

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO**

*Joshua Smith, individually and on behalf of other similarly situated individuals,
v. Interinsurance Exchange of the Automobile Club, aka AAA,*
Case No. 1:22-cv-00447-WJ-JMR

IMPORTANT NOTICE OF CLASS ACTION SETTLEMENT

**A court authorized this Notice.
This is not a solicitation from a lawyer.
You are not being sued.**

PLEASE READ THIS NOTICE CAREFULLY

A settlement has been reached in the case *Joshua Smith, individually and on behalf of other similarly situated individuals, v. Interinsurance Exchange of the Automobile Club, aka AAA, Case No. 1:22-cv-00447-WJ-JMR*, entitling some insureds who had an underinsured motorist claim reduced or “offset” by the amount paid by the at-fault driver in an accident between **January 1, 2010 through May 4, 2022**, and others who purchased UM/UIM coverage between those dates to receive a partial refund of their premium. This Notice explains: 1) the terms of the Settlement; 2) who is a member of the Settlement Class; 3) how to submit a Claim Form for payment; 4) how to request exclusion from the Settlement; 5) how to object to the Settlement; and 6) how to get more information about the Settlement.

IF YOU ARE A SETTLEMENT CLASS MEMBER, THIS LEGAL PROCEEDING MAY AFFECT YOUR RIGHTS.

**HELP IS AVAILABLE TO ASSIST YOUR UNDERSTANDING OF THIS NOTICE.
Call 1-877-268-1879 toll-free or visit AAAUIMSettlement.com for more information.**

Questions? Go to AAAUIMSettlement.com or call +1 877-268-1879

BASIC INFORMATION

1. What Is a Class Action?

A class action is a lawsuit in which one or more individuals bring claims on behalf of other persons or entities. These persons or entities are referred to as a class or class members. In a certified class action, the Court resolves certain issues, legal claims, and/or defenses for all class members in a single action, except for those persons or entities who ask in writing to be excluded from the class.

2. What Is This Class Action About?

Plaintiff alleges that Interinsurance Exchange of the Automobile Club, aka AAA (hereinafter referred to as “AAA”), breached its automobile insurance policy contracts, was negligent, unjustly enriched, breached the duty of good faith and fair dealing, engaged in negligent misrepresentation, violated the New Mexico Unfair Trade Practices Act, violated the New Mexico Unfair Insurance Practices Act, and thus seeks damages, reformation of automobile insurance policy contracts, declaratory judgment, and injunctive relief for AAA failing to properly advise Plaintiff and other New Mexico insureds that any amounts payable on an underinsured motorist claim are required by law to be reduced, or “offset”, by amounts the insured received from the insurer of the driver who was at fault for the auto accident. AAA maintains that it complied with the terms of the automobile insurance policies and applicable law and denies that it acted wrongfully or unlawfully and continues to deny all material allegations.

3. What Are the Settlement Terms?

As a part of the Settlement, AAA has agreed, upon Court approval, to pay Four Million One Hundred Fifty Thousand Dollars (\$4,150,000.00) into a Settlement Fund that will:

1. Pay timely, valid claims submitted by Settlement Class Members who had an *underinsured* motorist claim reduced or “offset” by the amount paid by the at-fault driver in an accident between **January 1, 2010 through May 4, 2022**. These persons are referred to as “Offset Subclass Members.” Offset Subclass Members who submit a timely, valid claim will receive up to \$25,000 for the claim. This amount may be reduced, pro rata, if the number of claims exceeds the amount set aside to pay these claims;
2. Pay all other Settlement Class Members who purchased UM/UIM motorist coverage between **January 1, 2010 through May 4, 2022**, a partial premium refund. The amount of the refund will be determined by the amount the Settlement Class Member paid in UM/UIM premiums during the Class Period, the cost of administering the Settlement Fund, the amount approved by the Court to pay Plaintiff’s attorneys’ fees, costs, and an Incentive Compensation Award to the Plaintiff, and the amount remaining, if any, of the portion of the Settlement Fund designated for payments to Offset Settlement Class Members;
3. Pay for the costs of administering the Settlement Fund; and
4. Pay Class Counsel’s Fees and an Incentive Compensation Award to Plaintiff and court-awarded costs from the Settlement Fund, with all amounts to be approved by the Court.

In exchange, Plaintiff and the Settlement Class Members who do not exclude themselves from the Settlement agree to give up any claim they have for (a) any and all claims disputing the value of UM/UIM coverage or premiums based on or relating to the *Schmick* offset or New Mexico being a “gap theory” state with respect to the payment of UIM benefits; (b) any and all claims related to or arising out of UIM benefits being reduced or denied due to a *Schmick* offset; (c) any and all claims for penalties arising from or relating to late payment, non-payment, or underpayment of benefits for UM/UIM claims; and (d) any and all claims arising from or relating to the charging of premiums for Underinsured and Uninsured Motorist insurance coverage. If you are a member of the Settlement Class, you can submit a Claim Form to be eligible to be paid. Alternatively, you may, if you wish, request to be excluded from the Settlement, which means you are not eligible for payment, and you maintain your right to sue AAA individually and separately. You may also object to the terms of the Settlement, if you comply with the requirements set forth below.

Questions? Go to AAAUIMSettlement.com or call +1 877-268-1879

4. How Do I Know If I Am a Member of the Settlement Class?

You are a member of the Settlement Class against Defendant if you either: 1) had an *underinsured* motorist claim reduced or “offset” by the amount paid by the at-fault driver in an accident between **January 1, 2010 through May 4, 2022**, or 2) purchased a New Mexico automobile insurance policy containing UM/UIM motorist coverage between **January 1, 2010 through May 4, 2022**.

5. If I Am a Class Member, What Are My Options?

If you are a Class Member, you have four options.

Option 1: Submit a Claim Form for Payment.

You may submit a Claim Form for payment of \$25,000, if you submitted an *underinsured* motorist coverage claim from **January 1, 2010 through May 4, 2022** that was reduced, or “offset,” by the amount you received from the insurer of the at-fault driver. **NOTE**, if the driver of the vehicle that was at-fault in the accident had *no* liability insurance, then you had an *uninsured* motorist coverage claim, not an *underinsured* motorist claim, and you are not eligible for payment under this option. You can submit a claim by signing the Claim Form and putting the Claim Form in the mail. You can call 1-877-268-1879 or visit AAAUIMSettlement.com and request that the Settlement Administrator send you a Claim Form as described above (or a blank form that you will need to fill out).

If you submit a Claim Form, it must be postmarked no later than **April 29, 2026**. If the address you submit on your Claim Form changes within 60 days after the Effective Date of the Settlement, you must contact the Settlement Administrator to provide a current address, or you may not receive your Settlement Class Member Payment.

All claims will be verified by referencing AAA’s business records. Only valid claims will be paid. Knowingly submitting a false claim is a violation of federal law.

Option 2. Do Nothing.

If you do not submit a claim related to an accident during the class period, but you purchased a New Mexico automobile insurance policy with UM/UIM coverage during that period, you will automatically receive a check in the mail. The amount of that check will be based upon a portion of the total UM/UIM premiums you paid during the period, the number of class members, and the amount of the Settlement Fund available after paying claims under Option 1, attorneys’ fees, Incentive Compensation Award, and costs of Settlement Administration.

Option 3. Exclude yourself from the Settlement.

You have the right to not be part of the Settlement by excluding yourself or “opting out” of the Settlement Class. If you wish to exclude yourself, you must do so on or before **March 30, 2026** as described below. You do not need to hire your own lawyer to request exclusion from the Settlement Class. If you exclude yourself from the Settlement Class, you give up your right to receive any benefits as part of this Settlement, and you will not be bound by any judgments or orders of the Court, whether favorable or unfavorable. However, you will keep your right to sue any AAA separately in another lawsuit if you choose to pursue one.

To exclude yourself from this lawsuit and/or preserve your right to bring a separate case, you must make a request to be excluded in writing and, with sufficient postage, mail the request to:

Smith v. Interinsurance Exchange of the Automobile Club
Settlement Administrator
PO Box 5339
Portland, OR 97208-5339

A request for exclusion must be postmarked on or before **March 30, 2026**.

Your request for exclusion must contain the following:

1. The name of the Action (*Smith v. Interinsurance Exchange of the Automobile Club*);
2. Your full name;
3. Your current address;
4. A clear statement that you wish to be excluded from the Settlement Class, such as: “I request exclusion from the Settlement Class”; and
5. Your signature.

Questions? Go to AAAUIMSettlement.com or call +1 877-268-1879

The Settlement Administrator will file your request for exclusion with the Court. If you are signing on behalf of a Settlement Class member as a legal representative (such as an estate, trust or incompetent person), please include your full name, contact information, and the basis for your authority. A request for exclusion must be exercised individually and not on behalf of a group.

IF YOU DO NOT EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY THE POSTMARK DEADLINE OF MARCH 30, 2026, YOU WILL REMAIN PART OF THE SETTLEMENT CLASS AND WILL BE BOUND BY THE ORDERS OF THE COURT IN THIS LAWSUIT AND BY THE TERMS OF THE SETTLEMENT IF IT IS APPROVED BY THE COURT, EVEN IF YOU DO NOT SUBMIT A CLAIM FORM FOR PAYMENT. IF YOU DO NOT WISH TO BE BOUND BY DECISIONS OR SETTLEMENT IN THIS CASE, YOU MUST REQUEST EXCLUSION FROM THE CLASS ACTION.

Option 4: Object to the Terms of the Settlement.

The full terms of the Settlement can be found at AAAUIMSettlement.com. If you think the terms of the Settlement are not fair, reasonable, or adequate to the Class Members, you may file a Notice of Intent to object to the terms of the Settlement. If you object to the terms of the Settlement, you cannot request exclusion from the Settlement. If you object to the terms of the Settlement and your objection is overruled, you will be bound by the terms of the Settlement and all rulings and orders from the Court.

To properly object to the terms of the Settlement, you must send, with sufficient postage, a Notice of Intent to object to the terms of the Settlement and to appear at the Fairness Hearing (described below) to the following:

Smith v. Interinsurance Exchange of the Automobile Club
Settlement Administrator
PO Box 5339
Portland, OR 97208-5339

The Notice of Intent must include all of the following information:

1. The name of the case and case number;
2. Your name, address, telephone number, email address (if any) and signature;
3. The specific reasons why you object to the terms of the Proposed Settlement;
4. A written statement of all grounds for objection, accompanied by any legal support you care to submit;
5. The name, address, bar number, and telephone number of any attorney who represents you related to your intention to object to the terms of the Settlement;
6. A list of all persons who will be called to testify at the Final Fairness Hearing in support of the objection;
7. A statement confirming whether you and/or your attorney intend to personally appear and/or testify at the Final Fairness Hearing; and
8. Your signature, or the signature of any attorney representing you.

Notices of Intent to object must be postmarked by **March 30, 2026**. Any Notice of Intent that is not postmarked by the deadline set forth above or which does not comport with the requirements listed above may waive the right to be heard at the Final Fairness Hearing. If you file a Notice of Intent, you waive the right to request exclusion from the Settlement Class and will be bound by any decisions and orders from the Court and by the terms of the Settlement if it is approved by the Court. If you do not want to be bound by the decisions and rulings by the Court, you must file a request for exclusion and not a Notice of Intent.

6. Who Is Representing the Class?

The Court has preliminarily appointed Plaintiff Joshua Smith, to be the Class Representative of the Settlement Class. The Court has also preliminarily appointed the following lawyers as Class Counsel for the Settlement Class:

Questions? Go to AAAUIMSettlement.com or call +1 877-268-1879

Kedar Bhasker
 KEDAR BHASKER
 2741 Indian School Rd. NE
 Albuquerque, NM 87106
 Phone: (505) 407-2088
 kedar@bhaskerlaw.com

Geoffrey Romero
 ROMERO, HARADA, & WINTERS, LLC
 4801 All Saints Road NW Ste. A
 Albuquerque, NM 87120
 Phone: (505) 247-3338
 geoff@rhwlawnm.com

Corbin Hildebrandt
 CORBIN HILDEBRANDT, P.C.
 2741 Indian School Rd. NE
 Albuquerque, NM 87106
 Phone: (505) 998-6626
 corbin@hildebrandtlawnm.com

Andrea Harris
 VALLE, O'CLEIREACHAIN, ZAMORA & HARRIS
 1805 Rio Grande Blvd. NW, Suite 2
 Albuquerque, NM 87104
 Phone: (505) 888-4357
 adh@vozhlaw.com

Class Counsel will file an application for attorneys' fees of \$1,383,195.00 and costs of no more than \$5,000.00. The Motion for attorneys' fees will be posted on the website after it is filed.

Class Counsel will also seek an Incentive Compensation Award for the Class Representative in the amount of \$10,000.00, subject to Court approval. The Incentive Compensation Award is designed to reward the Class Representative for securing the recovery awarded to members of the Settlement Class and to acknowledge the time spent by the Plaintiff participating in the case and prosecuting the claims for the benefit of the Settlement Class. Payment of the Incentive Compensation Award will be made from the Settlement Fund.

7. What Claim(s) Against AAA Are Class Members Releasing?

As a part of the Settlement, Class Members agree not to sue AAA for any claims premiums charged for UM/UIM coverage during the class period, any claims disputing the value of UM/UIM coverage or premiums based on or relating to the *Schmick* offset (which is reducing underinsured motorist coverage benefits by the amount available from the at-fault driver's liability insurance) or New Mexico being a "gap theory" state with respect to the payment of UIM benefits, any and all claims related to or arising out of UIM benefits being reduced or denied due to a *Schmick* offset, any and all claims for penalties arising from or relating to late payment, non-payment, or underpayment of benefits for UM/UIM claims, and any and all claims arising from or relating the charging of premiums for Underinsured and Uninsured Motorist insurance coverage. Full terms of the Released Claims and Released Parties can be found in the proposed Settlement Agreement and Release at AAAUIMSettlement.com.

8. How Do I Find Out More About This Lawsuit?

If you have any questions about the lawsuit or any matter raised in this Notice, please call toll-free at **1-877-268-1879** or go to AAAUIMSettlement.com.

This AAAUIMSettlement.com website provides:

1. The process for requesting a Claim Form or blank form;
2. The full terms of the Settlement;
3. Information and requirements for submitting a Claim Form, requesting exclusion, or filing an objection to the terms of the Settlement;
4. A copy of the Complaint filed by Plaintiff and other important rulings and orders from the Court during the case prior to Settlement; and
5. Other general information about the class action.

You also may contact Class Counsel, whose contact information is provided above.

If the address you submit on your Claim Form changes within 60 days after the Effective Date of the Settlement, you must contact the Settlement Administrator to provide a current address or you may not receive your Settlement Class Member Payment.

DO NOT TELEPHONE OR CONTACT THE COURT, THE CLERK OF THE COURT, OR AAA OR AAA'S COUNSEL REGARDING THIS NOTICE.

Questions? Go to AAAUIMSettlement.com or call +1 877-268-1879