

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

IN RE LEMONADE, INC. DATA DISCLOSURE
LITIGATION

Case No. 1:25-cv-04106-JHR-KHP

**MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFFS' UNOPPOSED
MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT**

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Plaintiffs Brian Murray and Leslie Linwood Rich (collectively, “Representative Plaintiffs” or proposed “Class Representatives”), individually and on behalf of all others similarly situated, respectfully submit this memorandum of law in support of their Unopposed Motion for Preliminary Approval of Class Action Settlement (“Motion”). The terms of the class action settlement (the “Settlement”) are set forth in a Settlement Agreement and Release (the “Settlement Agreement”).

I. INTRODUCTION

Plaintiffs and Lemonade¹ have agreed to settle this class action litigation on a nationwide basis. The proposed Settlement resolves claims arising out of an alleged Data Exposure that Lemonade detected in September 2024, during which an alleged unauthorized data disclosure involving Lemonade’s insurance quotation platform occurred. Approximately 190,000 individuals’ Private Information was impacted in the incident.

Under the Settlement, Lemonade will pay \$10.5 million into a non-reversionary common fund, which will be used to pay Approved Claims for Settlement Benefits (including Credit Monitoring and Insurance Services (CMIS)), Administrative Expenses, any Court-approved Fee Award and Costs and Service Awards, and any applicable Taxes and escrow fees. Claimants can submit a Claim Form seeking reimbursement of both their Documented Losses up to \$10,000 (a Documented Loss Payment claim) and a share of the Net Settlement Fund (i.e., a *pro rata* Cash Fund Payment claim).

Additionally, an activation code for three years of the CMIS product (in addition to the year of credit monitoring Lemonade provided in its notice of data breach letter) will be automatically provided to every Class Member on the Summary Notice. With a retail price of nearly \$720 per person for three years, the CMIS product increases the value of the Settlement by

¹ The Class Action Settlement Agreement and Release (“Settlement Agreement” or “SA”) is attached as Exhibit 1. Unless otherwise defined herein, capitalized terms have the same definition as set forth in the Settlement Agreement.

more than \$135 million over and above the cash fund. *See* Declaration of Robert Siciliano (“Siciliano Decl.”) (Ex. 4 to the Motion) ¶ 7.

The Settlement also provides prospective equitable relief, as Lemonade has agreed to make changes and enhancements to its data and information security measures, at its own expense, which it will continue to implement for a period of three years. All Class Members will receive this Settlement Benefit irrespective of whether they submit a claim.

The Settlement is an excellent result for the Class. It is comparable or superior to other approved settlements in cases involving the disclosure or breach of driver’s license numbers (DLNs). Highly experienced counsel negotiated the proposed Settlement in good faith and at arm’s length, with the assistance of a skilled mediator, Steven R. Jaffe, of Upchurch Watson White & Max. Given the considerable risks faced by Plaintiffs on both the merits and class certification, as well as with respect to damages, the Settlement represents an outstanding result for the Settlement Class and easily satisfies Federal Rule of Civil Procedure (“Rule”) 23’s requirement that it be fair, reasonable, and adequate.

Preliminary approval is warranted because, for the reasons explained below, “the court will likely be able to: (i) approve the proposal under Rule 23(e)(2); and (ii) certify the class for purposes of judgment” after notice and the Final Approval Hearing. *See* Fed. R. Civ. P. 23(e)(1)(B). Accordingly, the Court should grant this Motion, conditionally certify the Settlement Class, and direct dissemination of Notice.

II. FACTUAL BACKGROUND

A. The Data Disclosure

Lemonade provides automobile insurance in the United States. It markets its insurance policies through its website, <https://www.lemonade.com/car>, which contains an online quoting platform through which prospective customers can apply for insurance coverage and receive a quote. Consol. Class Action Compl., ECF No. 26 (“Complaint”) ¶ 3. Plaintiffs allege that

Lemonade designed and implemented a feature on its quoting platform that disclosed Class Members' DLNs once their publicly available information (e.g., name, address) was entered. *Id.* ¶ 4. Lemonade's conduct caught the attention of opportunists, who utilized the quoting platform to gather the highly sensitive DLNs of approximately 190,644 consumers. *Id.* ¶ 12. Lemonade sent letters to individuals impacted by the Data Disclosure beginning on or about April 10, 2025. The notices stated that, "due to a vulnerability in [Lemonade's] Online Flow, certain driver's license numbers for identifiable individuals were likely exposed" between April 2023 and September 2024. *Id.* ¶ 13.

Plaintiffs allege this conduct was negligent and violated the Driver's Privacy Protection Act (DPPA) and New York General Business Law § 349.

B. Procedural History

Beginning on or around April 10, 2025, three class action complaints were filed in the Southern District of New York. Those cases were all deemed related, and on July 29, 2025, the cases were consolidated. ECF No. 14.

On August 13, 2025, Plaintiffs' counsel filed an unopposed motion to appoint John Yanchunis of Morgan & Morgan Complex Litigation Group, Mark DeSanto of Berger Montague, and Melissa Clark of Ahdoot & Wolfson, PC, as interim co-lead counsel. ECF No. 20. That motion was granted on September 24, 2025. ECF No. 38. Plaintiffs filed the Complaint on August 29, 2025. ECF No. 26.

On September 10, 2025, the Parties appeared for an initial case management conference. ECF No. 31. In the months preceding the conference, the Parties conferred about the scope and timing of discovery and motion practice, among other issues; Plaintiffs drafted a proposed protective order, a stipulation governing the production of electronically stored information, a stipulation as to the authenticity of documents, and a joint case management and Fed. R. Civ. P.

26(f) report, which the Parties began to discuss. The Parties also conferred about the possibility of an early resolution of this case.

After the status conference, the Court issued an initial case management order, which entered a 60-day stay of discovery to allow the Parties to participate in mediation. ECF No. 31.

C. Mediation and Settlement Negotiations

To facilitate settlement negotiations, the Parties agreed to engage Mr. Jaffe as mediator. Joint Declaration of Melissa Clark, John Yanchunis, and Mark DeSanto (“Joint Decl.”) ¶ 16. Mr. Jaffe has extensive experience in class action mediation, including privacy litigation.

Prior to mediation, the Parties engaged in pre-mediation discovery, including exchanging documents and written information. *Id.* ¶ 13. On November 4, 2025, the Parties attended and participated in a full-day mediation with Mr. Jaffe. *Id.* ¶ 16. During the mediation, the Parties were able to reach an agreement in principle on high-level terms and general structure of the settlement. *Id.* ¶ 16.

For more than five months following the mediation session, the Parties engaged in further discussions, exchanged additional discovery, and negotiated and finalized a comprehensive Settlement Agreement and related documents. Joint Decl. ¶ 17. Plaintiffs solicited competitive bids from multiple settlement administration companies, and the Parties agreed upon a Settlement Administrator, drafted the Claim Form and Notice documents, and refined them through conferral with the Settlement Administrator. *Id.* ¶¶ 43-45.

Plaintiffs now present the Settlement to the Court for preliminary settlement approval.

III. THE PROPOSED SETTLEMENT

A. The Proposed Settlement Class

The proposed Settlement Class is defined as:

All living, natural persons residing in the United States whose Personal Information was compromised in the Data Exposure,^[2] including all persons who were sent notice of the Data Exposure.

Excluded from the Settlement Class are: (1) the Judge(s) presiding over the Action and members of their immediate families and their staff; (2) Lemonade, its subsidiaries, parent companies, successors, predecessors, and any entity in which Lemonade or its parents, have a controlling interest, and its current or former officers and directors; (3) natural persons who properly execute and submit a Request for Exclusion prior to the expiration of the Opt-Out Period; and (4) the successors or assigns of any such excluded natural person.

SA ¶ 1.47.

B. The Settlement Benefits for Class Members

The proposed Settlement includes the creation of a \$10.5 million non-reversionary common Settlement Fund to be paid by or on behalf of Lemonade. *Id.* ¶¶ 1.48, 3.1. The Settlement Fund will be used to first pay for: (i) all Administrative Expenses; (ii) any Court-approved Service Awards; (iii) any Court-approved Fee Award and Costs; and (iv) any Taxes or escrow fees. *Id.* ¶ 1.27. Amounts remaining in the Net Settlement Fund will be used to pay for Approved Claims submitted by Class Members for Settlement Benefits (i.e., CMIS and cash Settlement Payments). *Id.* ¶ 3.10. Class Members may submit a Claim Form for *both* a Documented Loss Payment and a Cash Fund Payment. *Id.* ¶ 3.4.

1. Documented Loss Payments

Class Members who have incurred monetary losses that are more likely than not a result of the Data Exposure may submit a Documented Loss payment claim seeking up to \$10,000 for the reimbursement of such losses. SA ¶¶ 1.17, 3.4(a). Documented Losses must be supported by

² “‘Data Exposure’ refers to the alleged unauthorized data disclosure involving Lemonade’s insurance quotation platform which occurred between April 2023 and September 18, 2024, and which is the subject of the Action.” SA ¶ 1.16.

Reasonable Documentation demonstrating that a Class Member actually incurred unreimbursed losses and consequential expenses that are more likely than not traceable to the Data Exposure and were incurred in or after April 2023. *Id.* If the Settlement Administrator rejects the Documented Loss payment claim as deficient and the Class Member does not timely cure the defect, the claim for a Documented Loss payment automatically will be considered a claim for a Cash Fund Payment. *Id.* ¶ 3.4(a).

2. Cash Fund Payments

In addition to a claim for a Documented Loss payment, Class Members may submit a claim for a *pro rata* Cash Fund Payment. *Id.* ¶ 3.4(b). They can utilize either the Claim Form attached to the Summary Notice or the Claim Form on the Settlement Website. *Id.* Exs. A and F. The Settlement Administrator will calculate Cash Fund Payments as provided for in the Settlement. *Id.* ¶ 3.10 (plan of allocation/distribution). The amount of the Cash Fund Payment will be the *pro rata* share of the Net Settlement Fund after accounting for the cost of CMIS and Approved Claims for Documented Loss payments. *Id.* ¶¶ 3.4(b), 3.10.

3. Credit Monitoring and Insurance Services

In addition to cash Settlement Payments, all Class Members will receive a code to activate three years of CMIS. *Id.* ¶ 3.6. The CMIS product will include at least the following services to be provided to each Settlement Class Member: (i) up to \$1 million dollars of identity theft insurance coverage; and (ii) three bureau credit monitoring. The CMIS activation codes will be provided to all Settlement Class Members in the Notice (i.e., in the email or postcard notice), and may be activated after final settlement approval. *Id.* After final approval, Class Members can activate the CMIS product using the activation code provided in the Notice. *Id.* Class Members are not required to submit a Claim Form to receive this Settlement Benefit, which is being distributed to the entire notice population. *Id.*

4. Ongoing Data Security Efforts and Enhancements

In addition to the \$10.5 million Settlement Fund, Lemonade agreed to make changes and enhancements to its data and information security posture, at its sole expense, as part of the Settlement. *Id.* ¶ 2.1. These changes are designed to strengthen Lemonade’s data and information security, were made as a result of this litigation, and will continue for at least three years from the Effective Date. *Id.*

C. The Notice and Claims Process

1. Notice Plan

The Parties agreed to engage Kroll Settlement Administration LLC (“Kroll”) as the Settlement Administrator. *Id.* ¶ 1.45. Kroll was selected after a competitive bidding process. Joint Decl. ¶ 44. Kroll is a nationally recognized settlement administration company that has handled dozens of data privacy settlements across the country. Declaration of Christie K. Reed (“Kroll Decl.”) (Ex. 3 to the Motion) ¶ 4. All Administrative Expenses incurred by the Settlement Administrator will be deducted from the Settlement Fund. SA ¶¶ 3.1, 3.10. The Settlement Administrator will take appropriate steps to ensure that Notice is provided to the Settlement Class consistent with due process and Rule 23. *Id.* ¶¶ 6, 20; Kroll Decl. ¶¶ 6-16.

The Notice Plan provides for dissemination of the Summary Notice to the Class Members by direct mail, based on Class Member contact information provided to the Settlement Administrator by Lemonade. SA ¶¶ 1.51, 6.3, 6.4 & Ex. E; Kroll Decl. ¶¶ 7, 10. The Summary Notice will summarize the key terms of the Settlement Agreement and will direct Class Members to the Settlement Website, where the Long Form Notice will be published, and where Class Members will be able to submit electronic Claim Forms. SA ¶¶ 1.50, 6.7; SA Exs. A and D; Kroll Decl. ¶ 13. In order to achieve the greatest Notice practicable, direct notice will be enhanced by a mutually agreed upon digital press release, to be disseminated by the Settlement Administrator. SA ¶ 6.3 & Ex. F; Kroll Decl. ¶ 12.

Prior to any dissemination of the Summary Notice, the Settlement Administrator will create and launch the Settlement Website. SA ¶¶ 1.50, 6.7. The Settlement Administrator shall create, update, and maintain the Settlement Website. SA ¶ 6.7. The Settlement Website will contain information regarding how to submit Claim Forms (including submitting Claims Forms electronically through the Settlement Website) and relevant documents, including, but not limited to, the Long Form Notice, the Claim Form, this Agreement, the Preliminary Approval Order entered by the Court, and the operative complaint in the Action, and will (on its URL landing page) notify the Settlement Class of the date, time, and place of the Final Approval Hearing. SA ¶ 6.7. The Settlement Website shall also provide the toll-free telephone number and mailing address through which Class Members may contact the Settlement Administrator directly. SA ¶ 6.7. In addition, Lemonade shall work with Kroll to prepare and send any notices required by the Class Action Fairness Act of 2005 (“CAFA”) as specified in 28 U.S.C. § 1715. Kroll Decl. ¶ 17.

2. Claims Process and Administration

The timing of the claims process is structured to ensure that all Class Members have adequate time to review the terms of the Settlement Agreement, compile documents supporting their claim, and decide whether they would like to participate, opt-out, object, or do nothing. SA ¶¶ 1.9-1.10, 1.32-1.33, 3.7. Class Members will have 90 days after the Notice is initially issued to complete and submit their Claim Form to the Settlement Administrator, either by mail or online. *Id.* ¶¶ 1.9-1.10, 7.1(a). The Claim Form is written in plain, easy-to-read English, and was developed with the assistance of the Settlement Administrator. *Id.* Exs. A and F. The Settlement Administrator will be responsible for reviewing the Claim Forms and determining if they are timely, complete, and valid. *Id.* ¶¶ 3.8, 7.1(b). Should a claim be incomplete or defective, the Settlement Administrator will promptly notify the Claimant of the deficiencies and give the Claimant 30 days to cure the defect(s). *Id.* ¶¶ 3.8, 7.1(a). If the Settlement Administrator rejects a claim for a Documented Loss Payment and the Claimant fails to cure the defect, the Settlement

Administrator will recategorize the claim as one for a Cash Fund Payment, provided the Claimant is a Class Member. *Id.* ¶ 3.4(a).

3. Requests for Exclusion and Objections

Class Members will have 60 days from the Notice Date to object to or submit a Request for Exclusion from the Settlement. *Id.* ¶¶ 6.8, 6.9. This gives Class Members sufficient time to access and review the Settlement documents. The procedures for requesting exclusion from or objecting to the Settlement are detailed in the Settlement Agreement and the Long Form Notice. *Id.*; SA at Ex. D (Long Form Notice).

D. Residual Funds After Initial Distribution of Settlement Payments

The Settlement is designed to exhaust the Settlement Fund. *Id.* ¶ 3.12. To the extent any monies remain in the Net Settlement Fund for more than 120 days after the distribution of all Settlement Payments to Class Members, a subsequent Settlement Payment will be made evenly to all Class Members with Approved Claims for Cash Fund Payments who cashed or deposited the initial payment they received, provided that the average check amount is equal to or greater than \$3.00. *Id.* The distribution of this remaining Net Settlement Fund shall continue until the average check or digital payment in a distribution is less than \$3.00, whereupon the amount remaining in the Net Settlement Fund, if any, shall be distributed to the Non-Profit Residual Recipient. *Id.* ¶¶ 1.28, 3.12. No settlement funds will revert back to Lemonade. *Id.* ¶¶ 3.14, 3.16.

E. Proposed Class Representative Service Awards

Plaintiffs have been dedicated and active participants on behalf of the Class they seek to represent. Joint Decl. ¶ 25. They assisted Class Counsel's investigation, participated in multiple interviews, and provided supporting documentation and personal information throughout the litigation and in preparation for mediation. *Id.* Plaintiffs reviewed the complaints and the terms of the Settlement and communicated with their counsel regarding the Settlement. *Id.* Class Counsel

kept in close contact with Plaintiffs during the litigation through numerous emails and telephone calls. *Id.* Plaintiffs have been vital in litigating this matter, have been personally involved in the case, and support the Settlement. *Id.* Plaintiffs sacrificed more of their privacy for the sake of the Class, and the recovery would not have been possible if they had not done so.

In view of these efforts on behalf of the Settlement Class, Class Counsel will separately (as part of their motion for a Fee Award and Costs) petition the Court for approval of Service Awards in the amount of \$2,000 to each of the two proposed Class Representatives (total of \$4,000). SA ¶¶ 1.43, 8.1.

F. Attorneys' Fees and Reimbursement of Costs

Class Counsel separately will file a motion for an award of attorneys' fees and reimbursement of litigation costs and expenses (i.e., the Fee Award and Costs) no later than 14 days prior to the Exclusion/Objection Deadline. *Id.* ¶¶ 1.20, 9.1. The Parties did not discuss or reach agreement on the amount of the fee award to be sought by Class Counsel. Joint Decl. ¶ 42. Class Counsel intend to request an attorneys' fee award of up to one-third of the Settlement Fund, consistent with numerous precedents in this district and the Second Circuit. Joint Decl. ¶ 40. Any approved Fee Award and Costs will be paid out of the Settlement Fund. SA ¶¶ 1.20, 1.27, 3.17, 9.1. The Settlement is not conditioned upon the Court's award of attorneys' fees or expense reimbursement. *Id.* ¶ 9.3.

G. The Releases

In exchange for the Settlement Benefits provided under the Settlement Agreement, Class Members will release any and all claims arising from the Data Exposure (i.e., the Released Claims) against the Released Parties as set forth in the Settlement Agreement. *Id.* ¶¶ 1.40, 1.41, 4.1-4.2.

IV. ARGUMENT

A. The proposed settlement meets the standard for preliminary approval.

Federal courts strongly encourage settlements, particularly in class actions and other complex matters where inherent costs, delays, and risks of continued litigation might otherwise outweigh any potential benefit the individual Plaintiff—or the class—could hope to obtain. *See Cohen v. J.P. Morgan Chase & Co.*, 262 F.R.D. 153, 157 (E.D.N.Y. 2009) (“There is a strong judicial policy in favor of settlement, particularly in the class action context. The compromise of complex litigation is encouraged by the courts and favored by public policy.”) (quoting *Denney v. Jenkins & Gilchrist*, 230 F.R.D. 317, 328 (S.D.N.Y. 2005) (aff’d in part and vacated in part, 443 F.3d 253 (2d Cir. 2006)). “Class action suits readily lend themselves to compromise because of the difficulties of proof, the uncertainties of the outcome, and the typical length of the litigation. There is a strong public interest in quieting any litigation; this is ‘particularly true in class actions.’” *In re Luxottica Group S.p.A. Sec. Litig.*, 233 F.R.D. 306, 310 (E.D.N.Y. 2006).

In granting preliminary approval, courts direct notice to be provided to class members, who are given the opportunity to exclude themselves from or object to the settlement. *In re Nasdaq Mkt.-Makers Antitrust Litig.*, 176 F.R.D. 99, 102 (S.D.N.Y. 1997). At the final fairness hearing, settlement class members may be heard by the court prior to its determination of whether to grant final approval of the settlement agreement and dismiss the case. *Id.*

Class Counsel have worked very diligently in this litigation, engaging in extensive independent investigation to reach a fair, reasonable, and adequate settlement. This Settlement was reached only following an arm’s-length negotiation presided over by an experienced mediator. In negotiating and evaluating the Settlement, Representative Plaintiffs and Class Counsel have taken the uncertainties of litigation into account, as well as the risks and delays inherent in complex class action litigation. Class Counsel believe the proposed Settlement provides very significant relief to the Settlement Class Members and is fair, reasonable, adequate, and in the best interests of the

Settlement Class. In comparing this Settlement to other data breach and data disclosure settlements, the benefits available to Settlement Class Members here are well within a range that Interim Co-Lead Counsel believe to be fair, reasonable, and adequate. Joint Decl. ¶¶ 33, 41. *See also infra.*

1. The Preliminary Approval Legal Standard

Under Rule 23(e)(2) of the Federal Rules of Civil Procedure, a court may approve a class action settlement “only . . . on finding that [the settlement agreement] is fair, reasonable, and adequate.” Fed. R. Civ. P. 23(e)(2). The “fair, reasonable, and adequate” standard effectively requires parties to show that a settlement agreement is both procedurally and substantively fair. *Charron v. Wiener*, 731 F.3d 241, 247 (2d Cir. 2013). The preliminary approval process is governed by a “likelihood standard,” requiring the Court to assess whether the parties have shown that “the court will likely be able to grant final approval and certify the class.” *In re Payment Card Interchange Fee & Merch. Disc. Antitrust Litig.*, 330 F.R.D. 11, 28 n.21 (E.D.N.Y. 2019) (“*Payment Card*”). In conducting a preliminary approval inquiry, a court considers both the “negotiating process leading up to the settlement, i.e., procedural fairness, as well as the settlement’s substantive terms, i.e., substantive fairness.” *In re Platinum & Palladium Commodities Litig.*, No. 10-cv-3617, 2014 WL 3500655, at *11 (S.D.N.Y. July 15, 2014).

In weighing preliminary approval, the Court must consider whether: “(A) the class representatives and class counsel have adequately represented the class; (B) the proposal was negotiated at arm’s length; (C) the relief provided for the class is adequate . . .; and (D) the proposal treats class members equitably relative to each other.” Fed. R. Civ. P. 23(e)(2). “Paragraphs (A) and (B) constitute the ‘procedural’ analysis factors, and examine ‘the conduct of the litigation and of the negotiations leading up to the proposed settlement.’ Paragraphs (C) and (D) constitute the ‘substantive’ analysis factors and examine ‘[t]he relief that the settlement is expected to provide to class members’” *Payment Card*, 330 F.R.D. at 29. These “factors [] add to, rather than

displace,” the factors traditionally considered in the Second Circuit during the preliminary approval process. *Id.*

“Preliminary approval requires only an ‘initial evaluation’ of the fairness of the proposed settlement on the basis of written submissions and an informal presentation by the settling parties.” *Monzon v. 103W77 Partners, LLC*, No. 13-cv-5951, 2014 WL 6480557, at *1 (S.D.N.Y. Oct. 15, 2014) (citations omitted). “To grant preliminary approval, the court need only find that there is ‘probable cause’ to submit the [settlement] to class members and hold a full-scale hearing as to its fairness.” *Id.* (citations and quotations omitted); *see also: Tart v. Lions Gate Ent. Corp.*, No. 14-cv-8004, 2015 WL 5945846, at *5 (S.D.N.Y. Oct. 13, 2015). (“If the proposed settlement appears to fall within the range of possible approval, the court should order that the class members receive notice of the settlement.”); *Manley v. Midan Rest. Inc.*, No. 14-cv-1693, 2016 WL 1274577, at *8 (S.D.N.Y. Mar. 30, 2016) (citation omitted).

The Second Circuit has recognized a “‘strong judicial policy in favor of settlements, particularly in the class action context.’” *McReynolds v. Richards-Cantave*, 588 F.3d 790, 803 (2d Cir. 2009) (quoting *Wal-Mart Stores, Inc. v. Visa U.S.A., Inc.*, 396 F.3d 96, 116 (2d Cir. 2005) (“*Visa*”); *see also Hadel v. Gaucho LLC*, No. 15-cv-3706, 2016 WL 1060324, at *2 (S.D.N.Y. Mar. 14, 2016) (“Courts encourage early settlement of class actions, when warranted, because early settlement allows class members to recover without unnecessary delay and allows the judicial system to focus resources elsewhere.”). A “presumption of fairness, adequacy, and reasonableness may attach to a class settlement reached in arm’s-length negotiations between experienced, capable counsel after meaningful discovery.” *Wal-Mart Stores*, 396 F.3d at 116 (quoting MANUAL FOR COMPLEX LITIGATION (THIRD) § 30.42 (1995)).

As demonstrated below, the proposed Settlement warrants preliminary approval because it is procedurally and substantively fair and provides significant monetary and remedial relief.

2. The Settlement is procedurally fair.

To demonstrate a settlement's procedural fairness, a party must show "that the settlement resulted from 'arm's-length negotiations and that plaintiffs' counsel have possessed the experience and ability, and have engaged in the discovery, necessary to effective representation of the class's interests.'" *D'Amato v. Deutsche Bank*, 236 F.3d 78, 85 (2d Cir. 2001) (citation omitted); *McReynolds*, 588 F.3d at 804; *see also Hall v. ProSource Techs., LLC*, No. 14-cv-2502, 2016 WL 1555128, at *5 (E.D.N.Y. Apr. 11, 2016). First, the negotiations were conducted at arms' length, in the context of a full-day remote mediation presided by Steven R. Jaffe, and negotiations continued between the parties for months after that mediation, before reaching the final terms presented to Court for approval. The negotiations were hard fought, and counsel for all parties participated vigorously with competing agendas. Joint Decl. at ¶ 20.

The settlement discussions were undertaken by counsel who are well versed in complex litigation and, more specifically, consumer class actions. Experienced lawyers advocated for the interests of the Class throughout the negotiations, utilizing their decades-long experience of litigating class actions, including breach of privacy and DLN disclosure claims, to ensure the proposed Settlement serves the best interests of the Class. Joint Decl. at ¶ 22.

Representative Plaintiffs and Class Counsel very thoroughly evaluated the merits of the claims and defenses, the likelihood the Court would certify the litigation for class treatment, and the likelihood of success at trial and upon appeal. Joint Decl. at ¶¶ 28-29. As a result of this analysis, Class Counsel obtained an understanding of the strengths and weaknesses of the litigation. For the foregoing reasons, the parties believe the Settlement Agreement is procedurally fair.

3. The Settlement is substantively fair.

To demonstrate the substantive fairness of a settlement agreement, a party must satisfy the nine factors the Second Circuit set forth in *City of Detroit v. Grinnell Corp.*, 495 F.2d 448, 463 (2d Cir. 1974) (“*Grinnell*”):

(1) the complexity, expense and likely duration of the litigation; (2) the reaction of the class to the settlement; (3) the stage of the proceedings and the amount of discovery completed; (4) the risks of establishing liability; (5) the risks of establishing damages; (6) the risks of maintaining the class through the trial; (7) the ability of the defendants to withstand a greater judgment; (8) the range of reasonableness of the settlement fund in light of the best possible recovery; and (9) the range of reasonableness of the settlement fund to a possible recovery in light of all the attendant risks of litigation.

The *Grinnell* factors have not been displaced by the 2018 amendments to Federal Rule of Civil Procedure 23(e). *See Payment Card*, 330 F.R.D. at 29; *In re Initial Pub. Offering Sec. Litig.*, 260 F.R.D. 81, 88 (S.D.N.Y. 2009). The *Grinnell* factors are used to evaluate settlements at the final approval stage, and guide courts at the preliminary approval stage, at which Representative Plaintiffs have a lower burden. Here, each factor supports preliminary approval.

a. The Complexity, Expense, and Likely Duration of Litigation

“The greater the ‘complexity, expense and likely duration of the litigation,’ the stronger the basis for approving a settlement.” *Meredith Corp. v. SESAC, LLC*, 87 F. Supp. 3d 650, 663 (S.D.N.Y. 2015) (citations omitted). Consumer class action lawsuits by their very nature are complex, expensive, and lengthy. *See, e.g., Dupler v. Costco Wholesale Corp.*, 705 F. Supp. 2d 231, 239 (E.D.N.Y. 2010); *see also Manley*, 2016 WL 1274577, at *9 (“Most class actions are inherently complex[.]”). Should the Court decline to approve the proposed Settlement, the continuing litigation would be costly, complex, and time-consuming.

There would undoubtedly be a contested class certification motion. Defendants would likely argue that damages could not be calculated on a class-wide basis. Class issues involving damages would likely generate expert discovery and *Daubert* motions as well. Although

Representative Plaintiffs are confident in their ultimate success in certifying a class, a positive ruling would most likely be challenged by a decertification motion and appeal.

Representative Plaintiffs expect there would likely be a lengthy and expensive battle of the experts about reasonable steps that a business must take to protect data in an online quote tool; whether the steps taken before and after the Data Disclosure were reasonable; the harm caused to individuals whose DLNs are disclosed; the remedies appropriate to address those harms; and the reliability of competing damages models, as well as the cost attributable to the Data Disclosure and the time spent rectifying any exposure of personal data. Each step toward trial would be subject to Defendants' vigorous opposition. Even if the case were to proceed to judgment on the merits, any final judgment would likely be appealed, which would take significant time and resources.

A similar case, *In re GEICO Customer Data Breach Litigation*, No. 21-cv-02210 (E.D.N.Y.), is illustrative. *GEICO* is a putative class action case, like this one, alleging violations of the DPPA and negligence against an automobile insurer who disclosed DLNs through its online quote tool. That case was filed in April 2021 and is still pending five years later. The defendants in that case filed a motion to dismiss, and initiated a second round of briefing when they objected to the Magistrate Judge's Report and Recommendation. Extensive fact discovery followed, including document discovery, written discovery, third-party discovery of multiple private and government entities, and numerous fact depositions. That case is ongoing and has involved nine experts, multiple *Daubert* motions, and class certification briefing. The parties in *GEICO* have repeatedly participated in mediation and have been unable to resolve their claims. As it stands, that case is headed to trial. Two of Plaintiffs' counsel—Ms. Clark and Mr. DeSanto—are counsel in that case, and are well-versed in the complexity, expense, and likely duration of this litigation if it does not resolve through settlement.

In addition to the complexity, expense, and duration of discovery, the instant case will face challenges on its merits. Defendants would be expected to offer substantial defenses at summary

judgment and trial concerning the applicability of various statutory and common law claims, including whether Settlement Class Members were injured and had standing; whether Defendants had a duty to prevent the unauthorized disclosure of Settlement Class Members' data through their online quotation tool; the elements of Plaintiffs' DPPA claim, including whether the disclosure was voluntary—particularly given the involvement of third-party threat actors; and whether any injury suffered by Settlement Class Members would be compensable under Plaintiffs' legal theories. Although Representative Plaintiffs believe they would ultimately prevail, “litigation of this matter . . . through trial would be complex, costly and long.” *Manley*, 2016 WL 1274577, at *9 (citation omitted). “The settlement eliminates [the] costs and risks” associated with further litigation. *Meredith Corp.*, 87 F. Supp. 3d at 663. “It also obtains for the class prompt [] compensation for prior [] injuries.” *Id.* For these reasons, this factor weighs strongly in favor of preliminary approval.

b. The Reaction of The Class to the Settlement

This *Grinnell* factor is premature at the preliminary approval stage. *See Reade-Alvarez v. Eltman, Eltman & Cooper, P.C.*, 237 F.R.D. 26, 34 (E.D.N.Y. 2006) (“Clearly, some of these [*Grinnell*] factors, particularly the reaction of the class to the settlement, are impossible to weigh prior to notice and a hearing.”). However, all of the Class Representatives approve of this proposed Settlement. Class Counsel will address this factor in the final approval papers.

c. The Stage of the Proceedings and the Amount of Discovery Completed

The “stage of the proceedings” factor is concerned with “whether Class Plaintiffs had sufficient information on the merits of the case to enter into a settlement agreement . . . and whether the Court has sufficient information to evaluate such a settlement.” *In re Payment Card Interchange Fee & Merch. Disc. Antitrust Litig.*, 986 F. Supp. 2d 207, 224 (E.D.N.Y. 2013) (citations omitted). To meet this requirement, “formal discovery need not have necessarily been undertaken yet by parties.” *In re IMAX Sec. Litig.*, 283 F.R.D. 178, 190 (S.D.N.Y. 2012) (citing

In re Sony SXRDRear Projection Television Class Action Litig., No. 06-cv-5173, 2008 WL 1956267 (S.D.N.Y. May 1, 2008)). It is appropriate for Representative Plaintiffs to enter into a settlement after “Class Counsel [has] conducted extensive investigation into the facts, circumstances, and legal issues associated with this case[,]” particularly when the case is not one “that [is] likely to turn on facts initially in Defendant’s sole possession.” *Kemp-DeLisser v. Saint Francis Hosp. & Med. Ctr.*, No. 15-cv-1113, 2016 WL 6542707, at *8-9 (D. Conn. Nov. 3, 2016).

Here, in addition to conducting extensive legal and factual research into the merits of their claims (and likelihood of protracted litigation), Representative Plaintiffs have filed a lengthy consolidated complaint; conferred with experts; exchanged pre-mediation disclosures (including documents and written responses) and mediation statements; mediated before Mr. Jaffe; and conducted further confirmatory discovery. Joint Decl. at ¶ 17. Interim Co-Lead Counsel are also extensively familiar with relevant discovery issues from their work in *GEICO, supra*, and *In re MAPFRE Data Disclosure Litigation*, No. 23-cv-12059 (D. Mass.), which involve overlapping issues and identical third-party discovery sources, including from third parties that counsel has subpoenaed and deposed.

As a result of this work, the depth of Representative Plaintiffs’ and Class Counsel’s knowledge of the strengths and potential weaknesses of their claims are more than adequate to support the settlement.

d. The Risks of Establishing Liability and Damages

“Litigation inherently involves risks.” *Willix v. Healthfirst, Inc.*, No. 07-cv-1143, 2011 WL 754862, at *4 (E.D.N.Y. Feb. 18, 2011) (citation omitted). “[I]f settlement has any purpose at all, it is to avoid a trial on the merits because of the uncertainty of the outcome.” *Banyai v. Mazur*, No. 00-cv-9806, 2007 WL 927583, at *9 (S.D.N.Y. Mar. 27, 2007) (citation omitted); *accord Zeltser v. Merrill Lynch & Co.*, No. 13-cv-1531, 2014 WL 4816134, at *6 (S.D.N.Y. Sept. 23, 2014). In assessing this factor, “the Court should balance the benefits afforded the Class, including the

immediacy and certainty of a recovery, against the continuing risks of litigation.” *Flores v. Mamma Lombardi’s of Holbrook, Inc.*, 104 F. Supp. 3d 290, 303 (E.D.N.Y. 2015).

Representative Plaintiffs recognize that, as with any litigation, uncertainties exist. Defendants continue to deny Representative Plaintiffs’ allegations, and should this matter proceed, Representative Plaintiffs expect Defendants will vigorously defend themselves on the merits, at each stage of litigation, and likely on appeal.

Most fundamentally, while Representative Plaintiffs believe that Defendants had a duty to prevent unauthorized disclosure of Representative Plaintiffs’ private data and breached that duty by failing to implement reasonable security measures in their online quotation tool, a jury might not agree. Likewise, while Plaintiffs believe that Defendants’ conduct was “knowing” under the DPPA, that argument has not been tested at summary judgment or trial. In addition, Representative Plaintiffs anticipate a zealous “battle of the experts” with respect to Defendants’ arguments regarding the way in which the compromised DLNs and other PII were accessed by cybercriminals, and regarding the harm to Class Members and calculations of damages. For these reasons, although Representative Plaintiffs are confident in the merits of their case, the risks of establishing liability and damages strongly support preliminary approval.

e. The Risk of Maintaining Class Action Status Through Trial

The litigation settled before a ruling on class certification, and the certification requested herein is for settlement purposes only. While Representative Plaintiffs believe that the Court would certify a litigation class, Defendants would zealously oppose the motion. Representative Plaintiffs must meet the requirements for class certification, including proffering a suitable mechanism for calculating class-wide damages. While Representative Plaintiffs believe they could do so, this proposed Settlement eliminates the unavoidable risk that they could not. Furthermore, even if the Court were to certify a litigation class, the certification can be reviewed and modified at any time. *Gen. Tel. Co. of the Southwest v. Falcon*, 457 U.S. 147, 160 (1982) (“Even after a certification

order is entered, the judge remains free to modify it in the light of subsequent developments in the litigation.”); *Frank v. Eastman Kodak Co.*, 228 F.R.D. 174, 186 (W.D.N.Y. 2005) (noting that “[w]hile plaintiffs might indeed prevail [on a motion for class certification], the risk that the case might be not certified is not illusory”). Given the risks, this factor weighs in favor of preliminary approval. *See, e.g., Mills v. Capital One, N.A.*, No. 14-cv-1937, 2015 WL 5730008, at *6 (S.D.N.Y. Sept. 30, 2015).

f. The Ability of Defendant to Withstand Greater Judgment

“Courts have recognized that a [defendant’s] ability to pay is much less important than the other *Grinnell* factors, especially where the other factors weigh in favor of approving the settlement.” *In re Sinus Buster Prods. Consumer Litig.*, No. 12–cv–2429, 2014 WL 5819921, at *11 (E.D.N.Y. Nov. 10, 2014) (citations omitted). A “defendant’s ability to withstand a greater judgment, standing alone, does not suggest that the settlement is unfair.” *Viafara v. MCIZ Corp.*, No. 12-cv-7452, 2014 WL 1777438, at *7 (S.D.N.Y. May 1, 2014) (citation omitted). *See also Weber v. Gov’t Emps, Ins. Co.*, 262 F.R.D. 431, 447 (D.N.J. 2009). That said, in these circumstances, this factor weighs in favor of approving the Settlement.

Lemonade Insurance was founded in 2015 and began offering automobile insurance policies in 2021.³ Since its founding in 2015, Lemonade has never reported a net profit.⁴ In 2025, for example, the company reported a net loss of approximately \$165.5 million. *Id.* In 2024, it

³ *See, e.g., Lemonade, Inc.*, Annual Report (Form 10-K) (Dec. 31, 2024), U.S. Securities and Exchange Commission, <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001691421/000169142125000031/lmnd-20241231.htm>.

⁴ *See, e.g., Lemonade, Inc.*, Annual Report (Form 10-K) (Dec. 31, 2025), U.S. Securities and Exchange Commission, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1691421/000169142126000016/lmnd-20251231.htm>. (“***We have a history of losses and we may not achieve or maintain profitability in the future.*** We have not been profitable since our inception in 2015 and had an accumulated deficit of \$1,464.3 million and \$1,298.8 million as of December 31, 2025 and December 31, 2024, respectively. We incurred net losses of \$165.5 million and \$202.2 million in the years ended December 31, 2025 and December 31, 2024, respectively.”) (emphasis in original).

reported a net loss of about \$202 million. *Id.* It has a cumulative deficit of over \$1.4 billion. *Id.* These financial circumstances suggest that Lemonade would face difficulty withstanding a substantial judgment.

Even if Defendants were able to withstand a greater judgment, the financial obligations the proposed Settlement imposes on Defendants are substantial. This factor weighs in favor of preliminary approval.

g. The Range of Reasonableness of the Settlement in Light of the Best Possible Recovery and Attendant Risks of Litigation

The range-of-reasonableness factor weighs the relief provided in the settlement against the strength of the Plaintiffs' case, including the likelihood of recovery at trial. This factor "recognizes the uncertainties of law and fact in a particular case and the concomitant risks and costs necessarily inherent in taking any litigation to completion[.]" *Newman v. Stein*, 464 F.2d 689, 693 (2d Cir. 1972). In applying this factor, "the settlement must be judged 'not in comparison with the possible recovery in the best of all possible worlds, but rather in light of the strengths and weaknesses of plaintiffs' case.'" *Shapiro v. JPMorgan Chase & Co.*, No. 11-cv-8331, 2014 WL 1224666, at *11 (S.D.N.Y. Mar. 24, 2014) (quoting *In re Agent Orange Prod. Liab. Litig.*, 597 F. Supp. 740, 762 (E.D.N.Y. 1984), *aff'd* 818 F.2d 145 (2d Cir. 1987)). Indeed, as recognized by the Second Circuit, because of the riskiness of litigation, "[i]n fact there is no reason . . . why a satisfactory settlement could not amount to a hundredth or even a thousandth part of a single percent of the potential recovery." *Grinnell*, 495 F.2d at 455 n.2. "In other words, the question for the Court is not whether the settlement represents the highest recovery possible . . . but whether it represents a reasonable one in light of the many uncertainties the class faces[.]" *Bodon v. Domino's Pizza, LLC*, No. 09-cv-2941, 2015 WL 588656, at *6 (E.D.N.Y. Jan. 16, 2015) (citation omitted).

Here, the relief for which the Settlement Agreement provides is within the range of reasonableness, especially in light of the best possible recovery and all the attendant risks of litigation. The gravamen of the litigation is Plaintiffs' contention that Defendants violated their

duty to Settlement Class Members by failing to undertake reasonable security measures for PII in connection with their online quotation tool, leading to the exposure of Plaintiffs' DLNs. The cash compensation to which eligible Settlement Class Members will be entitled, including reimbursement of the Settlement Class Members' losses of time and money and other financial losses arising from the Data Disclosure, is significant relative to economic damages incurred. In addition, three years of CMIS will protect Class Members going forward. Defendants have also provided a confidential declaration regarding the security measures they implemented following the Data Disclosure, to ensure this incident does not recur. SA ¶ 2.2; Joint Decl. ¶ 27.

In recent years, cases involving the disclosure or breach of DLNs have settled for between \$1.21 and \$143 per class member, typically with larger results (on a per-person basis) in cases with smaller class sizes and alleged violations of the DPPA.⁵ For example, a DLN disclosure case against a Lemonade predecessor, Metromile, achieved \$775,000 for approximately 122,000 class members (**\$6.35 per person**). *Parker v. Metromile Inc.*, No. 37-2022-00049770-CU-BT-CTL (Cal. Super. Ct., San Diego Cnty.).⁶

⁵ See e.g., *In re MGM Int'l Resorts Data Breach Litig.*, No. 20-cv-00376 (D. Nev. June 18, 2025) (\$45 million for 37 million class members, or **\$1.21 per person**) (ECF Nos. 243, 257, 262); *Aguallo v. Kemper Corp.*, No. 21-cv-01883 (N.D. Ill. Mar. 18, 2022) (claims-made settlement for approximately 6.2 million class members; valued by the plaintiffs at \$17.1 million (including value of credit monitoring and remediation), or **\$2.75 per person**, though California subclass members could seek \$50 per person, subject to a cap, in light of certain statutory claims) (ECF Nos. 45-1, 46-1, 52, 53); *In re Arthur J. Gallagher Data Breach Litig.*, No. 22-cv-00137 (N.D. Ill. Feb. 27, 2025) (\$21 million fund for 3.49 million class members, or **\$6.01 per person** on average, though California class members could seek \$100 per person from that fund in light of statutory claims) (ECF Nos. 126, 128); *In re Christie's Data Breach Litig.*, No. 24-cv-4221, 2025 WL 2112487, at *2 (S.D.N.Y. July 28, 2025) (\$990,000 for 45,726 class members, or **\$21.65 per person**); *Rand v. Travelers Indem. Co.*, No. 21-cv-10744 (S.D.N.Y. Feb. 5, 2025) (\$6 million for 88,858 class members, or **\$68 per person**) (ECF Nos. 161, 174); *In re USAA Data Sec. Litig.*, No. 21-cv-05813 (S.D.N.Y. May 21, 2025) (\$3.25 million for 22,646 class members, or **\$143 per person**) (ECF Nos. 94, 103).

⁶ See, e.g., *Parker*, No. 37-2022-00049770-CU-BT-CTL, Settlement Agreement, <https://angeion-public.s3.amazonaws.com/www.metromilesettlement.com/docs/Settlement+Agreement.pdf>.

This proposed settlement provides 190,000 class members with approximately \$55 each in cash (before the deduction of fees, expenses including CMIS, and service awards) and three years of CMIS, valued at nearly \$720 per person retail. Siciliano Decl., ¶ 7. This is well within the range of comparable settlements, particularly when considering the factors unique to this case.

First, relative to other comparable cases, this case has the shortest procedural history, and, as a result, has faced minimal expenses, relative to the thousands or millions that may be incurred through discovery and expert work.

Plaintiffs' counsel are aware of only two DLN disclosure cases that settled with higher per-person recoveries than this one: *Travelers* and *USAA*. *Travelers* was first filed in December 2021, and the final judgment was not issued until three and a half years later, in February 2025. In that time, the Plaintiffs filed an amended complaint (No. 21-cv-10744, ECF No. 20) in response to an initial motion to dismiss (*id.* at ECF No. 10); briefed and argued a subsequent motion to dismiss (*id.* at ECF No. 23), which was denied in part and granted in part (*id.* at ECF No. 34); conducted discovery, including "preparing or responding to requests for production, interrogatories, requests to admit, and subpoenas, the exchange and review of over 25,000 confidential documents, the taking the plaintiff's deposition, and plaintiff's retention of a cybersecurity expert to investigate, *inter alia*, Travelers' data protection security and the sale of data obtained from Travelers' systems on dark web marketplaces" (*see* ECF No. 164), and briefed various discovery motions (*e.g.*, *id.* at ECF No. 72, Mot. to Quash Subpoena; *id.* at ECF No. 131, Mot. for Protective Order).

USAA was first filed in July 2021, and the final judgment was not issued until nearly three years later, in May 2025. In that time, the plaintiffs brought a motion to consolidate (No. 21-cv-05813, ECF No. 13); filed an amended complaint (*id.* at ECF No. 19), followed by a subsequent amended complaint after a motion to dismiss (*id.* at ECF Nos. 28, 34); fully briefed a motion to dismiss, which was granted in part and denied in part (*id.* at ECF No. 41); and the parties commenced discovery and propounded discovery requests, noticed depositions, and served third-

party subpoenas (*see id.* at ECF No. 97). The parties engaged in two separate mediation efforts and continued to negotiate when neither was successful (*id.*).

Second, Lemonade contends that its online quote tool served a different purpose from that alleged in other DPPA cases that have settled or survived a motion to dismiss. Several other auto insurers have faced DPPA claims after their own online quote tools publicly disclosed DLNs. *See, e.g., GEICO, Travelers, USAA, MAPFRE.* In each of those cases, the plaintiffs alleged that the insurers' online quote tools were intentionally designed to prefill DLNs to save consumers the step of inputting those numbers themselves.⁷ The DPPA requires that a defendant's conduct be knowing or voluntary, and the plaintiffs alleged that the disclosure of DLNs was part of the defendants' intentional (and thus voluntary) website design. *See id.*

As distinct from other auto insurers' alleged intention to prefill *DLNs*, however, Lemonade has represented that it intended for its online quote tool to confirm the identity of users' *vehicles* without them having to input their VIN numbers. Joint Decl. ¶ 21(a). The intent was for a consumer to see a screen with a car, its make, and model, to then confirm if they wanted to insure that car or add a different car. *Id.* The application programming interface (API) used for this purpose was not intended to return a DLN to the page source code of the user's browser. *Id.* If Lemonade were able to prove this fact, and establish that it never intended to prefill DLNs at all—let alone publicly, it may impact Plaintiffs' ability to prove the “knowingly” element of their DPPA claim.

Third, Lemonade claims that its DLNs were not returned to the visible part of the flow that a user would see, but only returned to page source code within the user's browser (which a user

⁷ *See, e.g., In re GEICO Customer Data Breach Litig.*, 691 F. Supp. 3d 624, 629 (E.D.N.Y. 2023) (“Plaintiffs’ DPPA claim is grounded in allegations that ‘GEICO affirmatively displayed DLNs and Plaintiffs’ information, and did so without any safeguards. . . .”); (citation to complaint omitted); *Rand v. Travelers Indem. Co.*, 637 F. Supp. 3d 55, 68 (S.D.N.Y. 2022) (“Travelers’s voluntary decision to auto-populate its quote responses with driver's license numbers constitutes a ‘knowing disclosure’ of personal information [under the DPAA].”); *In re USAA Data Sec. Litig.*, 621 F. Supp. 3d 454, 468 (S.D.N.Y. 2022) (“USAA's voluntary decision to automatically pre-fill its quote forms with driver's license numbers constitutes a ‘knowing disclosure’ of personal information.”).

would not see unless they took steps to view the page source code), Joint Decl. ¶ 21(b), further compounding the risk in establishing a knowing disclosure and negligence.

Fourth, Lemonade claims that it remediated the issue immediately and has implemented additional security measures to prevent future data incidents, distinguishing its conduct from the negligence alleged in other matters, where the disclosure was allowed to occur for months after initially discovered. For instance, according to Lemonade, on September 18, 2024—the same day Lemonade learned of the vulnerability—Lemonade mitigated the vulnerability by making technical changes to the software code of its website. Joint Decl. ¶ 21(c). When Lemonade later detected suspicious quote activity on a new version of the site, it also eliminated that vulnerability that same day. *Id.*

Finally, Lemonade is a company with a billion-dollar financial deficit and no history of profitability; and the class in this case is materially larger than that in other DPPA cases that have resolved. *Supra*. The plaintiffs in *USAA* did not make any claim that the defendant was unable to withstand a greater judgment, and the class size in that case was less than 12% of the class size here. No. 21-cv-05813, ECF No. 94. Likewise, the plaintiffs in *Travelers* did not make any claim that the defendant was unable to withstand a greater judgment, and the class size in that case was less than one-half of the class size here. No. 21-cv-10744, ECF No. 161.

This case is well within the range of reasonableness.

* * *

As discussed above, while Representative Plaintiffs believe their claims are strong, continuation of this litigation poses significant risks. Although ongoing litigation may not result in an increased benefit to the Settlement Class, it would lead to substantial expenditure of resources by both Parties and the Court. Taking into account the risks and benefits Representative Plaintiffs have outlined above, the Settlement falls within the “range of reasonableness.” Thus, collectively

and independently, the *Grinnell* factors warrant the conclusion that the Settlement is fair, adequate, and reasonable and provides an excellent result for the Settlement Class.

B. The Settlement Class should be certified.

In determining whether to preliminarily approve a class action settlement, courts must first determine that the settlement class, as defined by Parties, is certifiable under the standards of Rule 23(a) and (b). “Before certification is proper for any purpose—settlement, litigation, or otherwise—a court must ensure that the requirements of Rule 23(a) and (b) have been met.” *Denney v. Deutsche Bank AG*, 443 F.3d 253, 270 (2d Cir. 2006) (concluding in part that “the district court conducted a Rule 23(a) and (b) analysis that was properly independent of its Rule 23(e) fairness review”); *see also Lizondro-Garcia v. Kefi LLC*, 300 F.R.D. 169, 174 (S.D.N.Y. 2014).

Because a court evaluating certification of a class action that settled is considering certification only in the context of settlement, the court’s evaluation is somewhat different than in a case that has not yet settled. *Amchem Prods., Inc. v. Windsor*, 521 U.S. 591, 620 (1997). In some ways, the court’s review of certification of a settlement-only class is lessened: as no trial is anticipated in a settlement-only class case, the case management issues inherent in the ascertainable class determination need not be confronted. *Id.* Other certification issues however, such as “those designed to protect absentees by blocking unwarranted or overbroad class definitions” require heightened scrutiny in the settlement-only class context “for a court asked to certify a settlement class will lack the opportunity, present when a case is litigated, to adjust the class, informed by the proceedings as they unfold.” *Id.*

In this Circuit, courts have found that “[i]n deciding certification, ‘courts must take a liberal rather than restrictive approach in determining whether the Plaintiff satisfies these requirements and may exercise broad discretion in weighing the propriety of a putative class.’” *Cohen v. J.P. Morgan Chase & Co.*, 262 F.R.D. at 158, quoting *Steinberg v. Nationwide Mut. Ins. Co.*, 224

F.R.D. 67, 72 (E.D.N.Y. 2004); *see also Marisol A. v. Giuliani*, 126 F.3d 372, 377 (2d Cir.1997) (“Rule 23 is given liberal rather than restrictive construction, and courts are to adopt a standard of flexibility” in deciding whether to grant certification.). Because the Settlement Class meets all requirements for certification under Rule 23, this Court should grant Plaintiffs’ request.

As demonstrated below, the proposed Settlement Class satisfies all of the requirements of Rule 23(a) and Rule 23(b)(3).

1. The requirements of Rule 23(a) are satisfied.

Rule 23(a) permits an action to be maintained as a class action if (i) the class is so numerous that joinder of all members is impracticable (numerosity); (ii) there are questions of law or fact common to the class (commonality); (iii) the claims and defenses of the representative parties are typical of the claims or defenses of the class (typicality); and (iv) the representative parties will fairly and adequately protect the interests of the class (adequate representation). Fed. R. Civ. P. 23(a). The Settlement Class meets each prerequisite of Rule 23(a).

a. Numerosity

Under Rule 23(a)(1), Representative Plaintiffs must show that the proposed class is “so numerous that joinder of all [its] members is impracticable.” Fed. R. Civ. P. 23(a)(1). In the Second Circuit, “a proposed class of more than forty members presumptively satisfies the numerosity requirement” *Kelen v. World Fin. Network Nat. Bank*, 295 F.R.D. 87, 92 (S.D.N.Y. 2013) (collecting cases). Here, the Settlement Class is estimated to be approximately 190,644 individuals. Joint Decl. ¶ 36.

b. Commonality

Under Rule 23(a)(2), Representative Plaintiffs must show that “questions of law or fact common to the [proposed] class” exist. Fed. R. Civ. P. 23(a)(2). Commonality requires that the proposed Settlement Class Members’ claims all centrally “depend upon a common contention,” which “must be of such a nature that it is capable of classwide resolution,” meaning that

“determination of its truth or falsity will resolve an issue that is central to the validity of each one of the claims in one stroke.” *Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338, 350 (2011). “[F]or purposes of Rule 23(a)(2) ‘even a single common question’ will do[.]” *Id.* at 359 (citations omitted). Representative Plaintiffs need only show that their injuries stemmed from Defendant’s “unitary course of conduct.” *Sykes v. Mel S. Harris & Assocs. LLC*, 780 F.3d 70, 85 (2d Cir. 2015).

A plaintiff may meet the commonality requirement where the individual circumstances of class members differ, but “their injuries derive from a unitary course of conduct by a single system.” *Marisol A.*, 126 F.3d at 377 (*per curiam*). “Even a single common legal or factual question will suffice.” *Jackson v. Bloomberg, L.P.*, 298 F.R.D. 152, 162 (S.D.N.Y. 2014) (quoting *Freeland v. AT & T Corp.*, 238 F.R.D. 130, 140 (S.D.N.Y. 2006)).

Here, common questions include, but are not limited to, whether Defendants had a duty to protect Settlement Class Members’ data against unauthorized disclosure through their online quotation tool, whether Defendants breached that duty, and whether Defendants’ disclosure of the DLNs was “knowing” as defined by the DPPA. Resolution of these common questions would require evaluation of the questions’ merits under a single objective standard; e.g., “whether [Defendant] had a legal duty to adequately protect Settlement Class Members’ personal information; . . . whether [Defendant] breached that legal duty; and . . . whether Plaintiffs and members of the class suffered injury as a result of [Defendant]’s failure to act.” *Hutton v. Nat’l Bd. of Exam’rs in Optometry, Inc.*, No. 16-cv-3025, 2019 WL 3183651, at *3 (D. Md. July 15, 2019) (approving settlement in data breach case). Thus, commonality is satisfied.

c. Typicality

Typicality under Rule 23(a)(3) is satisfied where “each class member’s claim arises from the same course of events and each class member makes similar legal arguments to prove the defendant’s liability.” *In re Flag Telecom Holdings, Ltd. Sec. Litig.*, 574 F.3d 29, 35 (2d Cir. 2009) (internal quotation omitted); *see also Bolanos v. Norwegian Cruise Lines Ltd.*, 212 F.R.D. 144,

155 (S.D.N.Y. 2002). The crux of the typicality requirement is to ensure that “maintenance of a class action is economical and [that] the named plaintiff’s claim and the class claims are so interrelated that the interests of the class members will be fairly and adequately protected in their absence.” *Marisol A.*, 126 F.3d at 376.

Representative Plaintiffs must show that “the same unlawful conduct was directed at or affected both the named plaintiff and the class sought to be represented.” *Robidoux v. Celani*, 987 F.2d 931, 936-37 (2d Cir. 1993). “[D]ifferences in the degree of harm suffered, or even in the ability to prove damages, do not vitiate the typicality of a representative’s claims.” *In re Nissan Radiator/Transmission Cooler Litig.*, No. 10-cv-7493, 2013 WL 4080946, at *19 (S.D.N.Y. May 30, 2013); *Fogarazzo v. Lehman Bros., Inc.*, 232 F.R.D. 176, 180 (S.D.N.Y. 2005) (“The typicality requirement is not demanding.”).

Here, typicality is met because the same allegedly unlawful conduct by Defendants was directed at, or affected, Representative Plaintiffs and the members of the proposed Settlement Class. *Robidoux*, 987 F.2d at 936–37. Each Plaintiff, like each Settlement Class Member, received a notice from Defendants regarding the Data Disclosure. Their claims as persons whose DLNs were disclosed by Defendants are typical of the class. *See In re Heartland Payment Sys., Inc. Customer Data Sec. Breach Litig.*, 851 F. Supp. 2d 1040, 1054 (S.D. Tex. 2012) (finding typicality in data breach claim as to the settlement class “[b]ecause this claim revolves around [Defendant]’s conduct, as opposed to the characteristics of a particular class member’s claim”).

d. Adequacy of Representation

Under Rule 23(a)(4), Representative Plaintiffs must show that the proposed class representatives will “fairly and adequately protect the interests of the class.” Fed. R. Civ. P. 23(a)(4). Representative Plaintiffs must demonstrate that: (1) the class representatives do not have conflicting interests with other class members; and (2) class counsel is “qualified, experienced, and generally able to conduct the litigation.” *Marisol A.*, 126 F.3d at 378. To satisfy the first

requirement, Representative Plaintiffs must show that “the members of the class possess the same interests” and that “no fundamental conflicts exist” between a class’s representative(s) and its members. *Charron*, 731 F.3d at 249. Here, Representative Plaintiffs possess the same interests as the proposed Settlement Class Members because Representative Plaintiffs and the Settlement Class Members were all allegedly injured in the same manner based on the same allegedly inadequate security measures and the same data breaches.

With respect to the second requirement, in appointing class counsel, courts must consider (i) counsel’s work in identifying or investigating claims; (ii) counsel’s experience in handling the types of claims asserted; (iii) counsel’s knowledge of the applicable law; and (iv) the resources that counsel will commit to representing the class. Fed. R. Civ. P. 23(g)(1)(A). Interim Co-Lead Counsel possess a long and proven track record of the successful prosecution of class actions as lead and class counsel, including data breach cases. Joint Decl. ¶ 26.

Interim Co-Lead Counsel have worked cooperatively and efficiently and have devoted substantial time and resources to this case. This work has included (1) investigating the Data Disclosure; (2) researching and evaluating the appropriate legal claims to assert; (3) interviewing Representative Plaintiffs about their experiences; (4) preparing and negotiating various case management and discovery materials, including a proposed schedule, joint case management and Fed. R. Civ. P. 26(f) report, ESI protocol, protective order, and stipulation regarding the authenticity of documents; (5) preparing and filing the initial complaints and the Consolidated Complaint; (6) preparing mediation materials and participating in the mediation session; and (7) conducting pre-mediation discovery and post-mediation confirmatory discovery and analysis; (8) negotiating the proposed settlement and preparing the settlement documentation. Joint Decl. ¶ 32. Because Interim Co-Lead Counsel have demonstrated their commitment to litigating these claims, the Court should appoint them to serve as Class Counsel.

Accordingly, the requirements of Rule 23(a)(4), as well as the requirements of Rule 23(g) relating to the qualifications of Class Counsel, are satisfied.

2. The requirements of Rule 23(b)(3) are satisfied.

“In addition to satisfying Rule 23(a)’s prerequisites, parties seeking class certification must show that the action is maintainable under Rule 23(b)(1), (2), or (3).” *Amchem Prods.*, 521 U.S. at 614. Representative Plaintiffs seek certification under Rule 23(b)(3) which requires that “questions of law or fact common to class members predominate over any questions affecting only individual members” and “a class action is superior to other available methods for fairly and efficiently adjudicating the controversy.” Fed. R. Civ. P. 23(b)(3).

a. Common legal and factual questions predominate in this action.

“The Rule 23(b)(3) predominance inquiry tests whether proposed classes are sufficiently cohesive to warrant adjudication by representation.” *Amchem Prods.*, 521 U.S. at 623 (citation omitted). Predominance exists where the questions that are capable of common proof are “more substantial than the issues subject only to individualized proof.” *Roach v. T.L. Cannon Corp.*, 778 F.3d 401, 405 (2d Cir. 2015). The Second Circuit has held that “to meet the predominance requirement . . . a plaintiff must establish that the issues in the class action that are subject to generalized proof, and thus applicable to the class as a whole, predominate over those issues that are subject only to individualized proof.” *In re Nassau Cnty. Strip Search Cases*, 461 F.3d 219, 227-28 (2d Cir. 2006) (citations omitted). In the context of a request for settlement-only class certification, concerns about whether individual issues “would present intractable management problems” at trial are moot, because “the proposal is that there be no trial.” *Amchem Prods.*, 521 U.S. at 620. As a result, “the predominance inquiry will sometimes be easier to satisfy in the settlement context.” *Tart*, 2015 WL 5945846, at *4 (citation omitted).

Courts have found similar settlement classes to meet the preponderance requirement in data breach cases. *See, e.g., In re USAA Data Sec. Litig.*, No. 21-cv-05813, 2025 WL 1456827, at *1

(S.D.N.Y. May 21, 2025) (finding that “common issues of fact and law predominate over any questions affecting only individual members and that a class action is superior to other available methods for fairly and efficiently adjudicating this controversy.”). “Indeed, the focus on a defendant’s security measures in a data breach class action is the precise type of predominant question that makes class-wide adjudication worthwhile.” *In re Yahoo! Inc. Client Data Sec. Breach Litig.*, No. 16-md-02752, 2020 WL 4212811, at *7 (N.D. Cal. July 22, 2020) (quotation marks omitted). *See also: In re Anthem, Inc. Data Breach Litig.*, 327 F.R.D. 299, 312–315 (N.D. Cal. Aug. 15, 2018) (finding predominance was satisfied because “Plaintiffs’ case for liability depend[ed], first and foremost, on whether [the defendant] used reasonable data security to protect Plaintiffs’ personal information,” such that “the claims rise or fall on whether [the defendant] properly secured the stolen personal information,” and that these issues predominated over potential individual issues); *Hapka v. CareCentrix, Inc.*, No. 16-cv-02372, 2018 WL 1871449, at *2 (D. Kan. Feb. 15, 2018) (finding predominance was satisfied in a data breach case stating “[t]he many common questions of fact and law that arise from the E-mail Security Incident and [Defendant’s] alleged conduct predominate over any individualized issues”); *In re The Home Depot, Inc., Customer Data Sec. Breach Litig.*, No. 14-md-02583, 2016 WL 6902351, at *2 (N.D. Ga. Aug. 23, 2016) (finding common predominating questions included whether Home Depot failed to reasonably protect class members’ personal and financial information, whether it had a legal duty to do so, and whether it failed to timely notify class members of the data breach); *In re Heartland*, 851 F. Supp. 2d at 1059 (finding predominance satisfied in data breach case despite variations in state laws at issue, concluding such variations went only to trial management, which was inapplicable for settlement class).

Here, for settlement purposes, central common questions predominate over any questions that may affect individual Settlement Class Members. The central common questions include whether Defendants had a duty to the Class to prevent unauthorized disclosure of their DLNs,

whether Defendants took reasonable actions to prevent the Data Disclosure, whether Defendants knowingly disclosed DLNs in violation of the DPPA. These issues are subject to “generalized proof” and “outweigh those issues that are subject to individualized proof.” *In re Nassau Cnty. Strip Search Cases*, 461 F.3d at 227–28 (citation omitted). The Settlement Class meets the predominance requirement for settlement purposes.

b. A class action is the superior means to adjudicate Plaintiffs’ claims.

Rule 23(b)(3) also requires Representative Plaintiffs to show that “a class action is superior to other available methods for fairly and efficiently adjudicating the controversy.” Fed. R. Civ. P. 23(b)(3). Here, the class action mechanism is superior to individual actions for numerous reasons. First, “[t]he potential class members are both significant in number and geographically dispersed” and “[t]he interest of the class as a whole in litigating the many common questions substantially outweighs any interest by individual members in bringing and prosecuting separate actions.” *Meredith Corp.*, 87 F. Supp. 3d at 661 (citation omitted).

The resolution of some 190,644 claims in one action is far superior to litigation via individual lawsuits. Class certification—and class resolution—guarantee an increase in judicial efficiency and conservation of resources over the alternative of individually litigating tens of thousands of individual data breach cases arising out of the same Data Disclosure. Thus, a class action is superior here because “it will conserve judicial resources” and “is more efficient for Class Members, particularly those who lack the resources to bring their claims individually.” *Zeltser*, 2014 WL 4816134, at *3 (citation omitted). The expense and burden of litigation make it virtually impossible for the Settlement Class Members to seek redress on an individual basis. By contrast, in a class action, the cost of litigation is spread across the entire class, thereby making litigation and recovery economically viable. *See, e.g., Tart*, 2015 WL 5945846, at *5. “Employing the class device here will not only achieve economies of scale for Class Members but will also conserve judicial resources and preserve public confidence in the integrity of the system by avoiding the

waste and delay repetitive proceedings and preventing inconsistent adjudications.” *Zeltser*, 2014 WL 4816134, at *3 (citations omitted). For all of the foregoing reasons, a class action is superior to individual suits.

The requirements of Rule 23(a) and Rule 23(b)(3) are satisfied, and the Court should preliminarily certify the Settlement Class.

C. The Court should approve the proposed notice plan.

“Rule 23(e)(1)(B) requires the court to ‘direct notice in a reasonable manner to all class members who would be bound by a proposed settlement, voluntary dismissal, or compromise’ regardless of whether the class was certified under Rule 23(b)(1), (b)(2), or (b)(3).” MANUAL FOR COMPLEX LITIGATION (FOURTH) § 21.312 (2004). “The standard for the adequacy of a settlement notice in a class action under either the Due Process Clause or the Federal Rules is measured by reasonableness.” *Visa*, 396 F.3d at 113 (citations omitted); *Soberal-Perez v. Heckler*, 717 F.2d 36, 43 (2d Cir. 1983). The Court has broad power over approving procedures to use for providing notice so long as the procedures are consistent with the standards of reasonableness imposed under the due process clauses in the U.S. Constitution. *Handschu v. Special Services Div.*, 787 F.2d 828, 833 (2d Cir. 1986) (“[T]he district court has virtually complete discretion as to the manner of giving notice to class members.”). Courts “must direct to class members the best notice that is practicable under the circumstances.” *Vargas v. Capital One Fin. Advisors*, 559 F. App’x. 22, 26 (2d Cir. 2014) (summary order).

Procedurally, the proposed Notice Plan and related forms of notice meet the requirements of due process and Rule 23(e)(1)(B):

- Within 14 days after the issuance of the Preliminary Approval Order, Defendants will provide to the Settlement Administrator a list of any and all names, mailing addresses, telephone numbers, and email addresses (if any) of any and all Class Members that it has in its possession, custody, or control.

- Within 35 days after the entry of the Preliminary Approval Order, the Settlement Administrator shall commence the Notice Plan provided herein, using the forms of Notice approved by the Court.
- The Settlement Administrator shall disseminate Notice to the Class Members via email, to the extent email information is available for some or all of the Settlement Class, and, otherwise, by direct mail. (Settlement Agreement, ¶¶ 6.1-6.4).

These proposed methods for providing notice are reasonable, given that they identify the Settlement Class Members with precision and Defendants have contact information for the vast majority of the Settlement Class Members. Joint Decl. ¶ 46.

The Supreme Court has consistently found that direct notice satisfies the requirements of due process. *See, e.g., Mullane v. Cent. Hanover Bank & Tr. Co.*, 339 U.S. 306, 319 (1950). This notice will reach far beyond the minimum number of Settlement class members who must be reached in settlements. *See* Federal Judicial Center, JUDGES' CLASS ACTION NOTICE AND CLAIMS PROCESS CHECKLIST AND PLAIN LANGUAGE GUIDE (2010) at 3 ("It is reasonable to reach between 70-95%. A study of recent published decisions showed that the median reach calculation on approved notice plans was 87%"); Federal Judicial Center, MANAGING CLASS ACTION LITIGATION: A POCKET GUIDE FOR JUDGES (3d Ed. 2010) at 27 (explaining the "reach" of a proposed class action notice plan is normally within a range of 70-95%). Direct notice through mail and email will reach every, or nearly every, member of the class.

Substantively, Rule 23(c)(2)(B) requires, and the Notices of Settlement provide, information, written in easy-to-understand plain language, regarding: "(i) the nature of the action; (ii) the definition of the class certified; (iii) the class claims, issues, or defenses; (iv) that a class member may enter an appearance through an attorney if the member so desires; (v) that the court will exclude from the class any member who timely requests exclusion; (vi) the time and manner for requesting exclusion; and (vii) the binding effect of a class judgment on members under Rule

23(c)(3).” Fed. R. Civ. P. 23(c)(2)(B). “There are no rigid rules to determine whether a settlement notice to the class satisfies constitutional or Rule 23(e) requirements; the settlement notice must ‘fairly apprise the prospective members of the class of the terms of the proposed settlement and of the options that are open to them in connection with the proceedings.’” *Wal-Mart Stores*, 396 F.3d at 114.

Courts within the Second Circuit have explained that “a Rule 23 Notice will satisfy due process when it describes the terms of the settlement generally and informs the class about the allocation of attorneys’ fees, and provides specific information regarding the date, time, and place of the final approval hearing.” *Charron v. Pinnacle Group N.Y. LLC*, 874 F. Supp. 2d 179, 191 (S.D.N.Y. 2012) (internal citations omitted). The notice must also “contain information that a reasonable person would consider to be material in making an informed, intelligent decision of whether to opt out or remain a member of the class and be bound by the final judgment.” *In re Nissan Motor Corp. Antitrust Litig.*, 552 F.2d 1088, 1105 (5th Cir. 1977); *Achtman v. Kirby, McInerney & Squire, LLP*, 464 F.3d 328, 338 (2d Cir. 2006).

Here, the Notices of Settlement explain the nature of the litigation and the Settlement; define the Settlement Class; explain all Settlement Class Members’ rights, the scope and impact of Released Claims, including how to participate in the Settlement, and the applicable deadlines for submitting claims, objecting, and opting out. They describe in detail the monetary relief provided by the Settlement, including the procedures for allocating and distributing the Settlement Fund among the Settlement Class Members, Plaintiffs, and Class Counsel, including information about the forthcoming application for attorneys’ fees and other payments that will be deducted from the Settlement Fund. They also plainly indicate the time and place of the final approval hearing, and explain the methods for objecting to, or opting out of, the Settlement. They also provide contact information for Class Counsel and instructions about how to obtain more information about the litigation or the Settlement. *See* Settlement Agreement, Ex. 1. This warrants

approval of the Notices. *See, e.g., Fteja v. Nusret N.Y. LLC*, No. 19-cv-00429, 2020 WL 1915325, at *4 (S.D.N.Y. Mar. 5, 2020).

Finally, the Court should appoint an administrator to implement the notice plan and administer the benefits of the Settlement and the claims of Settlement Class Members. Here, after due consideration, the Parties have selected Kroll Settlement Administration LLC to serve as the proposed notice and claims administrator. Kroll is a well-regarded notice and claims administrator and has extensive experience in cases of the type here. Joint Decl. ¶ 44.

D. The Court should schedule a fairness hearing and approve the proposed preliminary approval order.

Finally, the Court should schedule a final approval hearing to decide whether to grant final approval of the Settlement, address Class Counsel’s request for attorneys’ fees, expenses, and Service Awards for each of the Class Representatives, consider any objections and exclusions, and determine whether to dismiss this action with prejudice. *See* MANUAL FOR COMPLEX LITIG. (FOURTH) § 21.634 (2004). Representative Plaintiffs respectfully request that the final approval hearing be scheduled no earlier than 120 days after the entry of the Preliminary Approval Order.

Toward these ends, the Parties have provided the Court with a proposed order that provides for the following schedule:

| | |
|---|--|
| Deadline to commence dissemination of the Notice to the Settlement Class (i.e., the Notice Date) | No later than 35 days after the Court enters the Preliminary Approval Order |
| Deadline to File Motion for Fee Award and Costs, and Service Awards | At least 14 days prior to the Objection Deadline |
| Deadline to File Requests for Exclusion and Objections to Settlement | 60 days after the Notice Date |
| Deadline to File Motion for Final Approval of Settlement | Within 14 days after the Objection Deadline |
| Deadline to File Claim Form | 90 days after the Notice Date |
| Final Approval Hearing Date | _____, _____ 2026, at __:__. [no earlier than 120 days after entry of the Preliminary Approval Order] |

V. CONCLUSION

For the foregoing reasons, Representative Plaintiffs respectfully request that this Court grant Plaintiffs' Unopposed Motion for Preliminary Approval of Class Action Settlement and enter the Preliminary Approval Order.

Dated: April 15, 2026

Respectfully submitted,

/s/ Melissa R. Clark

Melissa Clark

AHDOOT & WOLFSON, PC

521 5th Avenue, 17th Floor

New York, NY 10175

Telephone: (917) 336-0171

Facsimile: (917) 336-0177

mclark@ahdootwolfson.com

Mark B. DeSanto (admitted *pro hac vice*)

BERGER MONTAGUE PC

1818 Market Street, Suite 3600

Philadelphia, PA 19103

Telephone: (215) 875-3000

Facsimile: (215) 875-4604

mdesanto@bm.net

John A. Yanchunis (admitted *pro hac vice*)

MORGAN & MORGAN COMPLEX

LITIGATION GROUP

201 N Franklin Street, 7th Floor

Tampa, FL 33602

Telephone: (813) 223-5505

Facsimile: (813) 275-9295

jyanchunis@forthepeople.com

Interim Co-Lead Class Counsel

LOCAL CIVIL RULE 7.1 CERTIFICATE OF COMPLIANCE

Pursuant to Local Civil Rule 7.1(c), the undersigned counsel certifies that this document contains 12,411 words according to the word count of the word-processing program used to prepare the document. This is within the limit permitted by the Court's April 15, 2026, order. ECF No. 48 (allowing 22,750 words).

Dated: April 15, 2026

/s/ *Melissa R. Clark*
Melissa Clark