited to, printing,

distributing, and tracking documents for this Agreement, distributing the GSA, establishing a separate employer identification number and creating a Qualified Settlement Fund (as defined below), and providing necessary reports and declarations, as requested by the Parties. The Settlement Administrator's Expenses are currently estimated to be currently \$6,111 and will not exceed \$7,500. The Settlement Administrator shall use its own Tax Payer Identification Number to issue to PAGA Members Form-1099s for all amounts paid under this settlement. The Settlement Administrator shall establish a Qualified Settlement Fund account pursuant to Section 468B(g) of the Internal Revenue Code for the purpose of administering the settlement, into which the GSA will be deposited and calculate all settlement checks required under law based on information that will be confidentially furnished by Defendant.

1.26 "Defendant" means Defendant HealthMarkets Insurance Agency, Inc.

1.27 "Plaintiff" means Plaintiff Brandy Elloie.

2. RECITALS

2.1.1 On March 10, 2021, Plaintiff submitted a PAGA Notice to the LWDA, alleging various Labor Code violations and applicable Industrial Welfare Commission Wage Order.

2.1.2 On March 11, 2021, Plaintiff filed a class action against Defendant in Los Angeles County Superior Court, entitled *Brandy Elloie v. HealthMarkets Insurance Agency, Inc., et al.*, Case No. 21STCV09822 for Failure to Pay Minimum Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197), Failure to Pay Overtime Compensation (Cal. Lab. Code §§ 1194 and 1198), Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512), Failure to Authorize and Permit Rest Breaks (Cal. Lab. Code §§ 226.7), Failure to Indemnify Necessary Business Expenses (Cal. Lab. Code § 2802), Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203), Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226), and Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, et seq.).

2.1.3 On July 16, 2021, Plaintiff dismissed the class and individual claims in the class action lawsuit.

2.1.4 On July 22, 2021, Plaintiff filed a First Amended Complaint, alleging one cause of action under PAGA. The First Amended Complaint is the operative complaint in the Action

(the “Operative Complaint”). Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the causes of action alleged.

2.1.5 On March 31, 2022, the Parties stipulated to stay this action pending the outcome of *Viking River Cruises v. Moriana*.

2.1.6 On August 30, 2022, the Parties stipulated to arbitrate Plaintiff’s individual claims, including the individual portion of the PAGA claim in the Action, and stay the representative portion of the PAGA claims until the completion of the arbitration.

2.1.7 After commencement of the arbitration, the Parties agreed to mediate with Mike Ludwig, a highly-respected and experienced mediator in employment class and representative action cases.

2.1.8 As part of the informal discovery process, Defendant provided Plaintiff with the Agent Agreement, and the Contract Start and Contract End dates of Agent Agreement for the current and former independent contractor insurance agents during the PAGA Period. During formal discovery, Defendant provided numerous documents related to Plaintiff and took Plaintiff’s deposition. Plaintiff took the deposition of Defendant during formal discovery as well.

2.1.9 Plaintiff’s Counsel represents that they have thoroughly investigated Plaintiff’s claims against Defendant. Plaintiff’s Counsel further represents they have conducted their own investigation into the underlying facts, events, and issues related to the subject matter of the Action, including the review of the records produced by Defendant. In addition, Plaintiff’s Counsel represents that they have further undertaken an extensive analysis of the legal principles applicable to the claims asserted against Defendant, and the potential defenses thereto. All Parties have had ample opportunity to evaluate their respective positions on the merits of the claims asserted.

2.1.10 The Parties, Plaintiff’s Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

2.2 Private Mediation

2.2.1 On April 17, 2025, the Parties attended a full-day mediation with Mr. Ludwig.

2.2.2 After a full-day mediation, the Parties did not reach a settlement. Mr. Ludwig then issued a mediator's proposal that the Parties agreed to on April 21, 2025.

2.2.3 The Parties executed a Memorandum of Understanding ("MOU") on June 6, 2025 memorializing the principal terms of the settlement between the Parties.

2.2.4 The Parties have agreed to settle the Action for an amount not to exceed \$545,000 (i.e., the Gross Settlement Amount) unless so called for by the Escalator Clause in section 4.1.1. The entire Gross Settlement Amount will be disbursed pursuant to the terms and conditions of this Agreement, and none of it will revert to Defendant.

2.3 The Settlement Is The Result of Arm's Length Negotiations. Based on the foregoing investigation and evaluation, Plaintiff's Counsel is of the opinion that the terms set forth in this Agreement are fair, reasonable, adequate, and in the best interests of the State of California and the PAGA Members. The terms of the Settlement also reflect extensive exchange of information and data between the Parties, which allowed Plaintiff's Counsel to fully evaluate the potential risks in pursuing the underlying claims on the merits. This Agreement was reached after extensive arm's length negotiations, and it was negotiated in light of all known facts and circumstances, including the risks of significant delay and uncertainty associated with litigation, the risk that the Action would not be permitted to proceed on a representative basis, various defenses asserted by Defendant, and numerous potential appellate issues.

2.4 The Parties' Intent. It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge any and all claims, rights, demands, charges, complaints, obligations or liability of any and every kind that were or could have been pled based on the factual allegations in the operative complaint in the Action arising during the PAGA Period, including, but not limited to, the Released PAGA Claims. The Parties also intend to effectuate the full scope of the Released PAGA Claims in this Agreement.

3. NON-ADMISSIONS OF LIABILITY

3.1 Defendant denies and continues to deny all of the allegations made by Plaintiff in the Action, and denies and continues to deny that it is liable or owes any damages, penalties or other compensation or remedies to anyone with respect to the alleged facts or claims asserted in the Action.

Defendant denies any liability or wrongdoing of any kind in connection with Plaintiffs' claims, and contends that, during all relevant times, it complied with all applicable California and federal law. Nonetheless, without admitting or conceding any liability or damages whatsoever, and without admitting that a representative action is appropriate except for settlement purposes alone, Defendant has agreed to settle the Action on the terms and conditions set forth in this Agreement, to avoid the burden, expense, and uncertainty of continuing with litigation.

3.2 The Parties understand and agree that this Agreement and any exhibits thereto are settlement documents and shall be inadmissible for the purpose of showing liability against Defendant or the Released Parties. However, the Parties agree that, to the extent permitted by law, this Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against any action, suit, or other proceeding that may be instituted, prosecuted, or attempted in breach of this Agreement.

4. FINANCIAL TERMS OF THE SETTLEMENT

4.1 **Gross Settlement Amount.** Subject to the terms and conditions of this Agreement, including the Escalator Clause in section 4.1.1, Defendant shall pay the Gross Settlement Amount of \$545,000.00, which includes Attorneys' Fees and Costs, Net Settlement Amount, and Settlement Administrator's Expenses to Settlement Administrator. The Gross Settlement Amount is a material term of the Agreement.

4.1.1 **Escalator Clause.** Based on its records, Defendant estimates that the number of Pay Periods worked by the PAGA Members from May 18, 2020 through April 17, 2025 (the date of mediation) is 28,592. If the number of pay periods worked during the PAGA Period increases by more than 10% over the current estimate (i.e., more than 31,452 pay periods) by the time of the Approval Order, Defendant shall have the option to either cut off the PAGA Period as of the date that there are 31,452 Pay Periods worked during the PAGA Period, or increase the GSA on a proportional basis equal to the percentage increase in the pay periods above the 10% (i.e., if there is a 12% increase in the number of pay periods during the PAGA Period, Defendant has the option to increase the GSA by 2% to cover the entire PAGA Period).

1 **4.2 Attorneys' Fees And Costs.** Plaintiff's Counsel will apply to the Court for an award
2 of attorneys' fees not to exceed thirty-three and one third percent (33 1/3%) of the Gross Settlement
3 Amount – i.e. \$181,666.66 – and reasonable documented costs directly incurred for purposes of the
4 Action, as supported by declarations. Except as provided in this Agreement, Defendant shall have no
5 liability for any other attorneys' fees, costs or expenses in connection with the Action.

6 **4.2.1** Plaintiff's Counsel will be responsible for submitting all documents to support
7 their request for attorneys' fees, costs, and expenses in connection with the Action. Defendant agrees
8 not to oppose or object to Plaintiff's Counsel's request for Attorneys' Fees And Costs if they are
9 made in accordance with the terms of this Agreement

10 **4.2.2** The Court's approval of the Attorneys' Fees And Costs is not a material term
11 of the Agreement. If the Court does not approve, or approves only a lesser amount than that
12 requested by Plaintiff's Counsel for Attorneys' Fees And Costs, the other terms of the Agreement
13 shall still apply. The Court's refusal to approve the Attorneys' Fees And Costs requested by
14 Plaintiff's Counsel does not give the Plaintiff, PAGA Members, or Plaintiff's Counsel any basis to
15 abrogate the Agreement. Any amount of Attorneys' Fees And Costs requested by Plaintiff's Counsel
16 but unapproved by the Court shall be part of the Net Settlement Amount.

17 **4.2.3** To the extent the Court approves any award for attorneys' fees less than thirty-
18 three and one third percent (33 1/3%) of the Gross Settlement Amount, Plaintiff's Counsel retains
19 the right to appeal the Court's award.

20 **4.3 Settlement Administration Cost.** Subject to the Court's approval, the Settlement
21 Administrator will be paid no more than \$7,500.00, for the administration of this Settlement. The
22 Settlement Administrator's Expenses shall be paid from the GSA. Any reduction by the Court or any
23 unused amount shall be added to the Net Settlement Amount. The Settlement Administrator shall
24 assist in all aspects of the settlement process for the Action, including, but not limited to:

25 **4.3.1** Establishing a separate employer identification number and a Qualified
26 Settlement Fund, tax reporting, making tax payments, providing required 1099 forms;
27
28

4.3.2 Calculating and distributing Attorneys' Fees and Costs, Net Settlement Amount, including Aggrieved Employee Settlement Amount and LWDA Payment, and Settlement Administration Cost;

4.3.3 Printing, distributing, tracking, sending, and resending of Notice to PAGA Members With Distribution of PAGA Payment pursuant to the terms of this Agreement; and

4.3.4 Tracking and distributing any unclaimed Qualified Settlement Funds to the California State Controller's Office pursuant to California's Unclaimed Property Law.

4.4 Net Settlement Amount. After deducting (i) the court-approved Attorneys' Fees And Costs, and (ii) the court-approved Settlement Administrator's Expenses, the remainder of the Gross Settlement Amount is the Net Settlement Amount, which consists of the LWDA Payment and the Aggrieved Employee Settlement Amount. For tax purposes, the Parties agree that the Aggrieved Employee Settlement Amount shall be considered payment for alleged penalties, for which a Form 1099 will be issued to reflect these payments. PAGA Members will be responsible for paying any personal income taxes owed on the amounts they receive. Funds contained in the settlement checks that are returned as undeliverable and in settlement checks uncashed for more than 180 days after issuance will be tendered to the California State Controller's Office - Unclaimed Property Fund, to be held in the name of the Aggrieved Employee.

4.5 No Impact On Employee Benefit Plans. None of the payments made pursuant to the Agreement shall be considered for purposes of determining eligibility for, vesting or participation in, or contributions to any benefit plan, including, without limitation, all plans subject to the Employee Retirement and Income Security Act of 1974 ("ERISA"). Any distribution of payments to Plaintiff and PAGA Members shall not be considered as a payment of wages or compensation under the terms of any applicable benefit plan and shall not affect participation in, eligibility for, vesting in, the amount of any past or future contribution to, or level of benefits under any applicable benefit plan. Any amounts paid will not impact or modify any previously credited hours of service or compensation taken into account under any benefit plan sponsored or contributed to by Defendant or any jointly-trusted benefit plan. For purposes of this Agreement, "benefit plan" means each and every "employee benefit plan," as defined in 29 U.S.C. § 1002(3), and, even if not thereby included,

any 401(k) plan, bonus, pension, stock option, stock purchase, stock appreciation, welfare, profit sharing, retirement, disability, vacation, sick time or pay, severance, hospitalization, insurance, incentive, deferred compensation, or any other similar benefit plan, practice, program, or policy.

5. RELEASES

5.1 Release By Plaintiff, The State Of California, And The PAGA Members.

Plaintiff, on behalf of herself, and her capacity as Private Attorney General, on behalf of the State of California, and the PAGA Members fully and finally release and forever discharge the Released Parties from any and all Released PAGA Claims during the PAGA Period. As a result of this release, Plaintiff, the State of California, and the PAGA Members will not be able to bring a claim or seek civil penalties based on the Released PAGA Claims that arose during the PAGA Period.

5.2 Plaintiff shall file a dismissal with JAMS of the individual arbitration entitled *Brandy Elloie v. HealthMarkets Insurance Agency, Inc.*, JAMS Case Reference No. 1220073350 (the “JAMS Arbitration”) per the terms of a separately negotiated settlement agreement which completely resolves the JAMS Arbitration.

6. COMPUTATION OF SETTLEMENT PAYMENTS TO PAGA MEMBERS

6.1 **Payments Based On Pay Periods.** The Aggrieved Employee Settlement Amount will be distributed to PAGA Members based on their number of Pay Periods worked during the PAGA Period. Defendant shall provide records (i.e., the Data List) to the Settlement Administrator, showing the total Pay Periods of PAGA Members during the PAGA Period. Defendant’s records shall be determinative for purposes of calculating the number of Pay Periods worked and any payments to the PAGA Members.

6.2 **Distribution Of Aggrieved Employee Settlement Amount .** Individual Settlement Payments to PAGA Members will be determined by dividing the Aggrieved Employee Settlement Amount by the total number of Pay Periods worked by all PAGA Members, and then multiplying the resulting figure by the number of Pay Periods of each Aggrieved Employee during the PAGA Period. The Settlement Administrator will issue appropriate tax forms for all payments issued under this Agreement. The payments shall be distributed without a claims process or an opportunity to object or opt out.

1 **7. SETTLEMENT APPROVAL PROCEDURE**

2 **7.1 Approval Of Settlement Terms.** Upon execution of this Agreement, Plaintiff's
3 Counsel shall promptly prepare the Motion For Approval of PAGA Settlement to be filed in the
4 Action. The Motion For Approval of PAGA Settlement shall seek an order to approve the proposed
5 settlement according to the terms in this Agreement. The Motion For Approval of PAGA Settlement
6 also shall seek an order that provides for the Notice to be sent to PAGA Members as specified in this
7 Agreement. The Motion For Approval of PAGA Settlement shall include the bases for the GSA and
8 why the amount is reasonable in light of the facts and controlling authorities pertaining to the claims
9 alleged in the Action. Plaintiff's Counsel will provide a draft of the Motion For Approval of PAGA
10 Settlement to Defense Counsel at least 5 business days prior to the filing of the motion, so that
11 Defendant can review and make comment on this motion, which Plaintiff's Counsel will accept,
12 provided they are consistent with this Agreement and the law.

13 **7.2 Entry Of Judgment.** The Parties shall request that the Court issue Judgment in
14 accordance with this Agreement. In the event either the Court fails to enter final judgment in
15 accordance with this Agreement, or such final judgment is vacated or reversed, the Parties shall revert
16 to their respective position before the Settlement was reached, as if no settlement had been attempted,
17 unless the Parties jointly agree to seek reconsideration or appellate review of the ruling or approval of
18 a renegotiated settlement.

19 **7.3 Notice To The LWDA.** Plaintiff's Counsel shall give written notice of the PAGA
20 Settlement to the LWDA simultaneously with the filing of the Motion For Approval of PAGA
21 Settlement in the Action pursuant to Labor Code section 2699(l)(2).

22 **8. NOTICE TO PAGA MEMBERS**

23 **8.1 Data List.** Defendant shall provide the Settlement Administrator with the Data List
24 within 30 calendar days after the Court grants approval of the proposed Settlement. The Data List
25 shall be provided confidentially to the Settlement Administrator only, and the Settlement
26 Administrator shall treat the information as private and confidential and take all necessary
27 precautions to maintain the confidentiality of Data List. This information is to be used only to carry
28 out the Settlement Administrator's duties as specified in this Settlement.

1 **8.2 Mailing Of Notice To PAGA Members With Distribution of PAGA Payment.**

2 The Settlement Administrator shall use First Class U.S. Mail to mail the Notice to PAGA Members
3 With Distribution of PAGA Payments within 15 calendar days of the receipt of the Data List, using
4 the most current, known mailing address for each Aggrieved Employee based on information
5 provided by Defendant.

6 **8.3 Non-Delivered Notices Or Checks.** Any mailing returned to the Settlement
7 Administrator as undeliverable shall be re-mailed within five calendar days via First Class U.S. Mail
8 to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement
9 Administrator shall attempt to determine the correct address using the National Change of Address
10 Data-base maintained by the United States Postal Service for a single re-mailing via First Class U.S.
11 Mail within five calendar days. If the National Change of Address Database does not provide a
12 correct address, the Settlement Administrator shall attempt to determine the correct address using the
13 Class Member's Social Security number and any available information provided by Defendant.

14 **9. FUNDING AND DISTRIBUTING OF THE GROSS SETTLEMENT AMOUNT**

15 **9.1 Funding Of Gross Settlement Amount.** The Settlement Administrator shall
16 establish a Qualified Settlement Fund pursuant to Section 468B(g) of the Internal Revenue Code for
17 purposes of administering the Settlement. The Settlement Administrator shall furnish the Qualified
18 Settlement Fund with its own Employer ID Number and calculate all settlement checks and
19 withholdings required under law based on information that will be confidentially furnished by
20 Defendant. Within 30 calendar days after the Effective Date, Defendant shall deposit the Gross
21 Settlement Amount into an account established by the Settlement Administrator, provided that the
22 Settlement Administrator timely and promptly provides funding instructions to Defendant.

23 **9.2 Timing Of Disbursement Of Gross Settlement Amount.**

24 **9.2.1 Attorneys' Fees And Costs.** Subject to the terms of the Agreement, the
25 Settlement Administrator shall distribute payment of any approved Attorneys' Fees And Costs within
26 15 calendar days after the funding of the Gross Settlement Amount. This is the same date the Net
27 Settlement Amount will be distributed to PAGA Members. The Settlement Administrator shall issue
28 an Internal Revenue Service Form 1099 to Plaintiff's Counsel for any Attorneys' Fees And Costs

1 payment. Plaintiff's Counsel shall be solely and legally responsible for paying all applicable taxes on
2 any Attorneys' Fees And Costs and shall indemnify and hold harmless Defendant from any claim or
3 liability for taxes, penalties, or interest arising as a result of the payment.

4 **9.2.2 Settlement Administrator's Expenses.** The Settlement Administrator shall
5 pay itself any approved Settlement Administrator's Expenses within 15 calendar days after the
6 funding of the Gross Settlement Amount. The Settlement Administrator shall be solely and legally
7 responsible for paying all applicable taxes on any Settlement Administrator's Expenses and shall
8 indemnify and hold harmless Defendant from any claim or liability for taxes, penalties, or interest
9 arising as a result of the payment.

10 **9.2.3 Distribution of Net Settlement Amount.** The Settlement Administrator shall
11 distribute LWDA Payment (75% of the Net Settlement Amount) to the LWDA and all Individual
12 Settlement Payments (25% of the Net Settlement Amount) to PAGA Members within 15 calendar
13 days after the funding of the Gross Settlement Amount. The Settlement Administrator shall issue any
14 necessary IRS Form 1099 statements to PAGA Members for their respective share of the Net
15 Settlement Amount. PAGA Members shall be solely and legally responsible for paying all other
16 applicable taxes on their respective share of the PAGA Payment and shall indemnify and hold
17 harmless Defendant from any claim or liability for taxes, penalties, or interest arising as a result of
18 the payments.

19 **9.3 Undeliverable Or Uncashed Checks.**

20 **9.3.1** The Settlement Administrator shall maintain a list of the postmark date for the
21 original mailing of the Individual Settlement Payments to PAGA Members checks, if any, to the
22 PAGA Members, the postmark date of any subsequent mailing to any PAGA Members, and a list of
23 any individuals who did not receive the settlement checks due to the inability to locate a valid address
24 using the procedures described herein above in Section 8.3 or who otherwise could not be located
25 within two attempts at mailing.

26 **9.3.2** All Individual Settlement Payments to PAGA Members checks will remain
27 valid and negotiable for 180 days from the date of their mailing by the Settlement Administrator.
28 After 180 calendar days from the date of mailing, the checks shall become null and void, and any

monies remaining in the distribution account shall be distributed by the Settlement Administrator to the California State Controller's Office pursuant to California's Unclaimed Property Law. No part of the PAGA Payment shall be returned to Defendant.

9.3.3 For any PAGA Members for whom the settlement checks were deemed undeliverable, the funds associated with the settlement payment will be distributed to the California State Controller's Office pursuant to California's Unclaimed Property Law.

10. MISCELLANEOUS PROVISIONS

10.1 **Interim Stay Of Proceedings.** The Parties agree to refrain from further litigation in the Action, except such proceedings necessary to implement and to obtain approval of the terms of the Agreement. If the Settlement is not finally approved, the Parties agree that they will revert to their positions in the lawsuit prior to the time the Agreement was reached, and no terms set forth in this Agreement will be admissible in any future proceedings in this case or any other action.

10.2 **Stipulation To Representative Action For Settlement Purposes Only.** The Parties agree to stipulate that the representative action is appropriate for purposes of the settlement only. If, for any reason, the settlement is not approved, the stipulation will be void, and Defendant shall have the full opportunity to file any motion to challenge liability for the PAGA claims or to challenge the appropriateness of the litigating the PAGA claims on a representative basis. The Parties further agree that the stipulation is not an admission or waiver by Defendant to challenge the propriety of the PAGA claims, including whether PAGA claims are appropriate for adjudication on a representative basis.

10.3 **Mutual Cooperation.** Plaintiff, Defendant, Plaintiff's Counsel, and Defense Counsel agree to fully cooperate with each other to accomplish the terms of this Agreement, including, but not limited to, execution of such documents and taking such other action as may reasonably be necessary to implement the terms herein. The Parties agree to use their best efforts and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Agreement.

10.4 **Parties' Authority.** The signatories hereto represent that they are fully authorized to enter into this Agreement and are fully authorized to bind the Parties to all terms stated herein. It is

1 agreed that this Agreement may be executed on behalf of the State of California and the PAGA
2 Members and by Plaintiff and Plaintiff's Counsel.

3 **10.5 Binding Effect Of Settlement.** Although some PAGA Members might not receive
4 the notice as provided under this Agreement, due to inability to locate their current address following
5 the procedures set forth in this Agreement, such individuals shall nonetheless be bound by all of the
6 terms of this Agreement and the order approving the Settlement.

7 **10.6 Entire Agreement.** This Agreement constitutes the entire agreement between the
8 Parties with regard to the subject matter contained herein, and all prior and contemporaneous
9 negotiations and understandings between the Parties shall be deemed merged into this Agreement.

10 **10.7 Arms' Length Transaction; Materiality Of Terms.** The Parties have arrived at this
11 Agreement as a result of arm's length negotiations. Except as otherwise stated in this Agreement, all
12 terms and conditions of this Agreement in the exact form set forth in this Agreement are material to
13 this Agreement and have been relied upon by the Parties in entering into this Agreement.

14 **10.8 Counterparts.** This Agreement may be executed in counterparts, and when each
15 party has signed and delivered at least one such counterpart, each counterpart shall be deemed an
16 original, and when taken together with other signed counterparts, shall constitute one signed
17 Agreement, which shall be binding upon and effective as to all Parties.

18 **10.9 DocuSign Or Scanned Signatures.** Any party may sign and deliver this Agreement
19 by signing on the designated signature block and transmitting that signature page via DocuSign or as
20 an imaged attachment. Any signature made and transmitted by DocuSign or as an imaged attachment
21 for the purpose of executing this Agreement shall be deemed an original signature for purposes of
22 this Agreement and shall be binding upon the party who transmits the signature page.

23 **10.10 Binding Effect.** This Agreement shall be binding upon the Parties and, with respect
24 to Plaintiff, the State of California, the LWDA, PAGA Members, their spouses, children, rep-
25 representatives, heirs, administrators, executors, beneficiaries, conservators, attorneys, and assigns.

26 **10.11 Construction.** The determination of the terms and conditions of this Agreement has
27 been by mutual agreement of the Parties. Each party participated jointly in the drafting of this
28

1 Agreement, and the terms and conditions of this Agreement are not intended to be, and shall not be,
2 construed against any party by virtue of draftsmanship.

3 **10.12 Severability Clause For Invalidity Of Any Provision.** Before declaring any
4 provision of this Agreement invalid, the Court shall first attempt to construe the provisions valid to
5 the fullest extent possible consistent with applicable precedents so as to render all provisions of this
6 Agreement valid and enforceable.

7 **10.13 No Prior Assignments Or Undisclosed Liens.** Plaintiff represents and warrants that
8 she has not assigned, transferred, conveyed, or otherwise disposed of, or purported to assign, transfer,
9 convey, or otherwise dispose of, any Released Claims or the attorneys' fees and costs to be paid
10 pursuant to this Agreement. Plaintiff further represents and warrants that there are not any liens or
11 claims against any of the amounts to be paid by Defendant pursuant to this Agreement. Plaintiff
12 agrees to defend, to indemnify, and to hold Defendant harmless from any liability, losses, claims,
13 damages, costs, or expenses, including reasonable attorneys' fees, resulting from a breach of these
14 representations or from any lien or assignment.

15 **10.14 Confidentiality.** Plaintiff and Plaintiff's Counsel will not make any public disclosure
16 of the Settlement, except thorough the public filings to approve the Settlement. Neither Plaintiff nor
17 Plaintiff's Counsel will publicize the Settlement in any way that reasonably identifies Defendant.
18 Neither Plaintiff nor Plaintiff's Counsel will initiate any communications (directly or indirectly) with
19 the media regarding the Action. Notwithstanding the foregoing, the Plaintiff's Counsel may, in
20 response to a communication initiated by the media, direct the inquiring media member to the public
21 records of the Action on file with the Court. Nothing herein will restrict Plaintiff's Counsel from
22 submitting filings with the Court or the LWDA in furtherance of obtaining approval of the
23 Settlement. Nor shall anything herein restrict Plaintiff's Counsel from including publicly available
24 information regarding this Settlement in future judicial submissions regarding Plaintiff's Counsel's
25 qualifications and experience or otherwise allowing the Judgment to become known to PAGA
26 Members.

27 **10.15 Plaintiff's Individual Settlement Agreement.** The Parties agree to disclose to the
28 Court the fact that Plaintiff has currently entered into an individual settlement agreement and general

1 release for the JAMS Arbitration to the extent necessary to obtain approval of this Settlement. The
2 Parties agree to request permission to lodge with the Court the terms of the individual settlement
3 agreement under seal.

4 **10.16 Continuing Jurisdiction.** The Court shall retain jurisdiction over the implementation
5 of this Agreement as well as any and all matters arising out of, or related to, the implementation of
6 this Agreement and settlement. The Court shall not have jurisdiction to modify the terms of the
7 Agreement without the consent of all of the Parties.

8 **10.17 Modification.** The Agreement may not be changed, altered, or modified, except in
9 writing and signed by the Parties hereto or their counsel of record. After approval of the Settlement
10 has been granted, the Settlement may not be modified except by a writing signed by the Parties hereto
11 or their counsel of record, and approved by the Court.

12 **10.18 Disputes.** If the Parties have a dispute with regard to the language of this Agreement,
13 they agree to first attempt to resolve the dispute informally through good faith negotiations, but if
14 those efforts are unsuccessful, they agree to mediate any such dispute, with Mr. Ludwig, the mediator
15 that helped the Parties reach the Settlement. The Parties will split the costs of the mediator, and all
16 parties will bear their own fees and costs.

17 **10.19 Governing Law.** This Agreement was made and entered into in the State of
18 California. All terms of this Agreement shall be governed by and interpreted according to the
19 substantive laws of the State of California and the procedural laws of the United States of America.

20 **10.20 Compliance with PAGA's Procedural Requirements.** Plaintiff agrees that
21 Plaintiff's Counsel will notify the LWDA of the Settlement and perform any and all statutory tasks as
22 required by law necessary to effectuate consummation and approval of this Settlement. Plaintiff will
23 promptly submit this Agreement to the LWDA and prior to the filing of the Motion For Approval Of
24 The PAGA Settlement.

25 **SO AGREED AND STIPULATED.**

26 DATED: August 14, 2025

27 By:

DocuSigned by:
Brandy Elloie
9DAAF273CCA04CD...

28 Plaintiff Brandy Elloie

1 DATED: August 14, 2025

2 9/11/2025

3 By: 

4 HealthMarkets Insurance Agency, Inc.
JoLynn M. Markison

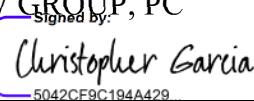
5 **APPROVED AS TO FORM AND CONTENT:**

6 Dated: August 14, 2025

Respectfully submitted,

7 MOON LAW GROUP, PC

8 By:


5042CF9C194A429

9 Kane Moon
10 Christopher L. Garcia
Attorneys for Plaintiff BRANDY ELLOIE

11 Dated: August 15, 2025

SEYFARTH SHAW LLP

12 By:


13 Andrew M. Paley
14 Jonathan L. Brophy
15 Shardé T. Skahan
16 David J. Kim
Attorneys for Defendant
17 HEALTHMARKETS INSURANCE AGENCY,
18 INC.
19
20
21
22
23
24
25
26
27
28