

DISTRIBUTION PLAN

The Distribution Plan is designed to distribute to each Settlement Class Member a share of the Net Settlement Fund proportional to the amount of “Cost of Insurance” (“COI”) charges paid by each Settlement Class Member, subject to a minimum settlement payment for all Settlement Class Members as described below.

1. Each Settlement Class Member shall receive a check in an amount equal to:
 - a. A minimum settlement relief payment of \$10.00; PLUS
 - b. His/her proportionate share of the remaining Net Settlement Fund after deducting all minimum settlement relief payments (the “Remaining Net Settlement Fund”).
2. The amount of settlement relief payable to each Settlement Class Member on each Policy shall be determined as follows:
 - a. Minimum settlement relief payment of \$10.00; PLUS,
 - b. A proportionate share of the Remaining Settlement Fund determined by a calculation of total COI charges paid on each Policy over the entire life of each Policy. COI Charges for each Policy are comprised of calculations over two Policy periods: 1) the Pre-Limitations Period (prior to May 27, 2010), and 2) the Limitations Period (May 27, 2010 to the present). Separate totals of COI charges are calculated for two different periods because Defendants represent that complete data for purposes of totaling COI charges is not reasonably available for the Pre-Limitations Period. The Limitations Period refers to the later period for which complete data of total COI charges during that period is available for each Policy.

Therefore, the total COI charges paid on each Policy for purposes of determining the proportionate share for each Settlement Class Member shall be comprised of the total amount of combined COI charges reasonably calculated for the Pre-Limitations and Limitations Periods. The proportionate share of the Remaining Net Settlement Fund (after application of the minimum \$10 settlement relief payment) shall be determined for each Policy as follows:

- i. Pre-Limitations Period – Using available data for the Policies from the Limitations Period, COI charges for the Pre-Limitations Period are reasonably calculated by: Multiplying the Pre-Limitations Period Policy duration (i.e., the amount of time a Policy was in-force prior to May 27, 2010) for each Policy by an average annual estimated COI charge determined using available data for Policies for the Limitations Period, including: Policy Issue Date, Death Benefit Type, Current Specified Amount, Current Net Amount at Risk (i.e., difference between Death

Benefit and Cash Value of each Policy), and COI charges collected during the Limitations Period:

$$\begin{array}{c} \text{Average Annual COI Charge} \\ \times \\ \text{Pre-Limitations Period Policy Duration} \end{array}$$

- ii. Limitations Period – The total COI charges reflected in the available data for the Limitations Period will be used.
- iii. Add together the COI Charges for the Pre-Limitations and Limitations Periods for each Policy, thus accumulating the COI Charges for all years each Policy was or has been in force through Policy termination for terminated Policies or through year-end 2023 for Policies still in force as of that date (the most current date that data was available);
- iv. In calculating the proportionate share of the Remaining Settlement Fund, the total COI charges assessed on each Policy shall be adjusted by a Policy Status Factor as follows:
 1. 1.00 for Terminated Policies; and
 2. 1.05 for In-Force Policies (those policies that remain currently active), to account for ongoing COI charges calculated using Defendants' tables of current COI rates;
- v. The percentage of the aggregate accumulated COI charges for all Policies attributable to each Settlement Class Member will be calculated by dividing each Settlement Class Member's total accumulated COI charges (after application of the factors set out in 2.b.iv above) by the total accumulated COI charges for all Policies.