

BARBARA GRIFFIN, Individually &
on behalf of all others similarly situated,
Plaintiffs,
GOVERNMENT EMPLOYEES
INSURANCE COMPANY, GEICO
GENERAL INSURANCE COMPANY,
GEICO INDEMNITY COMPANY &
COLONIAL COUNTY MUTUAL
INSURANCE COMPANY,
Defendants.

IN THE DISTRICT COURT
RUSK COUNTY, TEXAS
4th JUDICIAL DISTRICT

TO: ALL INDIVIDUALS WHO WERE COVERED BY GEICO TEXAS AUTOMOBILE INSURANCE POLICIES FOR WHICH AN UNINSURED/ UNDERINSURED MOTORIST COVERAGE SELECTION/REJECTION FORM WAS EXECUTED AFTER OCTOBER 18, 1989 CONTAINING THE REPRESENTATION THAT THE "UNDERINSURED MOTORIST" COVERAGE: "REQUIRE[S] YOUR INSURANCE COMPANY TO PAY YOU, IN SPECIFIED CIRCUMSTANCES, THE DIFFERENCE BETWEEN THE OTHER INSURED'S LIABILITY LIMITS AND YOUR UNDERINSURED MOTORISTS COVERAGE;" OR SUBSTANTIALLY SIMILAR LANGUAGE.

PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE RELATES TO THE PENDENCY OF PROPOSED SETTLEMENT OF THIS CLASS LITIGATION AND IF YOU ARE A CLASS MEMBER CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS.

A class action is pending in the 4th Judicial District Court of Rusk County, Texas ("the Court") against Government Employees Insurance Company, GEICO General Insurance Company, GEICO Indemnity Company and Colonial County Mutual Insurance Company (collectively referred to as "GEICO").

By Order of the 4th Judicial District Court of Rusk County, Texas ("the Court") dated June 7, 2001, YOU ARE HEREBY NOTIFIED that a Fairness Hearing will be held at 1:30 p.m. on January 28, 2002, before Honorable J. Clay Gossett, District Judge of the 4th Judicial District Court of Rusk County, Texas, 115 N. Main Street, Henderson, Texas 75653, to determine: (1) whether this Action should be finally certified as a class action for settlement purposes; (2) whether the settlement of the Action on the terms summarized below should be approved as fair, reasonable and adequate; (3) whether the Action should be dismissed with prejudice pursuant to the terms of the Settlement; (4) whether Class Members should be bound by the releases contained in the Settlement Agreement; (5) whether Class Members should be barred from filing, commencing, prosecuting, maintaining, intervening in, participating in (as Class Members or otherwise), or receiving any benefits from any lawsuit or other proceeding in any jurisdiction based on or relating to the claims and causes of action, or the facts and circumstances related thereto, addressed by such releases; and (6) whether the application of Plaintiff's counsel for an award for an award of attorney's fees and expenses should be approved.

A detailed notice has been mailed to previously identified Class Members describing the settlement and the rights of Class Members. Because the proposed settlement and the scheduled court hearing may affect the rights of Class Members, if you are a member of the Class, and have not received a copy of the notice, you should immediately obtain a copy either by (1) calling GEICO at 1(866)835-5449 or (2) by visiting the web site at GEICO.com.

1. NATURE OF LAWSUIT AND SETTLEMENT PROPOSAL

This Action was commenced on September 2, 1999, when Plaintiff, Barbara Griffin, filed Plaintiff's Original Petition alleging that GEICO misstated the terms of the uninsured and underinsured motorist (UM/UIM) coverage in the State of Texas on its UM/UIM selection/rejection forms, causing its insureds to reject coverage or to purchase less coverage. Specifically, Plaintiff complains that the rejection/selection form utilized by GEICO from October 18, 1989 to April 1, 2000, represented that the "Underinsured Motorist" coverage, "Require[s] your insurance company to pay you, in specified circumstances, the difference between the other insured's liability limits and your underinsured motorists coverage," or substantially similar language. Plaintiff contends that this definition is misleading. GEICO has vigorously denied the allegations in the lawsuit.

2. CLASS DEFINITIONS

The Proposed Settlement addresses two Subclasses:

- A.1. All present and former GEICO Texas automobile liability insurance policyholders who rejected ("Rejectors") uninsured and underinsured motorist coverage on policies issued in the State of Texas by executing a coverage selection/rejection form on or after October 18, 1989, which contained the representation that the "Underinsured Motorist" coverage: "Require[s] your insurance company to pay you, in specified circumstances, the difference between the other insured's liability limits and your underinsured motorists coverage," or substantially similar language. With respect to inclusion of policyholders of Colonial County Mutual Insurance Company, the term "GEICO Texas automobile liability insurance policyholders" shall include only those policyholders under Texas personal auto policies issued by Colonial County Mutual Insurance Company for the period of January 1, 1997 through April 1, 2001, which policies were reinsured by Government Employees Insurance Company and issued through Criterion Insurance Agency; and
2. All individuals qualifying as "covered persons" under policies described in Paragraph A.(1) who were involved in an accident since October 18, 1989, with an at fault driver who was uninsured or whose liability limits were less than the covered person's actual damages and for whom uninsured and underinsured motorist benefits were not paid based on the execution of a coverage rejection form containing the representation that the "Underinsured Motorist" coverage: "Require[s] your insurance company to pay you, in specified circumstances, the difference between the other insured's liability limits and your underinsured motorists coverage;" or substantially similar language.
- B.1. All present and former GEICO Texas automobile liability insurance policyholders who selected ("Selectors") limits of uninsured and underinsured motorist coverage on policies issued in the State of Texas less than their own liability limits by executing a coverage selection/rejection form on or after October 18, 1989, which contained the representation that the "Underinsured Motorist" coverage: "Require[s] your insurance company to pay you, in specified circumstances, the difference between the other insured's liability limits and your underinsured motorists coverage;" or substantially similar language. With respect to inclusion of policyholders of Colonial County Mutual Insurance Company, the term "GEICO Texas automobile liability insurance policyholders" shall include only those policyholders under Texas personal auto policies issued by Colonial County Mutual Insurance Company for the period of January 1, 1997 through April 1, 2001, which policies were reinsured by Government Employees Insurance Company and issued through Criterion Insurance Agency; and
2. All individuals qualifying as "covered persons" under policies described in Paragraph B.(1) who were involved in an accident since October 18, 1989, with an at fault driver who was uninsured or whose liability limits were less than the covered person's actual damages and for which GEICO (1) paid the stated limits per person or per occurrence of the policy's uninsured and underinsured motorist coverage benefits or (2) denied payment of uninsured and underinsured motorist benefits, in whole or in part, based on the execution of a coverage selection form containing the representation that the "Underinsured Motorist" coverage: "Require[s] your insurance company to pay you, in specified circumstances, the difference between the other insured's liability limits and your underinsured motorists coverage;" or substantially similar language.
3. **SETTLEMENT BENEFITS**
- (a) Subject to the provisions of the Settlement Agreement, members of the Settlement Class that are Rejectors will be given Uninsured Motorists coverage to match their liability coverage limits on prior and existing policies as set forth in the Settlement Agreement. Members of the Settlement Class who are Selectors will have their Uninsured Motorists coverage raised to match their liability coverage limits on prior and existing policies as set forth herein. Members of the Settlement Class who are Non-Policyholder Covered Persons will be given the coverage applicable to the Selector and/or Rejector of the policy at issue.
- (b) Subject to the provisions of the Settlement Agreement, GEICO agrees that it will not raise the execution of the Selection/Rejection Forms as a defense to UM/UIM claims presented by the members of the Settlement Class who have not properly excluded themselves pursuant to Paragraph 3.1(H) of the Settlement Agreement and whose UM/UIM coverage limits have been raised to their liability coverage limits as set forth in the Settlement Agreement.
- (c) As a condition to adding UM/UIM coverage or increasing UM/UIM coverage limits pursuant to the Settlement Agreement, any member of the Settlement Class seeking to make a claim waives the right to any payment of interest on the claim.
- (d) Subject to the provisions of the Settlement Agreement, GEICO will have a dedicated unit of adjusters at GEICO that shall adjust, consider, pay, in whole or in part, or deny, in whole or in part, claims presented pursuant to this Settlement Agreement in accordance with the terms, conditions, limitations and provisions of the standard Texas private passenger auto policy and subject to any rights, defenses or limitations available to GEICO under the Settlement Agreement which are applicable to the individual claim or Class Member. Nothing contained in the Settlement Agreement shall shift or reduce the burdens of proof relative to presentment and proof of a UM/UIM claim.
- (e) You have the following options:-
- (1) You may remain a member of the Class. To remain a member of the Class, you do not have to take any action. You will be automatically considered a member of the Class, unless you request exclusion in accordance with the procedure set forth below. If you remain a member of the Class, you will be bound by any judgment in the Action, whether favorable or unfavorable, and you will be barred from prosecuting your own claim.
- As a member of the Class, if you wish to participate in the settlement, you must file an **Official Claim Form**, within 240 days after the effective date of the Settlement Agreement.
- If you file a claim and it is denied on the basis that you are not a member of the class under the Settlement Agreement, you may have this decision reviewed by an impartial arbitrator approved by the Court. If you file a claim for damages and the amount you allege is contested, you have the right to submit your claim to an impartial arbitrator approved by the Court. All arbitration costs will initially be paid by GEICO; however, if GEICO prevails at arbitration the arbitrator will assess the costs against you.
- GEICO may be entitled to a credit for some payments previously made to you for the same accident.
- If there are multiple claimants, the aggregate of the Settlement Payments shall be prorated, if necessary, so that the total paid by GEICO shall not exceed the per person or per occurrence limits of the policy as defined in the Settlement Agreement. This could result in a delay in your being paid benefits under the Settlement Agreement.
- (2) You may exclude yourself from the Class. Any member of the Class may be excluded, but only upon specific request. If you wish to be excluded from the Class, you must ask the Court to exclude you from the Action by mailing the request for exclusion to: Linda J. Smith, District Clerk, P. O. Box 1687, Henderson, TX 75653-1687.
- If you file a request for exclusion as described in the previous paragraph, such request must be filed with the clerk no later than January 18, 2002. If your request for exclusion is timely filed, you will be excluded from the Class. If excluded, you will not be bound by the results of the Action, and you will also not share in any recovery that benefits the Class. If you do not file a timely request for exclusion, you will be bound by all proceedings, orders, and judgments in this Action, which will be preclusive in all pending or future lawsuits or other proceedings, involving the same issues that are the subject of this Action. If you wish to object to the terms of the Settlement, you must remain in the Settlement Class.
- You will be able to make a claim for any benefits available now, or in the future, under the terms of your policy, not related to claims arising from your execution of the UM/UIM selection/rejection form. Participation in the Class Settlement will not affect that right.
- (3) If you do not request exclusion, you will be represented by Plaintiff and her counsel, who have been appointed Class Counsel by the Court, unless you enter an appearance through counsel of your own choice. You are not required to obtain your own counsel, but if you choose to do so, it will be at your expense and your counsel must file an appearance on your behalf by January 7, 2002, and mail copies of such appearance to the attorneys listed below.

4. DISMISSAL AND RELEASE OF CLAIMS

4. **DISBURSEMENT AND RELEASE OF CLAIMS**
The claims that will be barred include all claims for relief on the ground that an insured or covered person was denied benefits because he or she was covered by a Texas automobile liability policy with respect to which the insured signed a Selection/Rejection Form containing the definition of underinsured motorist set forth above. In exchange for settlement benefits, Class Members who remain in the class will release GEICO from all liability for known and unknown claims arising out of the execution of the UIM/UIM Selection/Rejection Form described above in this Notice.

Additional Information

This notice and the Notice mailed to Class Members are each a summary of the proposed settlement. The full Settlement Agreement is on file with the Clerk of the Court, along with Plaintiff's Second Amended Petition and other papers and court Orders pertaining to this case. You may inspect these documents at the Clerk's office at any time during normal business hours: Monday through Friday, 8:30 a.m. to 4:30 p.m.

OBJECTIONS

You may object to the terms and conditions of the Settlement Agreement, or Judgment entered thereon, only by filing written objections with the Court and serving those written objections on Class Counsel and Counsel for Defendants by January 7, 2002. Your filing must contain: 1) a statement of your objection and the specific reasons for each objection, including any legal support you wish to introduce in support of the objection; 2) any evidence you wish to introduce in support of the objection; 3) a list of all class actions proceedings in which you or your attorneys previously appeared as objectors or on behalf of objectors; and 4) the information and materials described in Rule 194.2(a)-(f) of the Texas Rules of Civil Procedure. If you fail to comply with these requirements you are forever barred from objecting to the Settlement Agreement.

If you file an objection, you may have access, at your expense, at Class Counsel's office, to depositions and deposition exhibits in this Action. However, you must execute a confidentiality agreement and adhere to the terms of the Court's previously entered protective order.

You may appear at the Fairness Hearing, either in person or through an attorney, hired at your expense to present your objections to the fairness, reasonableness, or adequacy of the Proposed Settlement Agreement. You must file a Notice of Intention to appear with the Court and serve the Notice of Intention to Appear on Class Counsel and Counsel for Defendants no later than January 7, 2002.

COSTS

By remaining in the Class, you will not subject yourself to any obligation to pay the costs of the Action or the claims processing, except for certain arbitration expenses referred to in paragraph (e), above. With respect to the Action, all costs and expenses, including attorneys' fees, will be paid by GEICO, as such payment may be approved and ordered by the Court. The amount of attorneys' fees preliminarily approved by the Court, including costs of experts and consultants retained by Class Counsel on behalf of the Settlement Class, is seven hundred and fifty thousand (\$750,000.00) Dollars. Also, the Court has preliminarily approved an incentive award for class representative Barbara Griffin in the amount of seven thousand and five hundred (\$7,500.00) Dollars. Class Counsel have not been appointed to represent you on any individual claim. If you choose to employ an attorney to represent you on an individual claim, you shall do so at your own expense.

LEAD COUNSEL FOR THE PLAINTIFF CLASS IS:

James A. Holmes • Wellborn, Houston, Adkison, • Mann, Sadler & Hill, L.L.P. • P. O. Box 1109 • Henderson, TX 75653-1109 Stephen Woodfin • Law Office of Stephen Woodfin • P. O. Box 1638 • Kilgore, TX 75663

LEAD COUNSEL FOR DEFENDANTS ARE:

LEAD COUNSEL FOR DEFENDANTS ARE:
Lead Counsel for Government Employees Insurance Company, GEICO General Insurance Company, and GEICO Indemnity Company is:
 Robert D. Allen • Baker & McKenzie • 2300 Trammell Crow Center • 2001 Ross Avenue • Dallas, Texas 75201

Robert D. Allen • Baker & McKenzie • 2300 Trammell Crow Center
Lead Counsel for Colonial County Mutual Insurance Company is

Blake S. Evans • Arter & Hadden LLP • 1717 Main Street • Suite 4100 • Dallas, Texas 75201-4605

EXAMINATION OF PAPERS AND INQUIRIES

For a more detailed statement of the matters involved in this Action, please refer to the pleadings and other papers filed in this Action, which may be inspected or obtained from the Office of the Clerk, 4th Judicial District Court of Rusk County, Texas, located at 115 N. Main Street, Henderson, Texas 75653, during business hours of each week. **DO NOT CALL THE COURT OR THE CLERK.**