CLASS ACTION SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (hereinafter "Agreement") is entered into and effective upon its execution by all parties hereto. It is entered into by and between all members of the class which has previously been certified as identified and defined in Paragraph E below (hereinafter, collectively the "Plaintiff Class"), by and through Class Plaintiffs' Co-Counsel, MARLIN & SALTZMAN, THE R. REX PARRIS LAW FIRM and MAZURSKY, SCHWARTZ & ANGELO on the one hand, and Bristol West Insurance Group, Coast National Insurance Company, Inc., Bristol West Insurance Services, Inc. of Florida, Bristol West Insurance of California, Inc., Bayview Adjustment Bureau, Inc., and all other entities who comprise the Bristol West Insurance Group (hereafter Defendants), by and through their counsel BARGER & WOLEN on the other hand, with reference to the following recitals and provision:

RECITALS

A. Certain claims, demands and differences have existed heretofore between the Plaintiff Class and the Defendants, including plaintiff class' contention that overtime pay is owed to them and Defendants' contention that the claimed overtime pay is not owed to the Plaintiff Class;

B. The Plaintiff Class and the Defendants are parties to a civil action, bearing case number CC08478 pending in the Superior Court of the State of California for the County of Orange, entitled *Jocelyn Roberts, et.al. vs. Coast National Insurance Company, Inc. et.al.* and filed on or about June 25, 2001 ("the Class Complaint");

C. In said action, among other things, plaintiffs alleged that the Defendants improperly classified class members as exempt employees, misrepresented that plaintiffs were exempt employees and failed to pay overtime compensation, as well as all compensation due at the time of termination of employment. Defendants denied said allegations in their entirety and alleged that the members of the class were properly classified as exempt employees and that any and all compensation due class members was paid according to law.

D. The parties hereto stipulated to binding arbitration, which was assigned by the court to the Hon. John Trotter (Ret.). After commencement of the arbitration hearing on October 28, 2002, including the testimony of witnesses and the presentation of additional evidence via deposition testimony of current officers and management of the defendants, the parties engaged in comprehensive settlement discussions.

E. The Plaintiff Class refers to the class as previously certified by the Hon. Stephen Sundvold of the Orange County Superior Court. As used in this Agreement, "Class Members" refers to members of the Plaintiff Class.

F. The Defendants settling the claims against them are Bristol West Insurance Group, Coast National Insurance Company, Inc., Bristol West Insurance Services, Inc. of Florida, Bristol West Insurance of California, Inc., Bayview Adjustment Bureau, Inc., and all other entities who comprise the Bristol West Insurance Group.

G. The parties have conducted substantial formal discovery and investigation, and have researched and briefed the legal and factual issues relating to the claims and defenses of the action.

H.. The cost of continuing to prosecute and defend the litigation including the risks and hazards in continuing with the same, have led the parties to resolve the case by way of settlement. On November 1, 2002 the parties reached a settlement and placed the essential terms thereof on the record.

I. The parties have stipulated to the appointment of Justice John Trotter (Ret.) as the Referee for all purposes pursuant to *Code of Civil Procedure* §638. The parties desire to memorialize the principal terms of their agreement and such other terms as have been mutually agreed upon as necessary or conducive to the consummation of the principal terms of the parties' agreement.

J. It is the intention of the parties to the Agreement to settle and dispose of, fully and completely, any and all claims, demands and causes of action arising out of, connected with or incidental to the subject matter set forth in the Amended Complaint on file in the Action as between the Plaintiffs and the Defendants, including but not limited to requests for legal or equitable relief, requests for damages, and requests for injunctive relief, which have been asserted, or could have been asserted, or which might arise from receipt of any notice of this class action or this class action settlement, or by or on behalf of any individual plaintiff alleging relief for a settled claim.

PROVISIONS

1. PLAINTIFF CLASS REPRESENTATIVES

The Plaintiff Class Representatives are the following: Jocelyn Roberts, Diana Timmel and Sean Bonnevie.

2. PLAINTIFF CLASS COUNSEL

"Plaintiff Class Counsel", as appointed by the Orange County Superior Court, are MARLIN & SALTZMAN, THE R. REX PARRIS LAW FIRM, and MAZURSKY, SCHWARTZ & ANGELO.

3. COOPERATION BY THE PARTIES

The Plaintiff Class and Defendants and their counsel agree to cooperate fully with each other to promptly execute all documents and take all steps necessary to effectuate the terms and conditions of this settlement.

4. CONSIDERATION BY DEFENDANTS

In consideration for the releases and dismissals set forth in paragraphs 13 and 29 below, the Defendants agree to (1) the injunctive relief as set forth in Section 5 herein, (2) payment to class members pursuant to the "claims procedure" as described in Sections 6, 9 and 10 herein, and (3) the payment of attorneys' fees as described in Section 11 herein.

5. INJUNCTIVE RELIEF

Defendants agree that, as of November 4, 2002 all members of the Plaintiff Class currently employed by the Defendants and all persons hired in the future in California engaged in performing the services performed by the members of the Plaintiff Class shall be classified as non-exempt employees entitled to overtime compensation and all other benefits available to such employees pursuant to Federal and California law. Defendants further agree that an order to this effect shall be included in the final judgment to be submitted to the court. In converting class members to non-exempt employees, no class member shall be subject to any reduction in pay rate or benefits as a result of the same, other than to the extent any profit sharing bonus plan or incentive compensation plan may be impacted by the reduction in defendants' profits due to expenses incurred under this settlement agreement. Defendants may apply to the court for relief from this injunction in the future in the event any change or modification in the applicable federal or California law warrants modification or termination of this injunctive relief.

6. PAYMENT TO CLASS MEMBERS AND CLAIMS PROCEDURE

Defendants agree to pay to the class members all unpaid compensation as prayed for in the complaint for the period June 25, 1997 through November 3, 2002, and as established pursuant to the claims procedure set forth in Section 9 hereafter.

7. PRELIMINARY APPROVAL

The parties shall jointly seek preliminary approval of this settlement from the Referee via ex parte application. The Referee shall be asked to approve the terms of the settlement, the form of notice, the method of notice, the claim form, the procedure for challenging claims, the claims payment schedule, and the attorneys' fees agreed to, all as part of preliminary approval.

8. NOTICE OF SETTLEMENT AND CLAIM FORM

Class members will be provided with notice of the terms and conditions of this settlement in a form of notice approved by the Referee and attached hereto as Exhibit "A". Said notice shall be accompanied by a claim form, also in a form approved by the Referee and attached hereto as Exhibit "B", to be executed under penalty of perjury and an envelope addressed to Gilardi & Co. LLC. (A neutral retained by Defendants to handle the administration of the notice process). Such claim form shall include a W-4 form for purposes of enabling Defendants to withhold any taxes in accordance with section 10 herein. The settlement notice and claim form shall be sent to all class members via first class U.S. Mail, with one skip trace follow up. All costs associated with providing notice and the claim form shall be borne by Defendants.

The notice shall provide that class members have 90 days within which to submit their claim on the claim form provided, or a copy thereof. Plaintiffs' Counsel shall post the claim form on their website and Class Members may download the same for use in presenting their claim. As to any notices which are returned by the post office for invalid addresses, one skip trace shall be performed. Those class members who receive notice pursuant to the one skip trace, shall be informed (via an insert in the notice) that his/her time to submit a claim shall be 90 days from the date notice is mailed to the updated address. Submission of a claim will be deemed completed on the postmark date on the envelope containing the same. Plaintiffs' Counsel shall be advised by the Administrator of the identity of all class members who were sent notice as a result of a skip and whose notice was again returned, within 7 days of receipt of same by the Administrator.

Any claim received after the time limit described herein shall be considered as a late claim. Persons submitting late claims shall be informed that their claim is late and that it will not be considered. Defendants may, at their sole discretion, elect to consider any late claim.

9. CLAIM PROCEDURE AND PAYMENT PROCESS

As claim forms are received by Gilardi & Co. LLC, one set of copies shall be provided simultaneously and immediately to Plaintiffs' and Defendants' counsel, no later than within 5 days of receipt of the claim forms.

a. Except as provided in subsection (b) hereafter, Defendants shall have the right to challenge any claim submitted as to the amount of overtime claimed within 30 days of Defendants' receipt of a copy of the claim from Gilardi & Co. LLC. Whether or not a claim is challenged, all timely and valid claims are to be paid in accordance with this Section 9 and with Section 10. In all cases, Defendants retain the right to make written offers of compromise to class members, through Class Counsel, which shall be transmitted to the class member by Class Counsel at their expense within two working days of receipt. Except as provided in subsection (b) hereafter, Defendants shall exercise their best efforts to make all payments hereunder within 60 days, but in no event more than 90 days, after any decision regarding payment.

"Net Payment" (as that term is defined in Section 11 hereafter) shall be made by delivering a check to Class Counsel made payable to Class Counsels' trust account for the benefit of each class member.

b. If the Class Member selects one of the following levels of claims to be designated on the claim form, the claim shall not be subject to challenge by Defendants and Defendants will be deemed to have agreed to a "net payment" to a class member. Payments made under this subsection (b) shall be payable directly to the class members forthwith upon receiving the claim form and properly completed W-4 Form:

Claimant employed in an exempt adjuster position 4 years or more	Total Payment Net Of Any Applicable Taxes and inclusive of interest and penalties	$1,000
Claimant employed in an exempt adjuster position at least 2.5 years and less than 4 years:	Total Payment Net Of Any Applicable Taxes and inclusive of interest and penalties	$750
Claimant employed in an exempt adjuster position less than 2.5 years:	Total Payment Net Of Any Applicable Taxes and inclusive of interest and penalties	$500

c. For any payments in subparagraphs (a) and (b) above, pursuant to section 10 herein, Defendants are responsible for withholding such sums from each Class Member's gross award and paying the withheld funds plus the employer's contribution to the appropriate State and Federal taxing authority. The remaining portion of each award shall be designated as the "net payment".

d. Other than as set forth in subparagraphs (a) and (b) above, all other claims may be challenged by Defendants. Challenges shall be heard in a summary fashion as determined by the Referee.

In said challenges, the rules of evidence shall not apply. The determination of the Referee shall be final and non-appealable and shall become part of the Referee's order. As much as is practical, challenge hearings shall be scheduled so that Defendants are able to comply with the claim payment schedule set forth herein. Class Members who reside beyond the jurisdictional power of the court as provided in Code of Civil Procedure section 1989 may participate in the same via telephone conference call. Class Members who elect not to personally appear at the challenge hearing (either in person or, when appropriate, by telephone) may be required by defendants to submit to a deposition. Class Members who reside beyond the jurisdictional power of the court as provided in Code of Civil Procedure section 1989 may participate in the deposition via telephone conference call.

10. TAX LIABILITY AND NET PAYMENTS

The payment by the Defendants pursuant to this Agreement is for alleged failure to pay overtime compensation, waiting penalties and interest on said sum. In accordance with both State and Federal tax laws, and in accordance with the information provided by Class Members in their submitted W-4 forms, Defendants shall withhold such sums from each Class Member's gross award as are required in order to comply with the same. The remaining portion of each award shall be

designated as the "Net Payment", and said sum shall be paid as provided in Section 9 above. Upon payment of the final Net Payment for each Class Member through delivery to Class Counsel, Defendants shall report and remit the taxes withheld from each class member, plus the employer's contribution, as required to the appropriate State and Federal taxing authority. Defendants shall provide each class member with appropriate documentation setting forth the amount of any tax or other payment withheld in accordance with State and Federal tax requirements. In addition, Defendants shall provide such information to Class Counsel in a mutually agreeable computerized format (i.e. an Excel Spreadsheet) so that Class Counsel can provide said information to Class Members at the time of the distribution of the Net Payment.

11. ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

Defendants shall pay Class Counsels' attorneys' fees (subject to approval by the court) in the amount of six million seven hundred fifty thousand dollars ($6,750,000). Class counsel shall be responsible for all costs they have incurred in connection with this matter. Class counsel shall be paid the attorneys' fees award under the following schedule:

At Preliminary Approval of this Settlement (But no earlier than January 1, 2003)	$2,250,000
July 1, 2003	750,000
October 1, 2003	750,000
January 1, 2004	750,000
April 1, 2004	750,000
July 1, 2004	750,000
October 1, 2004	750,000

12. DEFENDANTS' COSTS AND THE COSTS OF ADMINISTRATION

The Defendants shall bear their own costs, expenses and attorneys fees which they have incurred in connection with or arising out of the Action. In addition, all costs associated with the further administration of the settlement, including the challenge hearings, shall be borne solely by defendants. The cost of any reserved and unused dates at JAMS after November 1, 2002 shall be borne solely by Defendants, subject to the Defendants' right to reimbursement if the date is otherwise booked by JAMS.

13. MUTUAL RELEASES

Except as to the rights and obligations created by this Agreement, each party and Class Member hereby releases, dismisses and forever discharges each other party hereto, and each other party's present and former employees, representatives, administrators, attorneys, insurers contributing to the consideration called for herein (but only in their or its capacity as insurers for the Defendant), lenders, shareholders, present and former officers and/or directors, divisions, affiliates, partnerships, partners, parent and/or subsidiary corporations, assigns, associates, agents, consultants, contractors, heirs and successors in interest and each of them, from any and all claims, demands and causes of action arising out of, connected with or incidental to the subject matter set forth in the Class Complaint on file in the Action or any other complaint wherever and whenever filed.

All parties to the Agreement acknowledge that they have been advised by legal counsel regarding the effect of, and are familiar with, the provisions of California *Civil Code* §1542, which provides as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THIS RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

It is further agreed that all Class Members shall be so advised as part of class notice regarding the settlement.

Being aware of this code section, the Plaintiff Class and the Defendants hereby expressly waive and relinquish all rights and benefits which they may have thereunder as well as under any other statute or common law principal of similar effect, except as set forth in this Agreement

Each of the parties acknowledges and agrees that nothing contained in this Section shall release or discharge any of them from the rights, duties and obligations assumed under this Agreement.

14. WAIVER OF RIGHTS:

Defendants waive any right they may have to further appeal or contest, in any manner, the order certifying this matter as a class action or the order denying Defendants' motion to decertify the class.

Plaintiff class waives any right they may have to overtime pay or any other matter referred to in the class complaint except as provided for in this settlement agreement.

15. REPRESENTATIONS AND WARRANTIES

Each party represents and warrants that he, she or it has not heretofore assigned or transferred, or purported to assign or transfer, any of the claims released pursuant to this Agreement to any other person not a party hereto and that he, she or it is fully entitled to compromise and settle same.

16. CALIFORNIA LAW

All questions with respect to the construction of this Agreement and the rights and liabilities of the parties hereto shall be governed by the laws of the State of California applicable to agreements to be wholly performed within the State of California.

17. OWN COUNSEL

Each party acknowledges that he, she or it has been represented by counsel of their own choice throughout all of the negotiations which preceded the execution of this Agreement and in connection with the preparation and execution of this Agreement.

18. FURTHER ACTS AND DOCUMENTS

The parties agree to do such acts and execute all such documents necessary to effectuate the intent of this Agreement.

19. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. HEADINGS

The headings contained in this Agreement are for reference only and are not to be construed in any way as a part of the Agreement.

21. ENTIRE AGREEMENT

This Agreement represents the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior contemporaneous oral and written agreements and discussions. Each of the parties covenants that he, she or it has not entered in this Agreement as a result of any representation, agreement, inducement, or coercion, except to the extent specifically provided herein. Each party further covenants that the consideration recited herein is the only consideration for entering into this Agreement and that no promises or representations of another or further

consideration have been made by any person. This Agreement may be amended only by an agreement in writing duly executed by all parties hereto.

22. BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, assigns and successor-in-interest.

23. DRAFTING

Each party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party as drafter of the Agreement.

24. SEVERABILITY

In the event any covenant or other provision herein is held to be invalid, void or illegal, the same shall be deemed severed from the remainder of this Agreement and shall in no way affect, impair or invalidate any other covenant, condition or other provision herein. If any covenant, condition or other provision herein is held to be invalid due to its scope or breadth, such covenant, condition or other provision shall be deemed valid to the extent of the scope or breadth permitted by law.

25. INCORPORATION OF EXHIBITS

All exhibits attached here to are hereby incorporated by reference as though set forth fully herein.

26. AUTHORITY

Each party warrants and represents that each of the persons/or entities executing this Agreement is duly empowered and authorized to do so.

27. CONTINUING JURISDICTION

The Referee, specifically the Hon. John Trotter, or his successor if he is unavailable, shall reserve and retain continuing jurisdiction over the parties in all matters relating to the administration of the settlement, compliance with the terms of this Agreement, and the enforcement of the order entered at the time of final approval of this settlement.

28. ADMINISTRATION OF SETTLEMENT AND COMPLIANCE

The Referee shall further have continuing jurisdiction to resolve any dispute which may arise with regard to the terms and conditions of this Agreement.

29. FINAL ORDER AND JUDGMENT OF SETTLEMENT

Upon final approval to this Agreement, final order and judgment shall be entered by the court which shall:

(a) Grant final approval to this Agreement as fair, reasonable, adequate, in good faith and in the best interests of the Plaintiffs Class, as a whole, and order the parties to carry out the provisions of this Agreement;

(b) Dismiss with prejudice all actions, complaints and claims and any lawsuit as against the settling Defendants arising out of any of the actions or events complained of in the complaint herein;

(c) Adjudge that class members are conclusively deemed to have released any and all rights, claims, causes of action against the settling Defendants and their present and former employees, representatives, administrators, attorneys, insurers contributing to the consideration called for herein (but only in their or its capacity as insurers for the Defendant), lenders, shareholders, present and former officers and/or directors, divisions, affiliates, partnerships, partners, parent and/or subsidiary corporations, assigns, associates, agents, consultants, contractors, heirs and successors in interest and each of them, of and from any and all rights, claims, demand, liabilities, causes of action, liens and judgments arising out of or in any way related to the matters set forth in the complaint herein;

(d) Bar and permanently enjoin each Class Member from prosecuting against Defendants and their present and former employees, representatives, administrators, attorneys, insurers contributing to the consideration called for herein (but only in their or its capacity as insurers for the Defendant), lenders, shareholders, present and former officers and/or directors, divisions, affiliates, partnerships, partners, parent and/or subsidiary corporations, assigns, associates, agents, consultants, contractors, heirs and successors in interest and each of them, any and all of the settled claims which the class members or any of them had, have or may have in the future, arising out of, based upon, or otherwise related to any of the settled claims, or any of the allegations contained in the operative complaint.

(e) Reserve continuing jurisdiction as provided herein above.

30. NOTICE

After the court enters its order granting final approval of this Agreement, all notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be delivered personally, telecopied or mailed post pre-paid by first class mail to the following persons at their addresses set forth as follows:

Class Counsel:

Louis M. Marlin, Esq.
MARLIN & SALTZMAN
2400 E. Katella Ave, Suite 1030
Anaheim, CA 92806

R. Rex Parris, Esq.
THE R. REX PARRIS LAW FIRM
963 West Avenue J
Lancaster, CA 93534

Stanley D. Saltzman, Esq.
MARLIN & SALTZMAN
29229 Canwood St., Suite 208
Agoura Hills, CA 91301

Arnold W. Schwartz, Esq.
MAZURSKY, SCHWARTZ & ANGELO
10990 Wilshire Blvd., Suite 1200
Los Angeles, CA 90024-3927

Defendants' Counsel:

Steven Weinstein, Esq.
Greg Eisenreich, Esq.
Spencer Kook, Esq.
BARGER & WOLEN
515 S. Flower Street
34th Floor
Los Angeles, CA 90071

WHEREFORE, the parties, by their duly authorized agents or counsel, have executed this Settlement Agreement as of the dates set forth below.

Dated: _____

MARLIN & SALTZMAN
THE R. REX PARRIS LAW FIRM
MAZURSKY, SCHWARTZ & ANGELO

By:_____
Louis M. Marlin, Esq.
Plaintiffs' Class Counsel

Dated: _____

BRISTOL WEST INSURANCE GROUP
COAST NATIONAL INSURANCE CO., INC.,
BRISTOL WEST INSURANCE SERVICES, INC. OF FLORIDA, BRISTOL WEST INSURANCE OF CALIFORNIA, INC., AND BAYVIEW ADJUSTMENT BUREAU, INC.

By:_____
Jeffrey Dailey
Chief Operating Officer - Authorized
Signator On Behalf Of All Defendants

Approved as to
Form and Content:

BARGER & WOLEN

By:_____
Steven Weinstein
Attorneys for Defendants