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Local Claims Adjusters are Vindicated as Judge's Order enforces the Jury Verdict:

## FARMERS INSURANCE EXCHANGE MUST PAY OVERTIME TO ITS ELIGIBLE MINNESOTA EMPLOYEES AND MUST PAY THEIR LEGAL BILLS AS WELL

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**MINNEAPOLIS, MN** – In an Order served today, Hennepin County District Judge Gary Larson affirmed an employee's right to payment of their attorneys' fees and costs under the Minnesota Fair Labor Standards Act.

For four years, the Defendant in this case, Farmers Insurance Exchange ("Farmers Insurance"), had fought its employees' claims for denied overtime pay, despite Minnesota labor laws that entitle workers with their job responsibilities to overtime pay.\* (Case captioned as *Milner v. Farmers Insurance Exchange*.) After a three-week jury trial that began on October 7, 2004, the jury found that Farmers Insurance had violated the Minnesota Fair Labor Standards Act, when Farmers illegally classified certain workers as exempt from overtime provisions. The benefit of this misclassification to Farmers Insurance was they could refuse to pay overtime to these hourly workers, saving the insurer millions of dollars. In response to the Order, Tim Becker, attorney for the employees, commented, "This verdict is important to our clients – but also to all hourly workers in Minnesota. The jury sent a message that, at least in Minnesota, a workers' right to honest pay will be protected."

In April 2005, the Court issued its Final Order of Judgment, ending months of legal maneuvering by Farmers to avoid the jury's verdict. The Court's Order, based upon the jury findings, found Farmers Insurance had violated Minnesota law in its refusal to classify certain workers as employees, by misclassifying certain workers as administrative, (thereby avoiding overtime payments) and by failing to keep time records for its employees. The Court Order ruled that Plaintiffs were the prevailing party, ordered Farmers to pay civil penalties to eligible Farmers Insurance employees, permanently enjoined Farmers Insurance from continuing to misclassify claims representatives in Minnesota, ordered Farmers to pay the employees owed overtime and finally, ordered Farmers to pay the legal fees for the employees' attorneys.

Despite the fact that the Court found in favor of the employees, Farmers has attempted to avoid having to pay the employees' legal fees and costs, even though Minnesota law requires an employer to pay for an employees' legal fees and costs under the Minnesota Fair Labor Standards Act. In an Order issued on September 13, 2005, the Court ended that argument. According to Judge Larson's Order, the attorneys representing the workers obtained a successful result for their clients and that "without this litigation, the Defendant [Farmers insurance] would not have adopted these policies on its own, nor impose a civil penalty on itself." Under the Court's Order, Farmers Insurance will pay for the claims adjusters' legal costs. In response to



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the Order, attorney Becker commented, “This result vindicates everything these hard-working Farmers claims adjusters have argued for so long. They were entitled to overtime pay and they shouldn’t have had to pay for lawyers to prove that. As a result of the Court’s first Order, claims adjusters now receive overtime pay when they are forced to work long hours. And under today’s Order, they won’t have to pay any legal fees – but instead, Farmers will. The system worked right this time.”

More information about this case is available at the Zimmerman Reed website, [www.zimmreed.com](http://www.zimmreed.com).

\* Under Minnesota law, employers are required to pay overtime to all employees who work more than 48 hours per week, unless the employer can show that an exemption applies. In this case, Farmers Insurance claimed that claims representatives were ineligible to receive overtime because their jobs were “administrative,” a category of employees who, like managers and professionals, are not entitled to overtime pay. The claims representatives who brought the lawsuit argued this misclassification was improper. According to the Complaint, the claims representatives were deliberately given more work to do than they could accomplish in a normal workweek, while Farmers Insurance refused to pay them overtime, based upon their purported classification as “administrative” employees. The claims adjusters asked for the denied overtime pay and sought a Court injunction, requiring Farmers Insurance to properly classify those employees in the future.