

TERM SHEET

1. Cases. *Reloj v. Government Employees Insurance Company Inc.*, United States District Court for the Southern District of California, Case No. 3:21-cv-01751-L-MSB (“Class Case”); *Reloj v. Government Employees Insurance Company Inc.*, Alameda Superior Court, Case No. 21CV003563 (“PAGA Case”) (collectively, the “Cases”).

2. Settlement Class. The Settlement Class consists of all current and former non-exempt hourly employees of Defendant Government Employees Insurance Company, Inc. (“GEICO”) working as Auto Claim and/or Damage Adjusters (including similar roles with different titles) throughout the State of California between October 8, 2018 and Preliminary Approval (“Class Period”). GEICO represents that as of May 31, 2024, there were approximately 859 Class members. Such individuals are the Settlement Class members.

3. Aggrieved Employees. The Aggrieved Employees are all current or former non-exempt, hourly employees who work, or have worked, for GEICO as Auto Damage Adjusters between October 2, 2019 and Preliminary Approval (“PAGA Period”). GEICO represents that as of May 31, 2024, there were approximately 801 Aggrieved Employees.

4. Qualified Stipulation to Consolidate and to Class Certification. The parties will stipulate to consolidate the Cases, and to class certification of the Settlement Class for purposes of settlement only.

5. Class Members. Class Members are members of the Settlement Class who do not opt out of the settlement and did not release the claims referenced in Paragraph 14 by the date of the mediation. GEICO represents that as of the end of May 2024 there are approximately 859 Class Members.

6. Opt-In Plaintiff(s). All persons who opted in to the collective action *Reloj v. Government Employees Insurance Company Inc.*, United States District Court for the Southern District of California, Case No. 3:21-cv-01751-L-MSB and have not withdrawn from the collective action.

7. Opt-In Plaintiff(s) Who Were Deposed. Any Opt-In Plaintiff who was deposed in either of the Cases.

8. Gross Settlement Amount. The Gross Settlement Amount to resolve both the Class Case and PAGA Case is \$8.5 Million, exclusive of employer-side taxes, which employer shall also pay. The employer-side taxes are estimated to be \$250,000, but the Settlement Administrator will determine the final amount. With the exception of employer-side taxes, the Gross Settlement Amount is consideration in exchange for a court-approved class action settlement and release as set forth in Paragraph 11, and shall satisfy all of GEICO’s liabilities arising from the settlement, interest, Plaintiffs’ attorneys’ fees and costs, settlement administration costs, Plaintiff’s incentive award, the amount paid to the LWDA for the PAGA claims, and payments to all Class Members and Aggrieved Employees. The Gross Settlement Amount is non-reversionary.

9. Net Settlement Amount. The following amounts, if approved by the Court, will be subtracted from the Gross Settlement Amount to derive the Net Settlement Amount:

- a. Attorneys’ Fees:** up to \$2,833,333.33 (1/3 of the Gross Settlement Amount),
- b. Attorneys’ Costs:** actual costs not found to be unreasonable by the Court,

- c. **Incentive Award:** up to \$20,000.00 for Named Plaintiff Reloj.
- d. **Opt-In Deponent Payment:** \$2,000, each, to any Opt-In Plaintiff(s) Who Were Deposed who execute a general release of claims (up to \$56,000, total, assuming there were 28 Opt-In Plaintiff(s) Who Were Deposed and all elect to execute a general release).
- e. **Settlement Administrator:** actual costs to be determined by seeking bids from at least three (3) settlement administrators, and
- f. **Amount Allocated to PAGA Penalties:** \$127,500.00 (75% (\$95,625) to be paid to the LWDA and 25% (\$31,875) to be distributed to the Aggrieved Employees on a pro rata basis).

8. “Settlement Administrator” means a mutually agreeable the neutral entity the Parties have agreed to appoint to administer the Settlement. The Settlement Administrator shall disperse the Gross Settlement Amount received directly from GEICO in accordance with the Long-Form Settlement Agreement and any orders of the Court. The Settlement Administrator shall also be responsible for receiving and keeping confidential all Class Member Data received from GEICO or its counsel. To protect Class Members’ privacy rights, the Settlement Administrator must maintain the Class Member Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under the Long Form Settlement Agreement.

9. Distribution of Net Settlement Amount. The entire Net Settlement Amount will be distributed to Class Members and Aggrieved Employees on a pro rata workweek basis and/or pay period basis, with additional weight of not more than 20% given to workweeks and/or pay periods for Opt-in Plaintiffs, with the final amount to be agreed upon by the Parties.

10. Opt-Out Period: Class Members shall have forty-five (45) days to opt out or object to the settlement, in writing. Defendant will provide class contact information (names, addresses, phone numbers, social security numbers, and workweek information) to the Claims Administrator to assist the settlement process within thirty (30) calendar days of the court signing the preliminary approval order.

11. Uncashed Checks. The dollar value of all checks that remain uncashed for more than 180 days will either be redistributed to those participating Class Members, or be delivered to a mutually agreeable cy pres recipient.

12. Tax Allocation. Individual payments to Plaintiff and Class Members will be allocated as follows: 25% to wages, less applicable withholdings for which W-2s will be issued and 75% to penalties and interest for which 1099s will be issued.

13. Preliminary Approval: “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement of the Class Case. Payment of the Gross Settlement Amount shall not be due to the Settlement Administrator until 30 days after the Court’s order granting Preliminary Approval of the Class Settlement and 30 days after the Court’s Order granting approval of the Settlement of the PAGA Case, whichever is later.

14. Release of Claims. All Class Members who do not opt out of the Settlement and Aggrieved Employees will release GEICO and all of its officers, directors, subsidiaries, affiliates,

shareholders, members, agents, predecessors successors and assigns from any and all claims that are or could have been alleged in the operative complaints in the Cases, any amendment(s) thereto based on the factual allegations contained therein, and/or PAGA notice to the California Labor and Workforce Development Agency that arose during the Class Period and/or PAGA Period, including claims for : (1) failure to pay minimum wage for all hours worked in violation of FLSA 29 U.S.C. §§206, 207, Labor Code sections 1194 and 1194.2, and the applicable IWC Wage Order(s); (2) failure to pay proper overtime wages in violation of 29 U.S.C. §§206, 207, Labor Code sections 510, 1197, and 1198, and the applicable IWC Wage Order(s); (3) failure to provide compliant rest periods and pay missed rest break premiums in violation of Labor Code section 226.7 and the applicable IWC Wage Order(s); (4) failure to provide compliant meal periods and pay missed meal period premiums in violation of Labor Code sections 226.7 and 512, and the applicable IWC Wage Order(s); (5) failure to maintain accurate employment records in violation of 29 U.S.C. §211, Labor Code section 1174; (6) failure to pay timely wages during employment in violation of Labor Code sections 204, 210; (7) failure to pay all wages due and owing at separation in violation of Labor Code sections 201, 202, and 203; (8) failure to reimburse business expenses in violation of Labor Code sections 2802 and 2804; and (9) failure to provide complete and accurate wage statements in violation of Labor Code sections 226 and 226.3. The named Plaintiff shall make a full and complete release of all claims, including a waiver of any and all provisions of California Civil Code § 1542. Each of the Opt-In Plaintiff(s) Who Were Deposed shall have the option to elect to receive an additional \$2,000 payment in exchange for making a full and complete release of all claims, including a waiver of any and all provisions of California Civil Code § 1542. There will be no section 1542 waiver for Class Members other than the named Plaintiff and those Opt-In Plaintiff(s) Who Were Deposed who elect to make a full and complete release of all claims in exchange for an additional payment of \$2,000.

15. No Admissions. GEICO's signature on this Term Sheet is not, and shall not be construed as, an admission of liability and the signed Term Sheet shall be inadmissible in any proceeding other than as necessary to enforce it.

16. Option to Void: If 10% or more of the Class Members timely submit Opt Out request, GEICO shall have the right (but not the obligation) to void the settlement described in this Term Sheet.

17. Escalator Provision: Based on the data, documents provided by GEICO as well as GEICO's representations, Plaintiff's negotiations were predicated on the understanding that there were approximately 150,775 workweeks as of May 31, 2024, and Plaintiff is entering into this agreement based on that representation. In the event it is determined that the actual number of workweeks between October 8, 2018 and May 31, 2024 exceeds 150,775 by more than 10%, then the Settlement Sum will increase by a pro-rata dollar value equal to the number of Workweeks in excess of 165,852.5 between October 8, 2018 and May 31, 2024 (the 10% escalation limit).

18. Long-form Settlement Agreement to be Prepared. The parties will cooperate to prepare a long-form settlement agreement containing the terms of this Term Sheet and such other terms as they mutually agree to include. Plaintiff will prepare the first draft of the long-form settlement agreement and deliver it to counsel for GEICO within two weeks (14 calendar days) after the date on which this Term Sheet is signed by the last party to sign it or the filing of the amended complaint, whichever is later.

19. Counterparts. This Term Sheet may be signed in counterparts. It is not necessary for all parties to sign the same document. However, it is void and unenforceable if it is not signed by all parties.

20. Confidentiality. The Parties agree that this Term Sheet is confidential (except for purposes of enforcement) and that neither party will issue any press release or other public or non-public representation regarding this Term Sheet or settlement, other than as necessary to obtain court approval and effectuate the terms of the settlement. The settlement shall remain confidential until preliminary approval of the settlement of the Class Case and court approval of the settlement of the PAGA Case. Any press release regarding the settlements of Class Case and/or PAGA Case must indicate that the settlement was negotiated as part of a settled agreement involving both wage and hour class and PAGA claims.

21. Enforcement. Any provisions of California Evidence Code §§ 1115-1128, or any comparable federal law or principle notwithstanding, this Term Sheet is binding and, if the parties fail to prepare and/or execute a long-form settlement agreement, a court, upon motion, may enter judgment pursuant to this Term Sheet and California Code of Civil Procedure section 664.6, so long as the court approves the settlement as required by Rule 23(e) and determines that the Class Case settlement is fair, reasonable and adequate. The court must also approve settlement of the PAGA class pursuant to Labor Code §2699(l). This Term Sheet is admissible in evidence for purposes of enforcement pursuant to California Evidence Code section 1123.

17. Authority to Act for Plaintiff. Counsel for Plaintiff represent and warrant that they have full authority to accept this Agreement on behalf of Plaintiff and to bind Plaintiff to all of its terms and conditions.

Dated: 01 / 30 / 2025, 2025

By: 
Conrad Reloj

Dated: 3 February, 2025

Signed by:
By: 
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Kenneth C. Robling, Senior Director &
Associate General Counsel
Government Employees Insurance
Company Inc, d/b/a GEICO