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Wahl v. American Security Insurance Company, Case No. 08 C 0555 (Northern District of California)

Notice of Class Action Lawsuit

This Notice contains important information for you if you had property insurance on a residence located in California with a Lender Loss Payable Endorsement (“LLPE”) and were charged premiums for a force placed insurance (“FPI”) Policy issued by American Security Insurance Company (“ASIC”) that cancelled the LLPE mortgage lender coverage at any time since January 28, 2004

*A court authorized this notice. This is **not** a solicitation from a lawyer.*

- A Court in San Francisco has allowed a lawsuit against ASIC to be a class action. A class action is a lawsuit that is brought on behalf of many people who allege similar legal claims. The name and case number of the class action case is: *Wahl v. American Security Insurance Company, Case No. 08 C 0555 (Northern District of California.)* The judge presiding over the case is U.S. District Judge Richard Seeborg.
- The lawsuit was filed on behalf of a class who, at any time since January 28, 2004, had property insurance on a residential property in California with an LLPE and were charged premiums for a FPI Policy issued by ASIC that cancelled the LLPE lender coverage. FPI is property insurance that is placed on a borrower’s property when the borrower does not maintain a homeowner’s insurance policy that is acceptable to their lender on the property.
- The Court has appointed Michelle T. Wahl to represent the class of people involved in this lawsuit. The Court has not decided whether ASIC did anything unfair or wrong, and ASIC denies any wrongdoing. Class lawyers must prove the claims against ASIC at a trial in the future. There is no money available now, and no guarantee there will be.
- This lawsuit claims that ASIC violated the California Unfair Competition Law by placing an FPI Policy during periods of time that coverage to a lender would have been provided by a homeowner’s LLPE had it not been cancelled by ASIC’s placement of FPI coverage. An LLPE is a contract provision in the homeowners’ property insurance policy that extends coverage to a lender when the premiums were not made or when the policy lapses without renewal. The lawsuit seeks to recover restitution and an injunction for Class Members and to obtain a court order to stop a practice that the lawsuit alleges is unfair.
- ASIC says that the law, the borrower’s Deed of Trust and the LLPE itself all expressly authorize the placement of coverage acceptable to the lender upon a termination of prior coverage, and that potential temporary coverage under the LLPE in the borrower’s prior policy is inadequate because it does not protect the full value of the improvements to the property and is not acceptable coverage to the lenders who, therefore, instruct ASIC to issue a FPI policy.

YOU MUST CHOOSE ONE OF THE FOLLOWING TWO OPTIONS:

PARTICIPATE IN THE CLASS ACTION	If you are a Class Member and you want to be included in the case you do not have to do anything. You will be represented by the lawyers who filed the class action case. Their names are listed later in this notice. If you are a Class Member and do not ask to be excluded (opt out) you will be entitled to share in any relief that is awarded and may benefit from any injunction that the Court might enter against ASIC. You will be bound by any final decisions the Court makes in the case, whether they are favorable or unfavorable to you.
OPT OUT	Ask to be excluded from the lawsuit. Keep the right to file your own lawsuit against ASIC. Directions on how to opt-out are provided later in this notice.

- These rights and options are explained in this notice. **The deadline to exercise the right to opt out is Month 00, 0000.**

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BASIC INFORMATION

1. Why is this Notice being provided?

This Notice explains that the Court has allowed, or “certified,” a class action lawsuit that may affect you. This Notice is being provided to you because the records of ASIC indicate that you were an additional insured on a FPI policy issued to your lender as the named insured. The Court ordered this Notice sent to you because you have legal rights and options that you may exercise before the Court holds a trial. The trial is to decide whether the claim made against ASIC is correct.

Judge Richard Seeborg of the United States District Court for the Northern District of California is overseeing this class action. The case is known as *Wahl v. American Security Insurance Company*, No. 08 C 0555 (Northern District of California). The people who sued are called the “Plaintiffs,” and the company they sued, ASIC, is called the “Defendant.”

2. What is a class action?

In a class action, a person called the “Class Representative” sues on behalf of people who allege similar claims. In this lawsuit, Michelle Wahl is the Class Representative. All of the people are a “Class” or “Class Members.” One Court resolves the issues for all Class Members.

3. What is this lawsuit about?

This lawsuit is about ASIC’s conduct in issuing FPI policies to mortgage lenders with respect to residential properties in California, where the FPI is placed during periods of time where the lender would have been covered by an LLPE had the LLPE not been cancelled by the placement of FPI. FPI is issued to insure a residential property when borrowers do not obtain or maintain coverage as required by the terms of their loans.

The lawsuit claims that ASIC’s conduct is unfair under the California Unfair Competition Law because the FPI coverage is claimed to have been placed during periods of time where the lender would have been covered by the LLPE. Plaintiff claims that homeowners do not receive the benefit of the LLPE that they previously paid for and are charged for more expensive FPI coverage. There is no claim in this lawsuit that the borrower’s prior LLPE provided for any potential extension of coverage for the borrower or for the full value of the property’s improvements. The lawsuit says that ASIC charged Class Members for premiums for the FPI Policy for the same periods of time the lender would have been covered by the LLPE had it not been cancelled by ASIC’s placement of FPI. The lawsuit claims that there are many persons who have the same or similar claims against ASIC as Ms. Wahl’s.

ASIC denies all of the Plaintiffs’ claims and denies that it did anything unfair or wrong. Specifically, ASIC disagrees with the allegations of the lawsuit, because the lender is expressly authorized by terms of the borrower’s Deed of Trust and by the LLPE itself to place coverage that is acceptable to the lender upon a termination of prior coverage. ASIC contends that any potential coverage under the borrower’s prior LLPE is inadequate to cover the full value of the improvements to the property and, therefore, not acceptable coverage to lenders who instructed ASIC to issue the FPI policies. ASIC asserts many defenses, and says that Plaintiffs are not entitled to any recovery in this litigation.

4. Who is ASIC?

Defendant ASIC is an insurance company. ASIC has agreements with many mortgage lenders who provide mortgage loans on residential properties in California to provide FPI policies in the event a borrower does not obtain or maintain property insurance acceptable to their lender.

5. Why is this lawsuit a class action?

The Court decided that this lawsuit can be a class action and move towards a trial because it meets the requirements of Federal Rule of Civil Procedure 23, which governs class actions in federal courts. The Court has not decided in favor of the Plaintiff or ASIC. The Court ruled that Ms. Wahl and her lawyers could represent the class of persons who are further described below. The Notice is being sent to you to inform you of the lawsuit so that you can decide whether to remain in the case as a Class Member. By sending this class notice, the Court is not suggesting that the Plaintiff will win or lose this case. The Plaintiff must prove the class claim at trial.

WHO IS A CLASS MEMBER?

To see if you will be affected by this class action, you first have to determine if you are a Class Member.

6. How do I know if I am a Class Member?

The Court decided that the Class Members are the following persons:

- a. All current and former California insureds or additional insureds named under a force placed insurance (“FPI”) Policy issued by American Security Insurance Company (“ASIC”) at any time since January 28, 2004;
- b. Who were charged premiums for an ASIC FPI Policy; and
- c. Such payments for the ASIC Policy included premiums for any period during which prior homeowner insurance would have been in effect for the mortgage lender pursuant to the homeowners’ Lender’s Loss Payable Endorsement (“LLPE”) had it not been cancelled by ASIC’s placement of FPI.

7. What if I am not sure whether I am included in the Class ?

If you are not sure whether you are included in the Class, or you have questions about the case, you may call the toll free number, 1-866-_____, or visit www._____.com.

WHAT ARE THE RIGHTS OF A CLASS MEMBER?

8. What rights does a class member have?

If you remain a Class Member, you will be entitled to share in any relief that may be awarded and may benefit from any injunction that the Court might enter against ASIC. You will be bound by all of the Orders the Court

issues and judgments the Court makes in this class action, whether they are favorable or unfavorable to the class.

If you want to be included in the case and participate in any relief that might result, you do not have to do anything. You will be represented by the lawyers who filed the class action case. Their names are listed later in this notice. If you wish, however, you or your attorney may file an appearance with the Clerk of the Court.

If your address has changed, or changes in the future, you should send your new address to the attorneys for the class.

HOW DO I EXCLUDE MYSELF IF I DO NOT WANT TO BE A CLASS MEMBER?

9. What if I do not want to be a Class Member?

You can request to be excluded from the settlement by “opting out.” Opting out means that you remove yourself from the class and will not participate in this case. You retain your rights to bring or continue to pursue your own lawsuit against the Defendant. To opt out, you must send an “Exclusion Request” in the form of a letter sent by mail, stating that you want to be excluded from *Wahl v. American Security Insurance Company*. Be sure to include your name and address and sign the letter. You must mail your Exclusion Request postmarked by Month 00, 0000, to “Exclusion Requests – , c/o .”

You are entitled to consult an attorney to help you make the decision whether to stay in the class action or file your own case.

If you exclude yourself from the class action case, you will not be entitled to share in any recovery that the Plaintiffs obtain in this case, and you will not be bound by any decisions the Court makes in the case. You also will not be entitled to any further notice about the case.

THE LAWYERS REPRESENTING YOU

10. Do I have a lawyer in the case?

The Court appointed these lawyers to represent all Class Members.

Stephen F. Yunker (CSB 110159) YUNKER & SCHNEIDER 655 West Broadway, Suite 1400 San Diego, California 92101	Joseph N. Kravec, Jr. (PA ID No. 68992) SPECTER SPECTER EVANS & MANOGUE, P.C. The 26 th Floor Koppers Building Pittsburgh, PA 15219	James M. Pietz (PA ID No. 55406) PIETZ LAW OFFICE Mitchell Building 304 Ross Street, Suite 700 Pittsburgh, PA 15219
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If you want to be represented by your own lawyer in this case, you may hire one at your own expense.

11. How will the lawyers be paid?

If Class lawyers get money or benefits for the class, they may ask the Court for fees and expenses. If the Court grants Class lawyers’ request, the fees and expenses would be deducted from any money obtained for the class.

THE TRIAL

12. How and when will the Court decide who is right?

As long as the case is not resolved by a settlement or otherwise, the Class lawyers will have to prove the Plaintiff's claims at a trial. The trial has not been scheduled yet, but when it occurs the Judge will hear all of the evidence to reach a decision about whether the Plaintiff or ASIC is right about the claim in the lawsuit. There is no guarantee that the Plaintiff will win, or that she will get any money for the Class. If the Plaintiff obtains relief or benefits as a result of the trial or a settlement, you will be notified about how to participate. We do not know how long this will take.

GETTING MORE INFORMATION

13. How do I get more information about the lawsuit?

This notice summarizes the lawsuit. You can obtain more details by contacting Class counsel at 1-XXX-XXXX or writing to _____. You can also call the toll free number, 1-866-_____, or visit www._____.com.

**DO NOT CALL THE COURT. DO NOT CALL OR SEND CORRESPONDENCE TO
JUDGE SEEBORG OR HIS STAFF.**