

- *Rich v. William Penn Life Ins. Co. of New York*, No. 1:17-cv-02026-GLR (D. Md. filed July 20, 2017) (“*Rich*”).

2. Plaintiffs’ complaints in *Dickman* and *Rich* allege that Banner and William Penn unjustifiably increased the cost of insurance (“COI”) rates on certain universal life products. The COI rate increases affected approximately 7,631 universal life policies:

Company	Product (Avg. Issue Yr.)	Policies that Received a COI Rate Increase
Banner	Opterm20 (1997)	828
	Opterm20UL (2002)	210
	ADV0205 (2004)	2,319
	Continuity (1997)	239
	Continuity 98 (1999)	393
	Continuity 100 (2005)	1,444
	Life Umbrella 120 (2009)	464
William Penn	Longevity 100 (PNUL) (2004)	928
	Longevity 100 (PNUL02) (2005)	693
	Life Umbrella 120 (2009)	113
Total:		7,631

3. Additionally, another 4,482 policies were considered for COI rate increases, but ultimately the Defendants did not impose an increase on these policies at this time:

Company	Product (Avg. Issue Yr.)	Policies Considered for a COI Rate Increase
Banner	Life Umbrella Classic	503

	Sterling 1	3,025
	Classic UL	108
	Life Umbrella	467
William Penn	Advantra (Penn)	379
Total:		4,482

4. Class Counsel have conducted substantial discovery, have investigated the facts and underlying events related to the subject matter of the claims, have carefully analyzed the applicable legal principles, and have concluded—based upon their investigation, and taking into account the risks, uncertainties, burdens, and costs of further prosecution of their claims, and taking into account the substantial benefits to be received by Class Members pursuant to this Settlement Agreement—that a resolution and compromise on the terms set forth herein is fair, reasonable, adequate, and in the best interests of Class Representatives and the other Class Members.

5. As a result of extensive arm's-length negotiations, Class Representatives, Class Counsel, Banner, and William Penn have entered into this Settlement Agreement.

6. Co-Lead Class Counsel represent and warrant that they (a) are fully authorized to enter into this Settlement Agreement on behalf of the Class Representatives, and (b) are doing so to protect the best interests of the Settlement Class.

7. It is agreed that this Settlement Agreement shall not be deemed or be construed to be an admission, concession, or evidence of any violation of any federal, state, or local statute, regulation, rule, or other law, or principle of common law or equity, or of any liability or wrongdoing whatsoever by Banner or William Penn, or of the truth or validity of any of the claims that Class Representatives have asserted.

II. PROCEDURAL HISTORY

A. *Dickman*

8. On January 19, 2016, Plaintiffs Richard Dickman and Kent Alderson filed a putative class action complaint against Banner, Legal & General America, Inc., and Legal & General Group Plc. (the “*Dickman* Defendants”) in the United States District Court for the District of Maryland. Plaintiffs Dickman and Alderson asserted claims for breach of contract, unjust enrichment, conversion, and fraud relating to the 2015 COI Rate Increases implemented on certain universal life insurance policies. In support of which, Plaintiffs alleged (which Banner denied and denies) that, among other things: Banner used the 2015 COI Rate Increases to, among other things, fund extraordinary dividends, rid itself of liabilities in the future, and recoup past losses; Banner used reinsurance transactions with affiliates and special purpose financial captives to make Banner appear financially stable and inflate statutory surplus; Banner made representations in Corporate Reports that were false and/or misleading regarding its financial condition; prior to the 2015 COI Rate Increases, Banner sent policyholders false and/or misleading Policy Statements, among other communications, indicating that the Policy was adequately funded and encouraging policyholders to continue to fund and rely on their universal life policies; the marketing information provided by brokers and agents did not provide sufficient information to policyholders to understand COI charges; Banner made false and/or misleading statements concerning the COI Rate Increases; and the 2015 COI Rate Increases were not permitted under the terms and conditions of the Policies. *Dickman*, Doc. 1.

9. On May 9, 2016, the *Dickman* Defendants filed motions to dismiss the Complaint and to strike certain allegations in the Complaint. *Dickman*, Docs. 38-39.

10. On December 21, 2016, the Court granted the *Dickman* Defendants' motions to dismiss as to all claims against Legal & General America, Inc. and Legal & General Group Plc. *Dickman*, Doc. 57. The Court also granted the motions as to Plaintiffs' unjust enrichment and conversion claims. *Id.* The Court denied the motions as to Plaintiffs' breach of contract and fraud claims against Banner and denied the motion to strike. *Id.*

11. Banner answered the Complaint on February 3, 2017. *Dickman*, Doc. 61.

12. On May 15, 2017, Plaintiffs' attorneys W. Daniel "Dee" Miles and George W. Walker, III were appointed Interim Class Counsel as part of an omnibus order from the Court regarding *Dickman* and another putative class action entitled, *Robert S. Appel Irrevocable Insurance Trust, et al.*, No. 1:17-cv-00759-RDB (D. Md. filed Jan. 19, 2016) ("*Appel*").¹ *Dickman*, Doc. 73.

13. From February 1, 2017 through June 30, 2018, the Parties engaged in significant discovery efforts, including the production of over 7,500 documents consisting of hundreds of thousands of pages, the exchanging of expert reports, and the depositions of thirteen fact witnesses and four expert witnesses.

14. On July 2, 2018, Plaintiffs moved for certification of a nationwide class. *Dickman*, Doc. 159.

15. On August 10, 2018, Banner moved for summary judgment. *Dickman*, Doc. 174.

16. On October 1, 2018, Banner moved to exclude the opinions and testimony of both of Plaintiffs' expert witnesses. *Dickman*, Doc. 195.

¹ In the May 15, 2017 Order, the Court found that *Appel* was duplicative of *Dickman* and that "Named plaintiffs in the *Appel* action, the Robert S. Appel Insurance Trust and the Florence K. Tighe Insurance Trust, may pursue their individual claims ONLY; the case WILL NOT PROCEED as a putative class action...." *Dickman*, Doc. 73.

17. This matter was stayed pending mediation on November 6, 2018. The motion for class certification, motion for summary judgment, and motions to exclude Plaintiffs' experts are all pending.

18. On July 31, 2019, *Dickman* was consolidated with *Rich* for purposes of settlement approval and administration. *Dickman*, Doc. 245; *Rich*, Doc. 71.

B. *Rich*

19. On July 20, 2017, plaintiff Lesley S. Rich, as trustee of the Richard S. Wallberg Insurance Trust, filed a putative class action complaint against William Penn in the United States District Court for the District of Maryland. *Rich v. William Penn Life Ins. Co. of New York*, No. 1:17-cv-02026-GLR (D. Md. filed July 20, 2017). Plaintiff Rich asserted claims for breach of contract and fraud arising from the 2015 COI Rate Increases implemented on certain universal life insurance policies issued by William Penn. In support of which, Plaintiffs alleged (which William Penn denied and denies) that, among other things: William Penn used the 2015 COI Rate Increases to rid itself of liabilities in the future, find new cash to fund William Penn, and recoup past losses; William Penn used reinsurance transactions with affiliates and special purpose financial captives to make William Penn appear financially stable and inflate statutory surplus; William Penn made representations in Corporate Reports that were false and/or misleading regarding its financial condition; prior to the 2015 COI Rate Increases, William Penn sent policyholders false and/or misleading Policy Statements, among other communications, indicating that the Policy was adequately funded and encouraging policyholders to continue to fund and rely on their universal life policies; the marketing information provided by brokers and agents did not provide sufficient information to policyholders to understand COI charges; William Penn made false and/or

misleading statements concerning the COI Rate Increases; and the 2015 COI Rate Increases were not permitted under the terms and conditions of the Policies. *Rich*, Doc. 1.

20. On September 29, 2017, William Penn filed a motion to dismiss Plaintiff's fraud claim. *Rich*, Doc. 30.

21. Plaintiff amended the complaint on October 20, 2017. *Rich*, Doc. 35. William Penn again filed a motion to dismiss the fraud claim on November 13, 2017. *Rich*, Doc. 38.

22. On September 25, 2018, the Court granted William Penn's motion only to the extent it sought to dismiss Plaintiff's fraud claim related to the COI Notification Letter (as defined in the Court's order). *Rich*, Docs. 48-49. The Court denied the motion to the extent it sought to dismiss the fraud claim related to Policy Statements, Corporate Reports (as defined herein and in the Court's opinion) and website. *Id.*

23. *Rich* was stayed pending mediation on November 6, 2018. *Rich*, Doc. 55.

24. On July 31, 2019, *Rich* was consolidated with *Dickman* for purposes of settlement approval and administration. *Rich*, Doc. 71; *Dickman*, Doc. 245.

C. Settlement Background

25. This Settlement was reached through extended arm's-length negotiations between Co-Lead Class Counsel and Banner and William Penn's Counsel under the auspices of highly-regarded mediator David Geronemus, Esquire with JAMS in Miami, Florida.

26. Mr. Geronemus held two in-person mediation sessions with the Parties and their representatives; the first occurred over January 9-10, 2019 and the second occurred on March 28, 2019.

27. Mr. Geronemus also facilitated several telephone mediation calls with the Parties on February 22, 2019, April 12, 2019, April 26, 2019, May 6, 2019, May 15, 2019, and May 23, 2019.

28. Additionally, Banner and William Penn produced extensive materials, which were reviewed by Plaintiffs' experts and Banner's and William Penn's actuaries.

29. Before agreeing to settle the Consolidated Actions, Plaintiffs, through Plaintiffs' Counsel and their experts, conducted extensive formal discovery and a thorough investigation of the claims, defenses, and underlying events and transactions that are the subject of the Consolidated Actions. The investigation included, among other things: (a) review and analysis of the evidence and applicable law, including the review and analysis of documents produced by Banner and William Penn; (b) consultation with actuarial and other experts retained by Co-Lead Class Counsel; (c) taking and defending numerous depositions of fact and expert witnesses; and (d) engaging in extensive motion practice, including opposing motions to dismiss and a motion to strike, discovery motion practice, a motion for class certification, and opposing a motion for summary judgment.

30. Co-Lead Class Counsel have thoroughly evaluated the relevant law and facts to assess the merits of Plaintiffs' and the Settlement Class Members' claims. Co-Lead Class Counsel believe that the claims asserted in the Consolidated Actions have merit and that the evidence developed to date supports the claims asserted. However, based upon their extensive discovery, investigation, and evaluation of the applicable facts and the law, Co-Lead Class Counsel have agreed to recommend approval of the settlement of the Consolidated Actions pursuant to the terms of this Settlement Agreement, after considering, among other things: (a) the fairness, reasonableness, and adequacy of this Settlement Agreement; (b) the substantial risks and

uncertainties of protracted litigation and trial and appeals, especially in complicated class actions such as this, as well as the difficulties, delays, and risks of adverse results inherent in such litigation; (c) the needs and interests of the Settlement Class Members, many of whom are retired, are reliant on their Policies' benefits, and by virtue of age or health status may be unable to secure an adequate replacement policy; and (d) the desirability of consummating this Settlement Agreement promptly in order to provide timely substantial relief to the Settlement Class Members.

31. Co-Lead Class Counsel agree that this Settlement Agreement is fair, reasonable, and adequate, because it provides millions of dollars in benefits to the Settlement Class Members and other relief as described in Section IV below, is otherwise in the best interests of the Settlement Class Members, and fairly resolves the claims alleged in the Consolidated Actions.

32. Banner and William Penn and their counsel likewise have thoroughly evaluated the relevant law and facts and have denied and continue to deny each and every allegation and do not admit or concede any actual or potential fault, wrongdoing, liability, or damage of any kind to Plaintiffs or the Settlement Class Members in connection with any facts or claims that have been or could have been alleged against them arising from the factual allegations in the Consolidated Actions. Banner and William Penn deny that they acted improperly or wrongfully in any way and believe that the claims asserted in the Consolidated Actions have no merit. Banner and William Penn further contend that their decisions to implement the COI Rate Increases were, at all times, in accordance with the Policies' terms and accepted actuarial standards.

33. Banner and William Penn nevertheless have agreed to class action treatment of the claims alleged or potentially asserted solely for the purpose of effecting the compromise and settlement of those claims on a class basis as set forth in this Settlement Agreement because this Settlement will: finally put to rest Plaintiffs' claims, the Settlement Class Members' claims, and

the underlying dispute, and avoid the substantial expense, burdens, risks, and uncertainties associated with the continued litigation of the Consolidated Actions.

III. DEFINITIONS AND CONVENTIONS

As used in the Settlement Agreement, the following terms have the following meanings unless the Settlement Agreement specifically provides otherwise:

34. “Additional COI Collected” means the difference between (a) the COI withdrawn from the account value of a Policy, and (b) the COI that would have been withdrawn from the account value of a Policy pursuant to the COI rate scale in effect for such Policy immediately prior to the COI Rate Increases.

35. “Attorneys’ Fees, Costs, and Expenses” means such funds as may be awarded by the Court from the Common Settlement Fund to compensate any and all Plaintiffs’ Counsel who have assisted in conferring the benefits upon the Settlement Class under the Settlement Agreement for their fees and expenses in connection with the Consolidated Actions and the Settlement Agreement, as described in Section X of this Agreement.

36. “Banner” means Defendant Banner Life Insurance Company, and its respective predecessor and successor entities.

37. “Banner’s Counsel” means Drinker Biddle & Reath LLP.

38. “Class Notice” means the notice concerning the Settlement sent to the Settlement Class as a part of the Class Notice.

39. “Class Period” means the period from July 15, 2015 through and including the Final Approval Date.

40. “Class Policy” or “Class Policies” means a Policy or Policies owned by a Settlement Class Member.

41. “Class Representatives” mean, collectively, Richard Dickman, Kent Alderson, and Lesley S. Rich, trustee of the Richard S. Wallberg Insurance Trust.

42. “COI” means “Cost of Insurance” as defined in the Policies.

43. “COI Rate Increases” means the COI rate increases implemented on the Policies beginning in August 2015, which increased the COI rate scales that were currently in effect for the Policies.

44. “Co-Lead Class Counsel” means, collectively, W. Daniel “Dee” Miles of Beasley, Allen, Crow, Methvin, Portis & Miles, P.C. and George W. Walker, III.

45. “Confidential Information” means material designated as “Confidential” in accordance with the terms of the Stipulated Protective Order entered on April 25, 2017. *Dickman*, Doc. 70.

46. “Confidential Termination Agreement” means the agreement between the Parties described in Paragraph 135 of Section XIII.

47. “Consolidated Actions” means, collectively, *Dickman* and *Rich*.

48. “Corporate Reports” means statements provided by Banner and William Penn to regulators, shareholders, parents, or any other parties concerning Banner’s and William Penn’s financials, including the financial statements discussed in the *Dickman* complaints and *Rich* complaints.

49. “Court” means the United States District Court for the District of Maryland.

50. “Execution Date” means the date on which this Settlement Agreement is fully executed by the Parties.

51. “Fairness Hearing” means the hearing held by the Court on any motion for final approval of the proposed Settlement following the entry of the Preliminary Approval Order and

the Notice Date, for the purposes of: (a) determining whether the Settlement Agreement should be approved as fair, reasonable, adequate and in the best interests of the Settlement Class Members; (b) determining that the Settlement Class should be certified pursuant to Rule 23(b)(2) and (b)(3) of the Federal Rules of Civil Procedure; (c) entering the Final Approval Order approving the Settlement and dismissing the Consolidated Actions with prejudice; (d) entering the Class Fee and Expense Order; and (e) ruling on any other matters as may be raised before the Court.

52. “Final Approval Date” means the date on which the Court enters judgment on the Final Approval Order.

53. “Final Approval Order” means the Court’s order fully and finally approving the Settlement Agreement, and dismissing the Consolidated Actions with prejudice, as described in Section XII.

54. “Final Settlement Date” means the date on which the Court’s judgment entered on the Final Approval Order, under Federal Rule of Civil Procedure 58, becomes final. For purposes of this Settlement Agreement:

- a. if no appeal is taken from the judgment entered upon the Final Approval Order, “Final Settlement Date” means the date on which the time to appeal therefrom has expired; or
- b. if an appeal has been taken from the judgment entered upon the Final Approval Order, “Final Settlement Date” means the date on which all appeals therefrom, including petitions for rehearing or re-argument, petitions for rehearing *en banc*, and petitions for *certiorari* or any other form of review, either have been fully disposed of in a manner that affirms the Final Approval Order or the time for further appeal of such affirmance has expired.

55. “Grace Period” means the same as defined in the Policies.

56. “In-Force Policy” means a Policy that is not a Terminated Policy as of the Final Settlement Date.

57. “In-Force Policyholder” means the owner of an In-Force Policy.

58. “Mediator” means David Geronemus, Esquire of JAMS New York.

59. “No-Lapse Guarantee Period” means the Guarantee Period as defined in each of the Policies.

60. “Notice Date” means the date on which the Class Notice is mailed.

61. “Opt-Out Deadline” means the date specified by the Court in the Preliminary Approval Order.

62. “Parties” means, collectively, Plaintiffs, Banner, and William Penn.

63. “Parties’ Counsel” means, collectively, Plaintiffs’ Counsel and Banner and William Penn’s Counsel.

64. “Plaintiffs” means, collectively, Richard Dickman, Kent Alderson, and Lesley S. Rich, trustee for the Richard S. Wallberg Insurance Trust.

65. “Plaintiffs’ Counsel” means, collectively, all of the law firms of Beasley, Allen, Crow, Methvin, Portis & Miles, P.C.; The Finley Firm, P.C.; Geoff McDonald & Associates, P.C.; and Paulson & Nace, PLLC.

66. “Policy” or “Policies” means one or more insurance policy issued under the following plans:

- a. Advantra Opterm20 (Banner)
- b. Advantra Opterm20UL (Banner)
- c. Advantra ADV02/05 (Banner)

- d. Continuity (Banner)
- e. Continuity 98 (Banner)
- f. Continuity 100 (Banner)
- g. Life Umbrella 120 (Banner)
- h. Sterling 1 (Banner)
- i. Classic UL (Banner)
- j. Life Umbrella (Banner)
- k. Longevity 100 PNUL (William Penn)
- l. Longevity 100 PNUL02 (William Penn)
- m. Life Umbrella 120 (William Penn)
- n. Advantra (William Penn)

67. “Policy Statements” means the annual report provided by Banner and William Penn to each policyholder at least once a year which provides, among other things, the COI charges, account value, and premiums paid since the last annual report.

68. “Policyholder” means the owner of a Policy, whether a person or entity.

69. “Preliminary Approval Date” means the date on which the Court enters the Preliminary Approval Order.

70. “Preliminary Approval Order” means an order of the Court granting preliminary approval of the proposed Settlement and directing that the Class Notice be sent to the Settlement Class, as described in Section VI.

71. “Request for Exclusion” means a properly completed and timely postmarked request from a Policyholder to be excluded from the Settlement Class, as described in Section VII.

72. “Released Claims” has the meaning set forth in Section IX.

73. “Released Parties” means, individually and collectively, Banner and William Penn’s past and current parents (including intermediate and ultimate parents), direct and indirect subsidiaries, affiliates, predecessors, joint ventures, successors and assigns, together with each of their past and present officers, directors, shareholders, employees, representatives, insurers, attorneys, general agents, agents and producers, and all of such Releasee’s heirs, administrators, executors, insurers, predecessors, successors and assigns, or any of them, and including any person or entity acting on behalf or at the direction of any of them.

74. “Releasers” means the Plaintiffs and Settlement Class Members, on behalf of themselves, their heirs, assigns, executors, beneficiaries, beneficiaries designated under Policies, administrators, predecessors, and successors, and any other person or entity purporting to claim on their behalf.

75. “Settlement” means, collectively, the terms and conditions set forth in this Settlement Agreement.

76. “Settlement Administrator” means KCC, LLC., who has been retained by the Parties to assist with Class Notice and administration of the Settlement, as described in Section V.

77. “Settlement Agreement” means this Settlement Agreement and Release, including its exhibits.

78. “Settlement Class” or “Class” means the following opt-out plaintiff settlement class to be certified by the Court pursuant to Federal Rule of Civil Procedure 23(b)(2) and (b)(3): all persons or entities who own an In-Force Policy or owned a Terminated Policy encompassed by the COI Rate Increases during the Class Period and all persons who currently own a Policy considered for the COI Rate Increases. Excluded from the Settlement Class are: (a) the Honorable Richard D. Bennett, United States District Court Judge of the District of Maryland (or other

Circuit, District, or Magistrate Judge presiding over the Consolidated Actions through which this matter is presented for settlement) and court personnel employed in Judge Bennett's (or other such Judge's) chambers or courtroom; (b) Banner, William Penn, and their parents, affiliates, subsidiaries, successors, predecessors, and any entity in which Banner or William Penn has a controlling interest and their current or former officers and directors (except to the extent Banner, William Penn, or such other entity is the owner of a Policy held for the benefit of an individual who is not otherwise excluded from membership in the Settlement Class); (c) any officer or director of Banner or William Penn reported in their Corporate Reports during the Class Period, or entity in which Banner or William Penn had a controlling interest at any relevant time, any member of those persons' immediate families and legal affiliates, heirs, controlling persons, agents, successors and predecessors in interest or assigns of any such excluded person or entity; (d) Policyholders who properly execute and timely file a Request for Exclusion from the Settlement Class; and (e) the legal representatives, successors, or assigns of any such excluded Policyholders (but only then in their capacity as legal representative, successor, or assignee).

79. "Settlement Class Members" or "Class Members" means all Policyholders encompassed by the definition of the Settlement Class in Paragraph 78.

80. "Settlement Computation Period" means the period between the effective date of the COI Rate Increases for each Class Policy and the Preliminary Approval Date.

81. "Settlement Relief" means, collectively, all forms of relief made available to Settlement Class Members under this Settlement Agreement, as described in Section IV.

82. "Terminated Policy" means a Policy that lapsed, matured, or was surrendered between August 1, 2015 and the Final Settlement Date.

83. “Terminated Policyholder” means the owner of a Terminated Policy or the owner’s estate.

84. “William Penn” means William Penn Life Insurance Company of New York, and its respective predecessor and successor entities.

85. “William Penn’s Counsel” means Drinker Biddle & Reath LLP.

IV. SETTLEMENT RELIEF

86. Pursuant to and in accordance with this Settlement Agreement and subject to Court approval at or after the Fairness Hearing, Banner and William Penn will make available to Settlement Class Members the following benefits (collectively, the “Settlement Relief”):

- a. Common Settlement Fund: Banner and William Penn will fund a common settlement fund in the amount of \$22.5 million, less the amount of any reduction for persons that timely submit a Request for Exclusion computed in accordance with the provisions of this Paragraph 86(a) (“the Common Settlement Fund”). The Common Settlement Fund, net of the amounts paid to the Settlement Administrator and the amounts approved by the Court’s Fee and Expense Order, will be distributed to Settlement Class Members, *pro rata*, based on the proportion of the Additional COI Collected for each Class Policy in relation to the total amount of the Additional COI Collected by Banner and William Penn for all Class Policies; provided, however, that the minimum payout for each Class Policy that experienced the COI Rate Increases will be \$100. The Common Settlement Fund will be distributed as follows:
 - In-Force Policyholders will be paid their share of the Common Settlement Fund by an increase to the account value of each In-Force Policy owned by such

Settlement Class Member (“the Account Value Payment”). If, at the time of distribution an In-Force Policy has terminated, its share of the Common Settlement Fund will be paid by check rather than as an increase to the account value.

- Terminated Policyholders will be paid their share of the Common Settlement Fund by check (“the Terminated Policy Payment”).
- b. No less than thirty (30) days before distributing the Common Settlement Fund to the Settlement Class Members, Banner and William Penn will disclose to Co-Lead Class Counsel the calculations and any additional information necessary for Co-Lead Class Counsel and their consulting experts to verify that the proposed distributions are properly computed in accordance with Paragraph 86(a).
- c. There will be no reversion of the Common Settlement Fund to Banner or William Penn. However, the Common Settlement Fund will be reduced by the amounts that would have been distributed under the formula set forth in Paragraph 86(a) to those Policyholders requesting exclusion from the Settlement Class, the amounts paid to the Settlement Administrator and the amounts approved by the Court’s Fee and Expense Order. Co-Lead Class Counsel will petition the Court for approval of the proposed manner in which any unclaimed or unpayable distributions of the Common Settlement Fund will be further distributed or paid.
- d. COI Rate Scale Increase Protection Benefit: Banner and William Penn agree that they will not impose any increase to the COI rate scale currently in effect on any Class Policy within five (5) years of the Execution Date, unless ordered to do so by a state regulatory body (the “COI Rate Scale Increase Protection Benefit”). The

Parties acknowledge and agree that, notwithstanding the foregoing, Banner and William Penn will maintain the COI rate scales implemented through the COI Rate Increases. This relief has been valued by actuaries at \$10.81 million.

- e. Grace Period Extension Benefit: All in-force Opterm20, Opterm20UL, ADV02/05, Life Umbrella 120 (Banner), and Life Umbrella 120 (William Penn) policies that reach the end of their No-Lapse Guarantee Period and enter a Grace Period any time after the Execution Date of this Agreement will have an additional forty-five (45) days added to the length of their Grace Period (the “Grace Period Extension Benefit”). All other terms and conditions relating to the Grace Period in each of the Policies will remain in effect. This relief has been valued by actuaries at \$6.6 million.
- f. Non-Contestability Benefit: Banner and William Penn agree that they will not seek to void, rescind, cancel, have declared void, or otherwise deny coverage or death claims submitted by Settlement Class Members based on any alleged lack of insurable interest or misrepresentations made in connection with the original application process (the “Non-Contestability Benefit”). This relief has been valued by actuaries at \$700,000.
- g. Illustrations Benefit: Following the Execution Date, upon request and at no cost to Settlement Class Members, Banner and William Penn will provide a one-time illustration depicting the impact of the settlement relief on the anticipated future performance of a Class Policy (the “Illustrations Benefit”). In the event that applicable law restricts the depiction of certain benefits or future performance,

Banner and William Penn will provide an explanation of such restriction. This relief is valued at \$139,525.

V. SETTLEMENT ADMINISTRATOR

87. The Parties have retained KCC, LLC to assist with preparing and disseminating the Class Notice, disseminating any required Class Action Fairness Act (“CAFA”) notices, establishing and maintaining a case website, handling Class member inquiries, processing opt-outs, administering the Settlement, and other such tasks necessary to accomplish these objectives.

88. Payment to the Settlement Administrator has been estimated at \$43,650, and will come from the Common Settlement Fund.

VI. NOTICE TO THE CLASS AND COMMUNICATIONS WITH CLASS MEMBERS

A. Preliminary Approval by the Court

89. By September 30, 2019, the Plaintiffs will submit the proposed Settlement to the Court and request entry of the Preliminary Approval Order (a) preliminarily certifying the Settlement Class, appointing Class Representatives for the Settlement Class, appointing Co-Lead Class Counsel as counsel for the Settlement Class, (b) preliminarily approving the proposed Settlement as appearing sufficiently fair, adequate, and reasonable to warrant the dissemination of the Class Notice, and (c) preliminarily enjoining all Settlement Class Members from the Settlement Class from filing, prosecuting, maintaining, continuing, intervening in, or participating in (as a class member or otherwise) litigation based on or related to the claims or facts alleged in the Consolidated Actions, until and unless such Settlement Class Members execute and timely file a Request for Exclusion.

B. Class Notice

90. Subject to the requirements of any orders entered by the Court and Paragraph 96,

and no later than thirty (30) days after the Preliminary Approval Date, the Settlement Administrator will send a Class Notice by first-class mail to the last known address of each reasonably-identified person and entity in the Settlement Class.

91. The mere mailing of a Class Notice to a person or entity that is not in the Settlement Class, as defined herein, will not render such person or entity a part of the Settlement Class or otherwise entitle such person to participate in this Settlement.

C. Class Notice Content

92. Each Class Notice will:

- a. contain a plain and concise description of the Consolidated Actions and the proposed Settlement;
- b. describe the category of persons and entities in the Settlement Class and inform such persons and entities that, if they do not exclude themselves from the Settlement Class, they may be eligible to receive relief under the proposed Settlement;
- c. describe the proposed Settlement Relief;
- d. explain the impact of the proposed Settlement on the pending Consolidated Actions;
- e. describe the effect of the release included in the proposed Settlement;
- f. state that any relief to Settlement Class Members is contingent on the Court's final approval of the proposed Settlement Agreement as fair, reasonable, and adequate;
- g. explain that a Settlement Class Member may request exclusion from the Settlement Class by mailing a written Request for Exclusion to Co-Lead Class Counsel postmarked no later than forty-five (45) days after the Notice Date;

- h. explain that a Settlement Class Member who has not submitted a written Request for Exclusion may, if he or she desires, object to the proposed Settlement by filing a written statement of objections with the Court no later than forty-five (45) days after the Notice Date;
- i. explain that a Settlement Class Member who has filed a timely and proper objection to the proposed Settlement may appear at the Fairness Hearing, either personally or through counsel, provided that, if appearing through counsel, notice of the intention to appear must be both filed with the Court and served by mail on Co-Lead Class Counsel and Banner and William Penn's Counsel, all postmarked no later than fourteen (14) days before the Fairness Hearing;
- j. explain that any judgment entered in the Consolidated Actions whether favorable or unfavorable to the Settlement Class will include and be binding on all Settlement Class Members, even if they have objected to Court approval of the proposed Settlement Agreement and even if they have any other claim, lawsuit, or proceeding pending against Banner or William Penn based on the same factual predicate as alleged in the Consolidated Actions Complaints;
- k. explain that a Settlement Class Member should consult their own tax advisors regarding the tax consequences of the proposed Settlement, including but not limited to, any payments, credits, and payment periods provided hereunder, and any tax reporting obligations they may have with respect thereto; and
- l. explain the provisions of this Settlement Agreement relating to attorneys' fees, expenses, and costs including those in Section X, and explain that individual Settlement Class Members will be responsible themselves for the fees and costs of

any persons they may retain to represent them for any reason, including, but not limited to, counsel retained in connection with the filing of an objection or attendance at the Fairness Hearing.

93. The Class Notice will conform to the manner and form agreed on by the Parties and approved by the Court. The proposed form of the Class Notice as agreed on by the Parties is attached hereto as Exhibit A.

94. The Class Notice will also be supplemented through the establishment of a website with more information and links to important documents relating to the Consolidated Actions and the proposed Settlement. The content of any such website will be mutually agreed upon by Co-Lead Class Counsel and Banner and William Penn's Counsel. Such website will be established and maintained by the Settlement Administrator.

D. Address Verification; Re-mailing

95. Prior to the mailing of the Class Notice, the Settlement Administrator will run the mailing list for the Class Notice through the U.S. Postal Service's National Change of Address Database for verification and correction of addresses to attempt to reduce the number of returned mail items. In the case of Class Notices undelivered and returned by the U.S. Postal Service, the Settlement Administrator will: (a) re-mail any Class Notice so returned with a forwarding address, and (b) (1) make reasonable efforts to attempt to find an address for any returned Class Notice that does not include a forwarding address, or (b)(2) retain a commercial address verification service for this purpose. The Settlement Administrator will re-mail the Class Notice to each person and entity in the Settlement Class for which it or the address research service provides an updated address.

E. Notice Under the Class Action Fairness Act

96. Within ten (10) days following the filing of this Settlement Agreement for preliminary approval by the Court, Banner and William Penn will serve notices of the proposed Settlement upon the appropriate officials in compliance with the requirements of the Class Action Fairness Act (“CAFA”), 28 U.S.C. § 1715.

F. Communication with Settlement Class Members, Claimants, and Policyholders

97. Neither Banner nor William Penn will be privy to or respond to inquiries between Settlement Class Members and their counsel (including Plaintiffs’ Counsel). However, Banner and William Penn reserve the right to communicate with, and to respond to inquiries directed to Banner and/or William Penn from insureds, beneficiaries, policyholders, and Settlement Class Members, orally and/or in writing, regarding matters not involving the Consolidated Actions or the proposed Settlement in the normal course of administering the Class Policies or otherwise in the ordinary course of business, and may do so through any appropriate agents or agencies. If, however, Banner or William Penn receives any inquiry from a Settlement Class Member specifically relating to the Consolidated Actions or the Settlement, Banner and William Penn will refer the Settlement Class Member to Co-Lead Class Counsel. Nothing in this Paragraph 97 will preclude Banner, William Penn, or Banner and William Penn’s Counsel from communicating with an attorney representing any policyholder.

98. Co-Lead Class Counsel will provide responses to inquiries received from persons and entities in the Settlement Class, subject to review and comment by Banner’s and William Penn’s Counsel, should Co-Lead Class Counsel deem it helpful or necessary.

99. Banner and William Penn may continue to process and respond to insured, beneficiary, or policyholder complaints, including complaints submitted to Banner and William Penn by regulators, notwithstanding that some complaints may originate with Settlement Class

Members and may concern claims relating to Class Policies that otherwise could be eligible for Settlement Relief under the Settlement Agreement; provided however, that after the Class Notice mailing and before the implementation of Settlement Relief for a particular Class Policy, any offer of relief by Banner and William Penn in response to any such complaint concerning such Class Policy will be accompanied by a copy of the Settlement Agreement and a statement explaining to the Settlement Class member that acceptance of Banner's or William Penn's offer may bar or otherwise affect the Settlement Class Member's rights to participate in the proposed Settlement. If Banner or William Penn makes an offer of relief in response to any such written complaint after the Class Notice is mailed and before the implementation of Settlement Relief for the subject Class Policy, and the offer of relief differs from the Settlement Relief, a copy of the written complaint and Banner's or William Penn's offer of relief will be provided to Co-Lead Class Counsel in advance of any agreement. Nothing within Paragraph 99 shall apply to Policyholders who timely and properly exclude themselves from the Settlement in accordance with Section VII, or to Policyholders who commenced separate actions against Banner or William Penn prior to the Effective Date of this Agreement.

VII. REQUESTS FOR EXCLUSION

100. Any Settlement Class Member who wishes to be excluded from the Settlement Class must submit to Co-Lead Class Counsel a written request for exclusion ("Request for Exclusion") by U.S. mail and postmarked no later than forty-five (45) days from the Notice Date. Co-Lead Class Counsel will file a list of all valid Requests for Exclusion with the Court fourteen (14) days prior to the Fairness Hearing.

101. To be in proper form, the Request for Exclusion must (a) state the identity of the Policyholder; (b) state one or more of the Policyholder's Class Policy numbers, (c) state that the

Policyholder desires to be excluded from the Settlement Class, and (d) be signed by the Policyholder or by a person providing a valid power of attorney to act on behalf of such person or entity. If there are multiple Policyholders with respect to a single Class Policy (such as spouses) all owners must sign unless the signatory holds and submits a copy of a valid power of attorney to act on behalf of all owners of the Class Policy.

102. Co-Lead Class Counsel will maintain the Post Office Box to which Requests for Exclusion are required to be sent, monitor exclusion requests for accuracy and completeness, and request any needed clarification; provided, however, that Co-Lead Class Counsel shall, on a weekly basis at a time agreed upon by Parties' counsel, provide the Settlement Administrator and Banner and William Penn's Counsel an updated list of each Request for Exclusion received during the previous week, starting from the receipt of first Request for Exclusion through the date of the Fairness Hearing.

103. Every Settlement Class Member who does not file a timely and proper written Request for Exclusion in accordance with this Section VII shall be bound by all subsequent proceedings, orders, and judgments in the Consolidated Actions, even if he, she, or it has litigation pending or subsequently initiates litigation against Banner or William Penn (or any of the Released Parties) relating to the claims and transactions released in the Consolidated Actions.

VIII. OBJECTIONS TO THE SETTLEMENT

104. Any Settlement Class Member who has not filed a timely and proper written Request for Exclusion and who wishes to object to the fairness, reasonableness, or adequacy of the proposed Settlement must file with the Court a statement of objection, postmarked no later than forty-five (45) days after the Notice Date. Each such statement of objection must set forth:

- (a) the Settlement Class Member's full name, current address, telephone number, and applicable Class Policy number(s);
- (b) whether the Settlement Class Member objects to the Settlement, in whole or in part;
- (c) a statement of the legal and factual basis for the objection and include copies of any and all documents that the objecting Settlement Class member has and will submit in support of his/her position;
- (d) the number of times the objector has objected to a class action settlement within the five years preceding the date the objector files the objection, the caption of each case in which the objector has made such objection, and a copy of any orders related to or ruling upon the objector's prior such objections that were issued by the trial and/or appellate courts in each listed case; and
- (e) whether the Settlement Class Member and/or a representative for the Settlement Class Member will appear at the Fairness Hearing.

A Settlement Class Member who does not submit a timely and proper objection in accordance with this Settlement Agreement and the Class Notice, and as otherwise ordered by the Court, will not be treated as having filed a valid objection to the Settlement. The Class Notice will inform the Settlement Class of this requirement. Settlement Class Members may so object either on their own or through an attorney hired at their own expense. If a Settlement Class Member hires an attorney to represent him or her, the attorney must (a) file a notice of appearance with the Clerk of the Court no later than fourteen (14) days before the Fairness Hearing, and (b) send a copy of the same to Co-Lead Class Counsel and Banner and William Penn's Counsel by U.S. mail postmarked no later than fourteen (14) days before the date of the Fairness Hearing.

105. Any Settlement Class Member who timely files a proper written objection may appear at the Fairness Hearing in support of the objection, provided the notice of the intention to appear is given as specified in this Paragraph 105. Settlement Class Members or their attorneys who intend to make an appearance at the Fairness Hearing must file a notice of intention to appear with the Court no later than fourteen (14) days before the date of the Fairness Hearing. A Settlement Class Member who appears at the Fairness Hearing will be permitted to argue only those matters that were set forth in a written objection filed by such Class Member in accordance with Section VIII, Paragraph 104. No Settlement Class Member will be permitted to raise matters at the Fairness Hearing that the Settlement Class Member could have raised in a written objection, but failed to do so, and all objections to the Settlement that are not set forth in such a written objection are deemed waived. Any Settlement Class Member who fails to comply with the applicable provisions of this Settlement Agreement and the Class Notice, and as otherwise ordered by the Court, will be barred from appearing at the Fairness Hearing.

106. Any Settlement Class Member who fails to comply with the provisions of the preceding Paragraphs 104 and 105 of this Section VIII will waive and forfeit any and all rights he or she may have to appear separately and/or object, and will be bound by all the terms of the Settlement Agreement and by all proceedings, orders, and judgments in the Consolidated Actions.

107. The exclusive means for any challenge to the Settlement Agreement shall be through the provisions of this Section VIII. Without limiting the foregoing, any challenge to the Settlement Agreement, Final Order, or Final Judgment shall be pursuant to appeal under the Federal Rules of Appellate Procedure and not through collateral proceedings.

108. A Settlement Class Member's objection to the Settlement will not affect his or her rights to participate in the Settlement Relief.

109. Settlement Class Members may not both object and request exclusion from the Settlement.

110. The Parties may serve and file responses to written objections at least fourteen (14) days prior to the Fairness Hearing, or as otherwise directed by the Court.

IX. RELEASE AND WAIVER

111. In consideration of the promises and covenants of settlement between and among the Parties and as further contained in the Settlement Agreement (including, but not limited to, the consideration to the Settlement Class Members), the Releasors hereby expressly release and discharge the Released Parties from and against any and all claims, causes of action, debts, liabilities, damages, restitution, equitable, legal and administrative relief, known and unknown, at law or in equity, whether brought directly or indirectly, including any further claim to recovery or relief as a result of actions by any state or federal government agencies, arising out of or relating to the implemented or not implemented COI Rate Increases or any claims or causes of action that were or could have been alleged in the Consolidated Actions Complaints based on the same factual predicate, including but not limited to (a) the decision to implement or not implement the COI Rate Increases, (b) the design, development, implementation and administration of the COI rates in the Class Policies; (c) any alleged false, misleading, and/or fraudulent statements or omissions made in Policy Statements, Policy communications, marketing materials, Corporate Reports, and websites relating to the Class Policies' COI charges, account value, and/or Banner's or William Penn's financial condition; (d) the use of affiliated reinsurance transactions, special purpose financial captives and payment of extraordinary dividends as alleged in the *Dickman* and *Rich* complaints; and (e) any payments made in the past or future as a result of the implemented COI Rate Increases (collectively the "Released Claims"). Releasors hereby expressly further agree that

they will not now or hereafter institute, maintain, assert, join, or participate in, either directly or indirectly, on their own behalf, on behalf of a class, or on behalf of any other person or entity, any action or proceeding of any kind against Released Parties asserting the foregoing Released Claims.

112. In consideration of the promises and covenants of settlement between and among the Parties and as further contained in this Settlement Agreement (including but not limited to, the consideration to the Settlement Class Members), Banner and William Penn hereby expressly release and discharge Plaintiffs, Plaintiffs' Counsel, and Co-Lead Class Counsel, from and against any and all claims, causes of actions, debts, liabilities, damages, restitution, equitable, legal and administrative relief, known and unknown, in law or in equity, whether brought directly or indirectly, arising out of or relating to the filing, prosecution, or resolution of claims against Banner and William Penn alleged in the Consolidated Actions.

113. In connection with the foregoing releases, Releasors acknowledge that they are aware that they may hereafter discover claims or damages presently unknown or unsuspected, or facts in addition to or different from those which they now know or believe to be true, with respect to the Released Claims. Nevertheless, Releasors understand and agree that this release will fully, finally, and forever settle and release all claims and causes of action described in Paragraph 111, known or unknown, and which now exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action or proceeding) with respect to the Released Claims.

114. **RELEASORS EXPRESSLY UNDERSTAND THAT SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA PROVIDES:**

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF

EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

TO THE EXTENT THAT CALIFORNIA OR OTHER SIMILAR FEDERAL OR STATE LAW MAY APPLY (BECAUSE OF OR NOTWITHSTANDING THE PARTIES’ CHOICE OF LAW IN THIS AGREEMENT), RELEASORS HEREBY AGREE THAT THE PROVISIONS OF SECTION 1542 AND ALL SIMILAR FEDERAL OR STATE LAWS, RIGHTS, RULES, OR LEGAL PRINCIPLES, TO THE EXTENT THEY ARE FOUND TO BE APPLICABLE HEREIN, ARE HEREBY KNOWINGLY AND VOLUNTARILY WAIVED AND RELINQUISHED BY RELEASORS, AND RELEASORS HEREBY AGREE THAT THIS IS AN ESSENTIAL TERM OF THE RELEASE.

115. Class Representatives, Plaintiffs’ Counsel, and Class Counsel acknowledge that they have conducted sufficient independent investigation and discovery to enter into this Settlement Agreement.

116. The Parties agree and acknowledge that the release provisions of this Section IX together constitute an essential term of the Settlement Agreement.

117. Nothing in this Release shall preclude any action to enforce the terms of the Settlement Agreement, including participation in any of the processes detailed herein.

118. Nothing in this Settlement Agreement will be deemed to alter the Policies’ contractual terms, except to the extent such are altered by the award and/or implementation of Settlement Relief under this Settlement Agreement.

119. The Parties expressly agree that the provisions of this Section IX shall be, and may be raised as, a complete defense to and will preclude any action or proceeding encompassed by the Released Claims.

120. It is the intention of the Class Representatives, on behalf of themselves and the Settlement Class, in executing this Agreement, to fully, finally, and forever settle and release all Released Claims as defined under this Section IX.

X. ATTORNEYS' FEES AND LITIGATION EXPENSES

121. The Parties did not discuss the payment of attorneys' fees, costs, or expenses until after the Parties had agreed upon the substantive elements of the Settlement Agreement.

122. Co-Lead Class Counsel contemplate an application to the Court seeking approval of up to \$10 million in attorneys' fees from the Common Settlement Fund, in addition to costs, expenses, and service awards described in Section XI (the "Class Fee and Expense Application"). Banner and William Penn take no position regarding Plaintiffs' anticipated fee position.

123. The attorneys' fees, litigation expenses, and service awards approved by the Court based on the Class Fee and Expense Application will be set forth in a fee and expense order (the "Class Fee and Expense Order") separate from the Final Approval Order such that any appeal of one will not constitute an appeal of the other. No order of the Court, or modification or reversal or appeal of any order of the Court, concerning the amount(s) of any attorneys' fees, costs, or expenses awarded by the Court to Plaintiffs' Counsel shall operate to terminate or cancel this Settlement Agreement or otherwise delay the Final Approval Date or Final Settlement Date.

124. The attorneys' fees, costs, and expenses that are awarded by the Court shall be paid by the Settlement Administrator from the Common Settlement Fund to an account established by Co-Lead Class Counsel within fourteen (14) days after the occurrence of the Final Settlement Date. Thereafter, Co-Lead Class Counsel shall distribute the award of attorneys' fees, costs, and expenses among Plaintiffs' Counsel. The fee and expense award shall be allocated by Co-Lead Class Counsel among Plaintiffs' Counsel in a manner that Co-Lead Class Counsel in good faith

believe reflects the contributions of Plaintiffs' Counsel to the prosecution and settlement of the claims against Banner and William Penn in the Consolidated Actions. Disagreements, if any, among Plaintiffs' Counsel and any other counsel, if applicable, relating to their respective shares of any such fee and expense award will have no impact on the effectiveness or the implementation of this Settlement Agreement, nor will such disagreements increase, modify, or otherwise affect the obligations imposed upon Banner and William Penn by this Settlement Agreement. Any such disagreements will be resolved by the Court.

XI. SERVICE AWARDS

125. As part of the Class Fee and Expense Application, Co-Lead Class Counsel will apply to the Court for service awards from the Common Settlement Fund to the Class Representatives, in the amount of \$15,000 for each Richard Dickman and Kent Alderson, and \$7,500 for Lesley S. Rich, as trustee of the Richard S. Wallberg Insurance Trust. The purpose of such service awards will be to compensate Plaintiffs for their efforts undertaken on behalf of the Settlement Class. Such service awards will be paid by the Settlement Administrator from the Common Settlement Fund no later than fourteen (14) days after the creation of the Common Settlement Fund. No such award will in any way diminish or prejudice any Settlement Relief which a service award recipient is otherwise eligible to receive as a member of the Settlement Class.

126. No order of the Court, or modification or reversal or appeal of any order of the Court, concerning the amount(s) of any service awards awarded by the Court to Class Representatives shall affect whether the Final Order and Final Judgment are final or constitute grounds for cancellation or termination of the settlement, as long as any such service awards, if awarded, are paid from the Common Settlement Fund.

XII. FINAL APPROVAL AND IMPLEMENTATION OF THE SETTLEMENT

127. At or after the Fairness Hearing, and upon the Court's approval of the Settlement Agreement, the Parties will request from the Court entry of both (a) the Final Approval Order, and (b) the Class Fee and Expense Order.

128. The Final Approval Order proposed by the Parties will, *inter alia*: (a) approve the proposed Settlement and the Settlement Relief as fair, reasonable, and adequate; (b) dismiss the Consolidated Actions with prejudice pursuant to Federal Rule of Civil Procedure 41, with jurisdiction retained by the Court to enforce, administer, and/or interpret the terms of the Settlement Agreement, or for any other necessary purpose; (c) incorporate the Release set forth above, make the Release effective as of the date of the Final Settlement Date, and forever discharge the Released Parties as set forth herein; and (d) permanently enjoin all Settlement Class Members who do not execute and timely file a Request for Exclusion from the Settlement Class from filing, prosecuting, maintaining, continuing, intervening in, or participating in (as a class member or otherwise) litigation based on or related to the claims or facts alleged in the Consolidated Actions.

129. The Class Fee and Expense Order will award Plaintiffs' Counsel attorneys' fees and litigation expenses to be paid from the Common Settlement Fund and approve the service awards to Plaintiffs to be paid from the Common Settlement Fund, with jurisdiction retained by the Court to enforce the terms of the Class Fee and Expense Order.

130. Less the deductions for the amounts that would have been distributed under the formula set forth in Paragraph 86(a) to those Policyholders requesting exclusion from the Settlement Class, Banner and William Penn will fund the Common Settlement Fund within thirty (30) days of the Final Settlement Date, to be distributed to all Settlement Class Members and/or any awards described in Paragraph 129 within sixty (days) days of the Final Settlement Date.

131. The Common Settlement Fund amount, reduced by the amounts that would have been distributed under the formula set forth in Paragraph 86(a) to those Policyholders requesting exclusion from the Settlement Class, represents the maximum amount of Banner and William Penn's cash contribution under this Settlement Agreement, inclusive of any awards discussed in Paragraph 129 and any amounts due to the Settlement Administrator.

XIII. MODIFICATION OR TERMINATION OF THE SETTLEMENT AGREEMENT

132. The terms and provisions of this Settlement Agreement may be amended, modified, or expanded by written agreement of the Parties and approval of the Court; provided however the Parties may by agreement effect such amendments, modifications, or expansions of this Settlement Agreement and its implementing documents (including the exhibits hereto) without notice to or approval by the Court if such changes (a) are consistent with the Court's Preliminary Approval Order, the Court's Final Approval Order, or the Court's Class Fee and Expenses Order, and (b) do not unreasonably limit the rights of Settlement Class Members under this Settlement Agreement.

133. This Settlement Agreement will terminate at the sole option and discretion of Banner and William Penn or Plaintiffs if: (a) the Court or an appellate court(s) with jurisdiction over any appeal taken from the Court, rejects, modifies, or denies preliminary or final approval of any material portion of this Settlement Agreement; or (b) the Court, or any appellate court(s) with jurisdiction over any appeal take from the Court, does not enter or completely affirm, or modifies, alters, narrows, or expands any material portion of the Final Approval Order. The terminating Party must exercise the option to withdraw from and terminate this Settlement Agreement, as provided in this Paragraph 133, in writing no later than fourteen (14) days after receiving notice of the event prompting the termination. The Parties will be returned to their *status quo ante*.

134. Notwithstanding the preceding Paragraph 133, no Party may terminate this Agreement based solely on the amount of attorneys' fees and expenses awarded or approved by the Court or any appellate court(s).

135. Notwithstanding anything in this Settlement Agreement, if the total number of persons and/or entities in the Settlement Class who submit Requests for Exclusion from the Class or on whose behalf requests for such Request for Exclusion are submitted, exceeds the number set forth in the Confidential Termination Agreement between the Parties executed and delivered as of the Execution Date, Banner and William Penn will have the option, in their sole and absolute discretion, to withdraw from the Settlement and terminate this Settlement Agreement in writing no later than thirty (30) days from the close of the exclusion period. The Confidential Termination Agreement may be disclosed to the Court *in camera* should the Court so request. Otherwise, the Parties agree to keep the content of the Confidential Termination Agreement referenced in this Paragraph 135 strictly confidential.

136. With the exception of the Confidential Termination Agreement, Banner and William Penn may disclose the terms of the Settlement as necessary in its public disclosures and press releases or to its shareholders, rating agencies, regulators, or accountants. Nonetheless, prior to the release of any public statement, Banner and William Penn must provide all Parties a copy of the proposed statement to allow for review, commentary, and suggestions, and efforts will be made to resolve any and all concerns

137. With the exception of the Confidential Termination Agreement, Plaintiffs may disclose the terms of the Settlement publicly as Co-Lead Class Counsel deems reasonably appropriate and necessary to effectuate the Settlement, or as necessary to comply with applicable laws or regulations. Nonetheless, prior to the release of any public statement, Plaintiffs and/or Co-

Lead Class Counsel must provide all Parties a copy of the proposed statement to allow for review, commentary, and suggestions, and efforts will be made to resolve any and all concerns.

138. If an option to withdraw from and terminate this Settlement Agreement arises under Paragraph 135: (a) neither Banner, William Penn, nor Plaintiffs are required for any reason or under any circumstance to exercise that option; and (b) any exercise of that option must be made in good faith.

139. If this Agreement is terminated pursuant to the preceding paragraphs in this Section XIII, then:

- a. This Settlement Agreement will be null and void and will have no force or effect, and no party to this Agreement will be bound by any of its terms;
- b. All Parties will bear their own costs and expenses incurred in connection with the terminated settlement approval process;
- c. Released Parties expressly and affirmatively reserve all defenses, arguments, and motions as to the maintenance of the Consolidated Actions as a class action and/or all claims that have been or might later be asserted in the Consolidated Actions;
- d. Plaintiffs expressly and affirmatively reserve all arguments, assertions and all motions as to all claims that have been or might later be asserted in the Consolidated actions;
- e. All provisions of this Settlement Agreement, and all negotiations, statements, and proceedings relating to this Settlement Agreement, will be without prejudice to the rights of Banner, William Penn, Plaintiffs, or any Settlement Class Member, all of whom will be restored to their respective positions existing immediately before the Execution Date;

- f. The Parties agree, to the maximum extent permitted by law, that all agreements made and orders entered during the course of the Consolidated Actions relating to the confidentiality of information shall survive this Agreement; and
- g. This Settlement Agreement, the fact of its having been made, the negotiations leading to it, and/or any action taken by a Party or Settlement Class Member pursuant to this Agreement will not be admissible or entered for any purpose whatsoever in the Consolidated Actions and any other legal proceeding

XIV. GENERAL MATTERS AND RESERVATIONS

140. The Parties and the Parties' Counsel agree that their discussions and the information exchanged in the course of negotiating this Settlement are confidential under the terms of the term sheet agreement signed by the Parties in connection with the mediation sessions with the Mediator and follow-up negotiations between the Parties' Counsel. Such exchanged information was made available on the condition that neither the Parties nor their counsel may disclose it to third parties (other than experts or consultants retained by the Parties in connection with the Consolidated Actions), and that it not be publicly disclosed or used by the Parties in connection with the Consolidated Actions should it not settle, or in any other proceeding; provided, however, that, subject to the parties' Mediation Confidentiality Agreement, nothing contained herein will prohibit the Parties from seeking such information through formal discovery if not previously requested through formal discovery or from referring to the existence of such information in connection with the Settlement of Consolidated Actions if the disclosing Party agrees to such disclosure.

141. The Parties and the Parties' Counsel agree that the Confidential Information made available to them through the discovery process was made available on the condition that neither the Parties nor their counsel may disclose it to third parties except in accordance with the terms of

the Stipulated Protective Order. The Parties agree that all such documents must be destroyed within fifteen (15) days of the Final Settlement Date.

142. The Parties will attempt to resolve any disputes that may arise concerning the interpretation of this Settlement Agreement in good faith. The Parties agree to mediate any disputes regarding the interpretation of this Settlement Agreement or exhibits attached hereto with the Mediator prior to seeking Court involvement. If the Parties fail to resolve the dispute after mediation, the Court retains jurisdiction to resolve such disputes without regard to any mediator recommendation.

143. Plaintiffs represent and certify that: (a) they have agreed to serve as representatives of the Settlement Class proposed to be certified for settlement purposes herein; (b) they remain willing, able, and ready to perform all of the duties and obligations of a representative of the Settlement Class; (c) they are familiar with the allegations in their respective Actions, including the complaints, or have had the contents of such allegations described or conveyed to them; (d) they have consulted with Plaintiffs' Counsel about their respective Actions (including discovery conducted in the Consolidated Actions), this Settlement Agreement, and the obligations as class representatives; (e) they have authorized Co-Lead Class Counsel to execute this Settlement Agreement on their behalf; and (f) they will remain and serve as a representative of the Settlement Class until the terms of this Settlement Agreement are effectuated and fully implemented, this Settlement Agreement is terminated in accordance with its terms, or, with respect to an individual Plaintiff, the Court at any time determines that said Plaintiff cannot represent the Settlement Class.

144. The undersigned Banner and William Penn representatives represent that they are authorized to enter into this Settlement Agreement on behalf of Banner and William Penn.

145. This Settlement Agreement, including any exhibits hereto, which are an integral part of this Settlement Agreement, sets forth the entire agreement among the Parties with respect to its subject matter, and it may not be altered or modified except by written instrument executed by all Parties' Counsel or authorized representatives. The Parties expressly acknowledge that no other agreements, arrangements, or understandings not expressed or referred to in this Settlement Agreement exist among or between them.

146. The terms "he" or "she" and "his" or "her" include "it" or "its," where applicable. Defined terms expressed in the singular also include the plural form of such term, and vice versa, where applicable.

147. This Settlement Agreement and any ancillary agreements will be governed by and interpreted in accordance with the laws of the State of Maryland, without reference to its choice of law or conflict of laws rules.

148. Whenever this Settlement Agreement requires or contemplates that one Party will or may give notice to the other, notice will be provided by e-mail and/or next-day (excluding Saturday and Sunday) express delivery service as follows:

If to Banner and/or William Penn, then to:

Timothy O'Driscoll
Drinker Biddle & Reath LLP
One Logan Square, Ste. 2000
Philadelphia, PA 19103-6996
Tel: (215) 988-2865
Fax: (215) 988-2757
Email: Timothy.ODriscoll@dbr.com

Christopher Petillo
Drinker Biddle & Reath LLP
One Logan Square, Ste. 2000
Philadelphia, PA 19103-6996
Tel: (215) 988-3355
Fax: (215) 988-2757

Email: Christopher.Petillo@dbi.com

If to Plaintiffs, then to:

W. Daniel “Dee” Miles
Beasley, Allen, Crow, Methvin, Portis & Miles, P.C.
218 Commerce Street
Montgomery, AL 36104
Tel: (334) 269-2343
Fax: (334) 954-7555
Email: Dee.Miles@beasleyallen.com

George Walton Walker, III
2138 Moores Mill Road, Ste. A
Auburn, AL 36830
Tel: (706) 322-6226
Fax: (706) 322-6221
Email: gwwalker@thefinleyfirm.com

149. All time periods set forth herein will be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by this Settlement Agreement or by order of court, the day of the act, event, or default from which the designated period of time begins to run will not be included. Each other day of the period to be computed will be included, including the last day thereof, unless such last day is a Saturday, a Sunday, or a legal holiday, or when the act to be done is the filing of a paper in court, a day on which weather or other conditions have made the office of the Clerk of the Court inaccessible, in which event the last day of the period will be the next day that is not one of the aforementioned days. As used in this paragraph, “legal holiday” includes New Year’s Day, Martin Luther King, Jr. Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day, and any other day appointed as a holiday by the President or the Congress of the United States.

150. The Parties reserve the right to agree between themselves on any reasonable extensions of time that might be necessary to carry out any of the provisions of this Settlement Agreement.

151. The Parties agree that (a) this Settlement Agreement is clear and unambiguous, has been drafted and negotiated by counsel for the Parties at arm's-length, and will not be construed more strictly against any of the Parties; and (b) no parol or other evidence may be offered to explain, construe, contradict, or clarify the terms of this Settlement Agreement, the intent of the Parties or their counsel, or the circumstances under which this Settlement Agreement was made or executed.

152. Banner and William Penn represent, warrant, and covenant, as to the payments made by or on behalf of Banner and/or William Penn, at the time of such payment that Banner and/or William Penn made or caused to be made pursuant to this Settlement Agreement, it was not insolvent, nor will the payment required to be made by or on behalf of Banner and/or William Penn render Banner and/or William Penn insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code.

153. Neither this Settlement Agreement nor any of the relief to be offered under the proposed Settlement will be interpreted to alter in any way the contractual terms of any Policy, or to constitute a novation of any Policy, except as expressly provided by this Settlement Agreement or the relief granted in accordance with the terms of this Settlement Agreement. This Settlement Agreement does not, and will not be deemed to, create any fiduciary or similar relationship between Banner and/or William Penn and any of their current, past, or prospective policyholders or contract owners. This Settlement Agreement does not impose, and will not be deemed to impose, any fiduciary or other similar duty on Banner or William Penn, and Banner and William

Penn expressly disclaim any fiduciary or other similar duties. The duties and obligations assumed by Banner and William Penn as a result of this Settlement Agreement are limited to those expressly set forth in this Settlement Agreement.

154. Punitive or exemplary damages are not available to any Settlement Class Member under the proposed Settlement described in this Settlement Agreement, and none of the proposed Settlement Relief shall include or constitute, or be deemed to include or constitute, punitive or exemplary damages.

155. No opinion concerning the tax consequences of the proposed Settlement to any person or entity in the Settlement Class is given or will be given by Banner, William Penn, counsel for Banner and William Penn, or counsel for Plaintiffs and the Settlement Class, nor are any representations or warranties in this regard made by virtue of this Settlement Agreement. The Class Notice will direct persons and entities in the Settlement Class to consult their own tax advisors regarding the tax consequences of the proposed Settlement, including the tax consequences of any payments, credits, and payment periods provided for hereunder, and any tax reporting obligations they may have with respect thereto. The tax obligations of each Settlement Class Member, and the determination thereof, are the sole responsibility of each such person and entity, and it is understood that the tax consequences of the Settlement may vary depending on the particular circumstances of each such person and entity.

156. The Parties, their successors and assigns, and their attorneys undertake to implement the terms of this Settlement agreement in good faith and to use good faith in resolving any disputes that may arise in the implementation of the terms of this Agreement.

157. The Parties, their successors and assigns, and their attorneys agree to cooperate fully with one another in seeking court approval of this Settlement Agreement and in preparing all

final approval papers and to use their commercially reasonable best efforts to affect the prompt consummation of this Settlement Agreement and the proposed Settlement.

158. This Settlement Agreement may be signed in counterparts, each of which will constitute a duplicate original.

For Plaintiffs Richard Dickman, Kent Alderson, and Lesley S. Rich (as trustee for the Richard S. Wallberg Insurance Trust)

Agreed to on this 3rd day October, 2019



W. Daniel "Dee" Miles, III
BEASLEY, ALLEN, CROW, METHVIN,
PORTIS & MILES, P.C.
Interim Co-Lead Class Counsel for Plaintiffs



George W. Walker, III
THE FINLEY FIRM, P.C.
Interim Co-Lead Class Counsel for Plaintiffs

For Defendants Banner Life Insurance Company and William Penn Life Insurance Company of New York:

Agreed to on this 3rd day October, 2019

Bryan R. Newcombe
Vice President, Secretary, & General Counsel

For Plaintiffs Richard Dickman, Kent Alderson, and Lesley S. Rich (as trustee for the Richard S. Wallberg Insurance Trust)


Agreed to on this 3rd day October, 2019

W. Daniel "Dee" Miles, III
BEASLEY, ALLEN, CROW, METHVIN,
PORTIS & MILES, P.C.
Interim Co-Lead Class Counsel for Plaintiffs

George W. Walker, III
THE FINLEY FIRM, P.C.
Interim Co-Lead Class Counsel for Plaintiffs

For Defendants Banner Life Insurance Company and William Penn Life Insurance Company of New York:

Agreed to on this 3rd day October, 2019



Bryan R. Newcombe
Vice President, Secretary, & General Counsel

Exhibit A

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT AND
FAIRNESS HEARING**

If you are or were the owner of any of the following universal life insurance policies from Banner Life Insurance Company or William Penn Life Insurance Company of New York you may receive important monetary and additional benefits from a proposed class action settlement:

Advantra, Advantra Opterm20, Advantra Opterm20UL, Advantra ADV0205, Classic UL, Continuity, Continuity 98, Continuity 100, Life Umbrella, Life Umbrella Classic, Life Umbrella 120, Longevity 100 Sterling 1

*A United States District Court authorized this notice.
This is not a solicitation from a lawyer. You are not being sued.*

**YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR DO NOT ACT.
PLEASE READ THIS NOTICE CAREFULLY.**

You received this Notice because you have been identified by Banner Life Insurance Company or William Penn Life Insurance Company of New York (referred to in this Notice as “Banner” or “William Penn,” respectively) as a current or former owner of a life insurance policy that is included in the proposed Settlement of two class action lawsuits (collectively, the “Consolidated Lawsuits”) against Banner and William Penn. The Court directed that this Notice be sent to you because you have the right to know about the proposed Settlement, and your rights and options under the proposed Settlement, before the Court decides whether to approve it.

This Notice explains the Consolidated Lawsuits, the proposed Settlement, your potential legal rights under the Settlement, the benefits included in the proposed Settlement, who is eligible for the proposed Settlement benefits, and when the Settlement benefits will become available if the Court approves the proposed Settlement.

You should consult your own tax advisors regarding the possible tax consequences of the proposed Settlement, including any payments you may receive and any tax reporting obligations you may have as a result. You also may want to consult with your own insurance agent or consultant regarding your own Policy and the implications of the Proposed Settlement for your Policy.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
YOU CAN DO NOTHING IN RESPONSE TO THIS NOTICE	<p>If you do nothing in response to this Notice, and the proposed Settlement is approved by the Court, you will receive the Settlement benefits to which you are entitled, as explained in detail in response to Question 9 on pages 8-9.</p> <p>You will also be bound by the Release described in response to Question 13, which means you will give up any right to bring your own lawsuit relating to any of the claims, facts, circumstances or transactions that were or could have been raised in the Consolidated Lawsuits.</p>
ASK TO BE EXCLUDED	<p>If you ask to be excluded from the Settlement Class, you will receive no monetary or injunctive benefits from the Settlement, but you will retain your right to initiate or participate in any other lawsuit against Banner or William Penn about the facts and claims in this case.</p>
OBJECT	<p>If you disagree with any part of the proposed Settlement, you may write to the Court to object and explain why. Any objection must comply with all of the requirements in this Notice, which are described in detail in response to Question 19 on pages 13-15.</p> <p>The Court will consider all timely and properly-submitted objections at the Fairness Hearing. The deadline for any objection is [date]. Lodging an objection does not exclude you from the proposed Settlement. If the proposed Settlement is approved despite your objection, you will receive the Settlement benefits to which you are entitled and you will be bound by the Release described in response to Question 13 on pages 10-11.</p>
SPEAK AT THE FAIRNESS HEARING	<p>You are not required to hire your own counsel and/or attend or speak at the Fairness Hearing. If you have timely and properly objected to the Settlement, the Court will consider your objection without any requirement that you attend the Fairness Hearing. If you wish, you may write to the Court to request permission to speak at the Fairness Hearing, by following the directions in this Notice (<i>see</i> Question 23 on</p>

	pages 16-17). The Fairness Hearing is presently scheduled for [date and time].
CONSULT WITH YOUR OWN ATTORNEY	The lawyers appointed by the Court will represent the Settlement Class Members in this action, including with respect to this proposed Settlement, at no charge to you. If you want to hire your own attorney at your own expense, you have the right to do so.
BINDING EFFECT	If the Court approves the proposed Settlement and it becomes final, the Settlement will have a binding effect on all Settlement Class Members. Settlement Class Members will give up all rights to sue Banner and William Penn, as well as certain other related parties, concerning the claims, facts, circumstances or transactions that were or could have been raised in the Consolidated Lawsuits. This is known as a “release” and it is described further in this Notice in response to Question 13 on pages 10-11.

- These rights and options – and the procedures and deadlines to exercise them – are explained in more detail below. Please note that this Notice is only a summary of the proposed Settlement. For the complete terms and conditions of the proposed Settlement, you should read the Settlement Agreement, which was filed with the Court and is available from the Settlement Administrator ([toll-free telephone]) or the official Settlement website ([web address]).
- The Court in charge of this case must still decide whether to approve the Settlement. **Settlement benefits will be available only if and after the Court approves the Settlement and that approval order becomes final. Please be patient.**
- If this Notice was not sent to your current address, please update your address by completing and returning the enclosed Change of Address Form, or by submitting an address update online at the Settlement website, at [address change URL].

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BASIC INFORMATION

1. Why did I get this Notice?

You received this Notice because you have been identified by Banner and William Penn as a current or former owner of an insurance policy that is included in the proposed Settlement of the Consolidated Lawsuits against Banner and William Penn. The Court directed the parties to send you this Notice so that you know about the proposed Settlement and the rights and options you have under the proposed Settlement before the Court decides whether to approve it. If the Court approves the Settlement, the Settlement benefits described in this Notice will be provided to the members of the Settlement Class who do not exclude themselves from the Settlement.

The Consolidated Lawsuits are pending before the United States District Court for the District of Maryland, in Baltimore, Maryland. The Consolidated Lawsuits are: *Richard Dickman and Kent Alderson v. Banner Life Insurance Company*, No. 1:16-cv-00192 and *Lesley S. Rich, trustee for the Richard S. Wallberg Insurance Trust v. William Penn Life Insurance Company of New York*, No. 1:17-cv-02026 (consolidated as *Dickman v. Banner Life Insurance Co.*, No. 1:16-cv-00192). The people who brought the Consolidated Lawsuits are referred to in this Notice as the “Named Plaintiffs.”

This Notice describes the claims asserted in the Consolidated Lawsuits, the proposed Settlement, your legal rights, the benefits that are available, who is eligible for them, and when they will be made available. This Notice is only a summary. If you wish to review the full terms and conditions of the Settlement, you can obtain a copy of the Settlement Agreement by contacting the Settlement Administrator or visiting the Settlement website. *See* Question 9 on page 9.

2. What are these lawsuits about?

The Named Plaintiffs contend that Banner unjustifiably increased the cost of insurance (“COI”) rate scales on certain universal life products beginning in July 2015 and William Penn on other universal life products beginning in February 2016, and that these increases were unlawful and in violation of the terms of the Policies (the “COI Rate Increases”). The Named Plaintiffs also contend that Banner and William Penn misrepresented facts to policyholders about the Policies’ COI charges and account value, the reasons for the COI Rate Increases, and Banner and William Penn’s financial condition. Banner and William Penn deny all of these contentions and maintain that they did nothing wrong in adopting the challenged COI Rate Increases and did not make any misrepresentations.

3. What is a “Cost of Insurance Rate Scale”?

The Banner and William Penn Policies are a type of universal life insurance. Universal life insurance policies typically combine a death benefit component (the amount paid upon the death of the insured) with a savings component, which Banner and William Penn call an “account value.”

Policyholders pay periodic premiums to Banner and William Penn that help build their policies' account value, which are guaranteed to earn interest at no less than the minimum rate set in the Policies. The Policies give policyholders flexibility in the amount of premiums to be paid, so long as the account value is sufficient to cover the Cost of Insurance and other items charged monthly by Banner and William Penn, which are called the "Monthly Deduction." Banner and William Penn calculate the Monthly Deduction by adding the Cost of Insurance, the monthly cost of any additional riders or benefits, and a policy fee. The Cost of Insurance is determined by multiplying (a) the difference between a factor of the policy's death benefit and the account value by (b) a factor Banner and William Penn call the "Cost of Insurance Rate." The Cost of Insurance Rate may increase each year as an insured ages and the company may increase the Cost of Insurance Rate scale to which the Cost of Insurance Rate is tied.

In the Consolidated Lawsuits, the Plaintiffs challenged the COI Rate Increases that Banner and William Penn announced in 2015 and implemented in 2015 and 2016, which increased the Cost of Insurance Rate scales that were then in effect.

4. What is a class action?

In a class action, one or more people sue on behalf of themselves and other people with similar claims. If the court certifies the group as a class, the court can thereafter resolve the disputed issues in a single lawsuit for all members of the class, either by trial, a motion or through a settlement.

In the Consolidated Lawsuits, the Named Plaintiffs, on the one hand, and Banner and William Penn, on the other hand, reached the proposed Settlement after participating in a mediation before an experienced and highly qualified mediator. As part of the proposed Settlement, the parties have requested the Court to certify a Settlement Class including all Policies that were affected by the COI Rate Increases, whether in-force ("In-Force Policy") or that lapsed, matured or were surrendered ("Terminated Policy"), and all In-Force Policies that were considered for, but not affected by the COI Rate Increases. The Court has not yet certified the Settlement Class, but will be asked to do so as part of this Settlement. The Court has preliminarily appointed the Named Plaintiffs to serve as the Class Representatives for the Settlement Class, and preliminarily appointed Class Counsel to represent the Settlement Class in connection with the settlement approval process.

5. Why is there a Settlement?

The Court has not decided the claims in favor of either the Named Plaintiffs or Banner and William Penn. Instead, both sides have compromised and agreed to a settlement. The Settlement Agreement, if approved, will resolve the claims alleged in the Consolidated Lawsuits. Class Counsel have advised the Court that the Settlement is the result of extensive, arm's-length negotiations between Class Counsel and Banner and William Penn, with the assistance of an experienced mediator, and is based upon a thorough examination of the legal and factual issues raised in the Consolidated Lawsuits, the information obtained over the course of the litigation, the inevitable costs and delays associated with continued litigation, and the risk that Settlement Class members might receive nothing if the litigation were to proceed. By agreeing to settle, both sides avoid the cost and risk of a trial and appeal, and the Settlement Class members will receive compensation much sooner than they otherwise would were the Named Plaintiffs to prevail.

The Class Representatives and Class Counsel believe the Settlement is in the best interests of the Settlement Class. The Settlement does not mean that Banner and William Penn have conceded that they did anything wrong. If the Settlement is approved by the Court, members of the Settlement Class will be entitled to receive the Settlement benefits described below. In return, the Consolidated Lawsuits will be dismissed, and Settlement Class members will not be able to sue Banner and William Penn based upon the COI Rate Increases that were at issue in the Consolidated Lawsuits, which will be dismissed, and any facts, circumstances or transactions that were or could have been raised in the Consolidated Lawsuits.

WHO IS COVERED BY THE SETTLEMENT

6. How do I know if I am part of the Settlement Class?

Subject to the exceptions listed in response to Question 8 on page 8, the Settlement Class certified by the Court in the Consolidated Lawsuits consists of all persons or entities who own a Banner or William Penn In-Force Policy subject to the COI Rate Increases or owned a Banner or William Penn Terminated Policy subject to the COI Rate Increases implemented by Banner and William Penn during 2015 and 2016, and all persons or entities who own a Banner or William Penn policy that was considered for a COI Rate Increase in 2015. As used hereinafter, the term "Settlement Class Policies" means all Policies among the Settlement Class who do not exclude themselves from the Settlement.

Anyone who would otherwise be a member of the Settlement Class, but who decides to "opt out" of the Class (*see* Question 14 on pages 11-12) will not be included in the Settlement Class and will not receive the benefits of the Settlement and will not be bound by Release.

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

If you are not sure whether you are included in the Settlement Class, you can ask for free help. You can contact the Settlement Administrator by mail, toll-free telephone, email, or via the

Settlement website. This contact information appears below. *See* Question 9 on page 9.

If you are not sure whether you purchased one or more of the Policies, you may be able to make this determination yourself by reviewing various documents that Banner and William Penn previously sent to you concerning your policy, such as correspondence, annual policy statements, and illustrations.

8. Are there exceptions to being included in the Settlement Class?

Yes. There are five categories of exceptions to being included in the Settlement Class. If you fall within any of these categories (or if you are a subsequent owner, co-owner or beneficiary of a Settlement Class Policy owned by such excluded person), you are not a member of the Settlement Class:

1. The Honorable Richard D. Bennett, United States District Court Judge of the District of Maryland (or other Circuit, District, or Magistrate Judge presiding over the Consolidated Actions through which this matter is presented for settlement) and court personnel employed in Judge Bennett's (or other such Judge's) chambers or courtroom.
2. Banner, William Penn, and their parents, affiliates, subsidiaries, successors, predecessors, and any entity in which Banner or William Penn has a controlling interest and their current or former officers and directors (except to the extent Banner, William Penn, or such other entity is the owner of a Policy held for the benefit of an individual who is not otherwise excluded from membership in the Settlement Class);
3. Any officer or director of Banner or William Penn reported in their Corporate Reports during the Class Period, or entity in which Banner or William Penn had a controlling interest at any relevant time, any member of those persons' immediate families and legal affiliates, heirs, controlling persons, agents, successors and predecessors in interest or assigns of any such excluded person or entity;
4. Policyholders who properly execute and timely file a Request for Exclusion from the Settlement Class.
5. The legal representatives, successors, or assigns of any of the foregoing excluded Banner or William Penn policyholders (but only then in their capacity as legal representative, successor, or assignee).

THE SETTLEMENT BENEFITS

9. What does the Settlement provide?

Banner and William Penn will pay \$22.5 million dollars into a Common Settlement Fund to be allocated among members of the Settlement Class who were affected by the COI Rate Increases.

Banner and William Penn have also agreed that they will not impose any future increases to the COI Rate scale currently in effect on any Settlement Class Policy within five (5) years of the date of the Settlement Agreement, unless ordered to do so by a state regulatory body.

Under the proposed Settlement, Banner and William Penn have also agreed not to:

- Void, rescind, cancel, have declared void, or otherwise deny coverage or death claims submitted under the Settlement Class Policies based on:
 - A lack of valid insurable interest under any applicable law or equitable principles; or
 - Any misrepresentations made on the original application while applying for the policies.

Under the proposed Settlement, Banner and William Penn have also agreed to add (45) days to the length of the Policies' Grace Period for all In-Force Policies with an Advantra Opterm20 (Banner), Advantra Opterm20UL (Banner), Advantra ADV02/05 (Banner), Life Umbrella 120 (Banner), and Life Umbrella 120 (William Penn) policy.

Finally, subject to applicable regulations, Banner and William Penn has agreed to provide to Settlement Class Members, upon request and at no cost to the Settlement Class Member, an illustration depicting the impact of the Settlement Relief on the anticipated future performance of their respective in-force Class Policies following the Court's approval of the Settlement. Settlement Class Members may make such a request by contacting the Settlement Administrator.

The non-monetary settlement relief has been valued by actuaries as conferring a \$18,249,525 benefit on class members. This results in a total Settlement value of \$40,749,525.

More details regarding each of the foregoing Settlement benefits are set forth in the Settlement Agreement, which is available at [\[insert website\]](#) or by writing to the Settlement Administrator:

[\[settlement administrator address\]](#)

10. How do I participate in the Settlement? Do I need to make a claim?

Members of the Settlement Class do not have to do anything to receive the Settlement benefits to which they are entitled. Banner and William Penn will calculate the amount that is payable to Settlement Class Members (*see* Question 9 on page 8). Banner and William Penn will then either (a) credit the account value of Settlement Class Policies that are in-force, or (b) cause the Settlement Administrator to send a check in the case of a Terminated Policy. No claim forms need to be filed. If you opt-out of the Settlement and it is approved, you will not benefit from either the monetary or the additional benefits described the answer to Question 9 above.

11. Will I receive a payment? How much will my payment be?

After the payment of Settlement Administrator fees and Court-approved attorney's fees and litigation expenses, the remaining Common Settlement Fund will be distributed to Settlement Class Members on a *pro rata* (or proportional) basis in a manner that generally corresponds to the COI deducted from the account value of the Policy as a result of the COI Rate Increases. Settlement Class Members will receive an amount based generally on the difference between (a) the COI withdrawn from the account value of a Settlement Class Policy after the COI Rate Increases went into effect and (b) the COI that would have been withdrawn under the prior COI Rate Scale that would have applied but for the COI Rate Increases. Payments to Settlement Class Members will be distributed as follows:

- Settlement Class Members with an In-Force Policy will be paid their share of the Common Settlement Fund by deposit made by Banner or William Penn directly into the account value of each Policy.
- Settlement Class Members with a Terminated Policy will be paid their share of the Common Settlement Fund by check.

The Settlement Agreement provides that no Settlement Class Member will receive a payment less than \$100.

The actual amount available for each eligible Settlement Class Member will not be determined until after [REDACTED] and may not be determined until after the Settlement is final (that is, until there is no possibility of the Court's approval of the Settlement being reversed on appeal).

You should consult your own tax advisors regarding the tax consequences of the proposed Settlement, including any payments you may receive and any tax reporting obligations you may have as a result. You may also want to consult with your own insurance agent, and/or another insurance consultant regarding how this Settlement affects your own Policy under your specific circumstances.

12. When will I receive my payment?

Settlement Class Members who are entitled to payments will receive their payments after the Court grants final approval to the Settlement and after appeals, if any, are resolved and the Settlement is approved by the appellate courts (*see* Question 24 on page 17). If there are appeals, resolving them can take considerable time.

13. What am I giving up to stay in the Settlement Class?

Unless you exclude yourself, all of the decisions by the Court will bind you and, if the Settlement becomes final, you will give up your right to sue Banner and William Penn and certain other parties for the conduct alleged in the Consolidated Lawsuits, as described in Section IX of the Settlement Agreement (“the Release”).

The Release extends to all claims that were asserted, or that could have been asserted, in the Consolidated Lawsuits relating to the COI Rate Increases, the alleged misrepresentations made by Banner and William Penn to policyholders concerning the Policies’ COI charges and account value, the reasons for the COI Rate Increases, and Banner and William Penn’s financial condition, including, without limitation, all claims, damages, and administrative relief, known and unknown, as well as any further claim to recovery or relief that might become available as a result of actions by any state or federal government agencies.

The Release does not cover challenges to any future COI Rate Scale increases imposed by Banner and William Penn, except with respect to the protections provided to Settlement Class Members under the Settlement Agreement (*see* Question 9 on pages 8-9). And the Release does not bar claims arising from any failure by Banner and William Penn to pay future death benefits owed under a Settlement Class Policy.

Members of the Settlement Class expressly waive any and all rights that they may have under any law that would limit the release to claims that are actually known or suspected to exist at the time of the Settlement. Therefore, the provisions of Section 1542 of the California Civil Code, which provides as follows, will not apply: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

The Settlement Agreement, which defines the Release, is available at [\[insert url\]](#) and describes the claims that you give up if you remain in the Settlement. If you have any questions you can talk to the law firms listed in Question 17 for free, or you can of course talk to your own lawyer.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don’t want to receive any payment or other benefits from the Settlement, and/or you want to keep the right to sue Banner or William Penn about the issues in the Consolidated Lawsuits, then you must take steps to remove yourself from the Settlement Class. Requesting exclusion from a class is sometimes referred to as “opting out” of the class.

14. How do I exclude myself from the Settlement Class and receive no benefits?

To exclude yourself, mail a letter (your “Exclusion Request”) to Class Counsel that says “I want to be excluded from the Settlement Class in *Dickman v. Banner Life Ins. Co., No. 1:16-cv-00192-RDB*.” You are required to include your name (or the name of the company or entity that owns the Banner or William Penn policy), the account or policy number of each of your Banner and William

Penn Policies that you want to be excluded, your address and signature. If there are multiple policyholders with respect to a single Policy (such as spouses), all must sign unless the signatory holds a valid power of attorney to act on behalf of all owners of the Policy. If you own multiple Policies, you must identify each policy number for each Policy to be excluded from the class.

TO BE EFFECTIVE, YOUR EXCLUSION REQUEST MUST BE MAILED TO THE FOLLOWING ADDRESS, POSTMARKED NO LATER THAN 45 DAYS AFTER MAILING OF NOTICE:

W. Daniel "Dee" Miles, Esq.
Beasley, Allen, Crow Methvin, Portis & Miles, P.C.
218 Commerce Street
Montgomery, AL 36104

15. If I do not exclude myself, can I sue Banner and William Penn for the same thing later?

No. Unless you exclude yourself from the Settlement Class, you give up the right to sue Banner and William Penn for the claims described in the Release (*see* Question 13 on pages 10-11).

16. If I exclude myself, can I still get the Settlement Benefits?

No. You will not receive any of the Settlement benefits if you exclude yourself from the Settlement Class.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in the case?

Yes. The Court preliminarily appointed two lawyers and their law firms to represent the Settlement Class with respect to this lawsuit:

W. Daniel "Dee" Miles, Esq.
**BEASLEY, ALLEN, CROW, METHVIN,
PORTIS & MILES, P.C.**
272 Commerce Street
Post Office Box 4160 (36103)
Montgomery, AL 36104
Telephone: 334-269-2343
Facsimile: 334-954-7555
dee.miles@beasleyallen.com

George W. Walker, III, Esq.
2138 Moores Mill Road, Suite A
Auburn, AL 36830
Telephone: 334-209-6371

Facsimile: 334-209-6373

You will not be charged for the services of these lawyers. If you want to be represented by your own lawyer with regard to this case, you may hire one at your own expense.

18. How will Class Counsel lawyers be paid?

Class Counsel undertook this litigation knowing that they would be paid attorneys' fees and litigation expenses only in the event of a successful recovery and only to the extent approved by the Court. The Court will therefore determine how much Class Counsel will be paid from the Common Settlement Fund for their fees and expenses. You are not individually responsible for payment of any attorneys' fees and expenses.

Class Counsel will seek an award for Plaintiffs' attorneys' fees of up to \$10 million of the value of the Common Settlement Fund (after any reduction for the amount of Settlement benefits that would have been paid to policyholders who exclude their Policies from the Settlement). This fee award sought totals less than 25% of the total value of the Settlement. Plaintiffs' counsel will also seek reimbursement of the litigation expenses they have advanced on behalf of the Settlement Class over the course of the litigation not to exceed \$1.5 million to be paid out of the Common Settlement Fund.

Class counsel will also ask the Court to approve payment to the Named Plaintiffs for their services on behalf of the Settlement Class: up to \$15,000 for the two plaintiffs who brought the *Richard Dickman and Kent Alderson v. Banner Life Insurance Company*, No. 1:16-cv-00192 case and \$7,500 for the one plaintiff who brought the *Lesley S. Rich, trustee for the Richard S. Wallberg Insurance Trust v. William Penn Life Insurance Company of New York*, No. 1:17-cv-02026 case. The amount to be awarded is determined by the Court, and the Court may award less than these amounts.

Class Counsel will file with the Court a motion seeking approval of their application for an award of attorneys' fees, litigation expenses and service awards to the Plaintiffs on or before [REDACTED].

If you do not exclude yourself from the Settlement Class, you have the right to file a written objection to Plaintiffs' Counsel's application for an award of attorneys' fees, litigation expenses and service awards to the Plaintiffs on or before [REDACTED]. See Question 19, below. Class Counsel have the right to file a response addressing any issues raised by you in your written objection.

OBJECTING TO THE SETTLEMENT

19. How do I tell the Court if I do not like the Settlement?

You can tell the Court that you disagree with the Settlement or some part of it.

If you are a Settlement Class Member, and you choose *not* to exclude yourself from the Settlement Class, you can object to any term(s) of the Settlement, including Class Counsels' request for an award of attorneys' fees, litigation expenses and service awards to the Named Plaintiffs. Named Plaintiffs and

Banner and William Penn and their counsel have a right to respond to your objections. The Court will then consider your views in connection with the Fairness Hearing described below.

To object, you must timely file with the Court a written objection to the proposed Settlement. Your written objection must be signed and dated, and must include the following information:

1. A statement that your objection applies to *Dickman v. Banner Life Insurance Company*, No. 1:16-cv-00192-RDB;
2. Your name, address, and telephone number;
3. The Banner or William Penn Policy number (or numbers) in which you claim an interest;
4. Why you object (the factual and legal reasons for your objection);
5. The number of times you have objected to a class action within the past five years (including the caption of each case); and
6. If you are represented by an attorney concerning your objection, your written objection must also include your attorney's name, address, and telephone number.

If you want to present evidence at the Fairness Hearing, your written objection must also identify any witness or witnesses you plan to present and you must enclose copies of any records or documents you plan to present.

You must mail your written objection to (a) the Court, (b) Class Counsel **and** (c) Banner and William Penn's Counsel. **TO BE CONSIDERED, YOUR OBJECTION MUST BE MAILED TO THE FOLLOWING ADDRESS, POSTMARKED NO LATER THAN 45 DAYS AFTER MAILING OF NOTICE:**

Clerk of the Court
U.S. District Court
District of Maryland
101 West Lombard Street
Baltimore, MD 21201

W. Daniel "Dee" Miles, Esq.
**BEASLEY, ALLEN, CROW,
METHVIN, PORTIS & MILES, P.C.**
272 Commerce Street
Post Office Box 4160 (36103)
Montgomery, AL 36104

George W. Walker, III, Esq.
2138 Moores Mill Road, Suite A

Auburn, AL 36830

Timothy O'Driscoll
Christopher F. Petillo
Drinker Biddle & Reath LLP
One Logan Square, Ste. 2000
Philadelphia, PA 19103-6996

If you do not timely and properly file and mail your objection in accordance with all of the above requirements, you will not be treated as having filed a valid objection to the Settlement.

20. What is the difference between objecting and asking to be excluded?

An objection simply tells the Court that you do not like something about the Settlement. You can object to the Settlement OR you can exclude yourself from the Settlement—you cannot do both. If you object and the Settlement is approved, you will still receive any benefits of the Settlement to which you are entitled, and any judgment entered in the Consolidated Lawsuits will still be binding on you.

A request to exclude yourself from the Settlement Class tells the Court that you do not want to be part of the Settlement Class and you do not want to participate in the Settlement. If you exclude yourself, you have no basis to object because the Consolidated Lawsuits no longer affect you in any way.

THE FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement, Class Counsel's requests for fees and expenses and the proposed service awards to the Named Plaintiffs. You may attend and you may ask to speak, but you do not have to do so in order to have your objection considered by the Court in deciding whether to approve the Settlement.

21. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at [REDACTED] on [REDACTED], 2019, at the United States Courthouse, Baltimore, Maryland, in the courtroom of the Honorable Richard D. Bennett, Courtroom 5D — 5th Floor. The Court is located at 101 West Lombard Street, Baltimore, MD 21201.

Sometimes, a Court will change the scheduled date or time for a hearing to a different date or time. If this occurs, the changed hearing date or time will be posted on the Settlement website. You can also contact the Settlement Administrator by toll-free telephone or e-mail to confirm the Fairness Hearing date and time if you plan to attend. If you have submitted a timely and valid request to speak at the hearing, you will be sent written notice of any changed hearing date or time.

At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and

adequate. If there are any objections, the Court will consider them at that time. The Court may, but is not obligated to, permit people to speak at the hearing who, prior to the hearing, properly and timely requested to do so. The Court will also consider how much to pay Class Counsel in attorneys' fees and litigation expenses, and whether to approve the service award to the Named Plaintiffs.

At or following the hearing, the Court will rule on all issues before it. We do not know when the Court will make that decision. The Court will enter one or more written orders containing its rulings on issues presented to it at the Fairness Hearing. Copies of such orders will be posted on the Settlement website.

22. Do I have to attend the hearing?

No. Class Counsel and Counsel for Banner and William Penn will answer any questions the Court may have. But you are welcome to attend the Fairness Hearing at your own expense. You may also pay your own lawyer to attend, but it is not necessary. If you submit a written objection, you do not have to attend the Fairness Hearing. As long as you filed your written objection with the Court on time and in the manner described by this Notice, the Court will consider it.

23. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing by following the instructions in this section. You are not, however, required to attend or speak at the Fairness Hearing. The Court will determine who is permitted to speak at the Fairness Hearing and for how long.

If you have not excluded yourself from the Settlement Class and you have filed an objection on time and in the manner described in this Notice, you may ask the Court for permission to speak in support of that objection. You will not be permitted to speak in support of an objection to the Settlement if you have not properly submitted a written objection. You will also not be permitted to raise any new or different objection at the Fairness Hearing that was not raised in your previously submitted written objection.

If you wish to speak at the Fairness Hearing, you must send a letter saying that it is your "Notice of Intention to Appear." Your letter must be signed and dated, and must include the following information:

1. A statement that your Notice of Intention to Appear applies to *Dickman v. Banner Life Insurance Company*, No. 1:16-cv-00192-RDB;
2. Your name, address, and telephone number;
3. The Policy number (or numbers) in which you claim an interest;
4. Your attorney's name, address, and telephone number (if applicable).

If you want to present evidence at the Fairness Hearing, your letter must also identify any witness or witnesses you plan to present and you must enclose copies of any records or documents you plan to present.

TO BE CONSIDERED, YOUR “NOTICE OF INTENTION TO APPEAR” MUST BE MAILED TO THE FOLLOWING ADDRESS, POSTMARKED NO LATER THAN 14 DAYS BEFORE THE DATE OF THE FAIRNESS HEARING:

Clerk of the Court
U.S. District Court
District of Maryland
101 West Lombard Street
Baltimore, MD 21201

If an attorney intends to appear on your behalf, in addition to the foregoing “Notice of Intention to Appear,” your attorney must file and serve on Class Counsel and Banner and William Penn’s Counsel an entry of appearance in the action, by the same deadline.

Neither you nor your attorney may speak at the Fairness Hearing if you and/or your attorney do not follow these procedures, or if you have excluded yourself from the class.

IF YOU DO NOTHING

24. What happens if I do nothing at all?

If you do nothing, you will remain included in the Settlement Class and be eligible to receive all Settlement benefits to which you are entitled once the Settlement is approved and becomes final.

As described in response to Question 15 on page 12, if the Settlement becomes final, you will also give up the right to start, continue with, maintain or participate in a lawsuit, arbitration, regulatory proceeding, remediation proceeding or other legal proceeding against Banner and William Penn and related parties relating to the facts, transactions, circumstances, and claims that were or could have been asserted in the Consolidated Lawsuits. *See* Question 13 on pages 10-11.

GETTING MORE INFORMATION

25. Are there more details about the Settlement?

Yes. This Notice summarizes the proposed Settlement. More details are contained in a formal agreement between the Named Plaintiffs and Banner and William Penn called the Settlement Agreement. The full Settlement Agreement is on file with the Clerk of the Court. You can also view and download a copy from the Settlement website, or you can request a copy from the Settlement Administrator, at no cost to you. You may request a copy by mail, toll-free telephone, or e-mail.

Here is the Settlement Administrator's contact information for any inquiry concerning the Settlement, or for requesting a copy of or viewing and downloading the Settlement Agreement:

SETTLEMENT ADMINISTRATOR CONTACT INFORMATION

By Mail	[Settlement Administrator Name] [Settlement Administrator Address]
By Toll-Free Telephone	[toll-free number]
By E-mail	[email address]
Website	[url]

26. How do I get more information?

You can write, call toll-free, or e-mail the Settlement Administrator about any questions you may have, using the contact information above. The Settlement Administrator can answer many questions and can provide certain key documents from the Court's file in this lawsuit, upon request and, at no cost to you, including the Settlement Agreement and the Court's order preliminarily approving the Settlement. The Settlement Administrator's hours of operation are [hours, days, holidays]. After hours, you can leave a message and you will receive a prompt response.

You can also visit the Settlement website, [url], which will provide information about the lawsuit, Settlement, and Settlement approval process, including key deadlines for submissions of forms, requests to exclude and objections, and where certain key documents from the Court's file in this lawsuit will be available for viewing, downloading, and printing.

If the Settlement Administrator cannot answer your inquiry to your satisfaction, your inquiry will be forwarded to Class Counsel, who will personally respond to these inquiries in the order they are received, at no cost to you.

You can also view the contents of the entire public file for the Consolidated Lawsuits and obtain copies (at your own expense) of any documents in the entire public file for those cases, through the Clerk of Court's office at: U.S. District Court, District of Maryland, 101 West Lombard Street Baltimore, MD 21201. The hours of operation are 9:00 a.m. to 4:00 p.m., Monday through Friday.