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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, EASTERN DIVISION**

WILLIAM F. WREN, a California resident,
individually and on behalf of others
similarly situated,

Plaintiffs,

vs.

TRANSAMERICA LIFE INSURANCE
COMPANY, an Iowa corporation,

Defendant.

Case No.

**CLASS ACTION COMPLAINT
AND
DEMAND FOR JURY TRIAL**

1. Declaratory Relief
2. Breach of Express Contract
3. Contractual Bad Faith
4. Tortious Bad Faith

1 Plaintiff William F. Wren (“Plaintiff”), by and through his undersigned
2 attorneys, brings this action on behalf of himself and all others similarly situated
3 against Defendant Transamerica Life Insurance Company (“TLIC”), asserting
4 claims arising out of TLIC’s breach of its obligation to pay the 300% “Cash Value
5 Increase” due on the 30th policy anniversary of the TLIC “Direct Recognition Life
6 I” policy issued to Plaintiff in 1990. TLIC has also anticipatorily breached its
7 similar obligation to pay the 300% “Cash Value Increase” due on the 40th policy
8 anniversary of Plaintiff’s policy. TLIC’s sole justification for doing so is the
9 pretextual assertion that it was somehow relieved of that obligation under the terms
10 of the 2000 class action settlement (the “*Oakes Settlement*”) reached in certain
11 litigation in Texas state court, styled *Richard Oakes, et al. v. Bankers United*
12 *Assurance Company, et al.*, No. 96-06849 (Dallas County, Texas, Dist. Ct., 192nd
13 Judicial District) (the “*Oakes Action*”). As shown below, TLIC’s contention is
14 unsupported by the terms of settlement as communicated to the *Oakes Settlement*
15 class, and is inconsistent with TLIC’s subsequent ratification and course of
16 performance for 15 years following the *Oakes Settlement*.

17 **THE PARTIES**

18 1. Plaintiff is a domicile and resident of San Bernadino County,
19 California, and thus a citizen of the State of California.

20 2. Defendant TLIC is a corporation organized under Iowa law, with its
21 principal place of business located in Iowa. TLIC is thus a citizen of the State of
22 Iowa. TLIC has assumed responsibility to perform the obligations of its
23 predecessor-in-interest General Services Life Insurance Company and Bankers
24 United Life Assurance Company.

25 **JURISDICTION AND VENUE**

26 3. This Court has subject matter jurisdiction based on diversity of
27 citizenship under 28 U.S.C. § 1332. Plaintiff and TLIC are diverse citizens, and
28

1 the amount in dispute exceeds \$75,000. Plaintiff furthermore alleges claims on
2 behalf of the National Class and a California Subclass (collectively, the
3 “Classes”); for each of the Classes, the members are minimally diverse from
4 TLIC, and the aggregate of their claims exceed \$5,000,000. This Court
5 accordingly has subject matter jurisdiction over this class action under the Class
6 Action Fairness Act, 28 U.S.C. § 1332(d)(2).

7 4. Venue is proper in this District under 28 U.S.C. § 1391. Plaintiff
8 resides in this District; TLIC maintains substantial operations in this District;
9 hundreds of members of the Classes either reside or did business with TLIC in
10 this District; TLIC engaged in business in this District; a substantial part of the
11 events or omissions giving rise to the claims at issue occurred in this District; and
12 because TLIC entered into transactions and received substantial profits from
13 consumers who reside in this District.

14 **COMMON ALLEGATIONS**

15 **A. The Terms of Plaintiff’s Policy Contract**

16 5. In 1990 TLIC’s predecessor-in-interest General Service Insurance
17 Company issued to Plaintiff a certificate of insurance for a “Direct Recognition
18 Life I” second-to-die life insurance policy (No. 000G016164) insuring the lives
19 of his parents, William A. Wren and Joan F. Wren, in the face amount of
20 \$1,000,000 (the “Policy”).

21 6. The Policy was issued under a Master Contract between TLIC and the
22 Insurance Coalition of America (the “Master Contract”), and is evidenced by
23 Group Insurance Certificate No. G016164, dated September 7, 1990 (the “Group
24 Insurance Certificate”), a true and accurate copy of which is attached as **Exhibit**
25 **A.**

26 7. The Group Insurance Certificate provides that it “states and defines ...
27 the benefits to which each Certificate Owner is entitled...” **Exhibit A**, at 5.

1 8. Plaintiff is the designated owner and beneficiary of the Policy.

2 9. The Policy was designed to encourage Policyowners like Plaintiff to
3 keep the Policy in force for 20, 30 and even 40 years. To do so, TLIC agreed to
4 credit so-called “Cash Value Increases” to the Policy’s account value as of the
5 Policy’s 20th, 30th, and 40th anniversary date; that is, on September 7, 2010,
6 September 7, 2020, and September 7, 2030.

7 10. To serve TLIC’s objective in encouraging Policyowners to continue
8 the Policies in force for extended periods of time, the agreed to Cash Value
9 Increases had to be – and were – **substantial**: 42% of the first ten years of
10 scheduled premium payments at the end of the 20th year (approximately \$25,000),
11 and 300% at the end of the 30th (approximately \$200,000) and 40th years
12 (approximately \$200,000).

13 11. The agreed to Cash Value Increases are depicted in the illustration of
14 Policy performance issued to Plaintiff on September 7, 1990, a true and accurate
15 copy of which is attached as **Exhibit B** (the “Issue Illustration”). The Cash Value
16 Increases depicted in the Issue Illustration are expressly incorporated into the
17 column labelled “Ultimate Cash Value,” which draws no distinction between
18 “illustrated” or “guaranteed” values. **Exhibit B**, at 1.

19 12. The Cash Value Increases were further confirmed by the following
20 statement in the Issue Illustration:

21 CASH VALUE INCREASE: This illustration assumes an increase in
22 Cash Values equal to the following percentages of premiums
23 (excluding unscheduled premiums and recurring unscheduled
24 premiums) paid during the first ten years: end of the 20th year 42%;
25 end of the 30th year 300%; end of the 40th year 300%.

26 **Exhibit B**, at 2. Notably, no mention is made in this description of any discretion
27 retained by TLIC to withhold the Cash Value Increases so illustrated.

13. The Issue Illustration further provides: “THIS ISSUE ILLUSTRATION IS ATTACHED AND MADE PART OF THE CERTIFICATE WHICH EVIDENCES INSURANCE UNDER THE GROUP MASTER POLICY AND ITS RIDERS.” **Exhibit B**, at 1.

14. The Cash Value Increases depicted in the Issue Illustration are furthermore expressly incorporated into the Group Insurance Certificate, and thus into the Policy contract. The Group Insurance Certificate is defined as consisting of “The respective Certificate(s) of insurance, including any Illustrations ... issued for each Participant.” **Exhibit A**, at 5.

15. The Group Insurance Certificate furthermore expressly states:

- That “[t]he Illustration(s) attached to this Certificate ... shows the premiums and assumptions required to provide the benefits and Account Values specified herein;” and
- That under the Policy, the owner is “insured for the benefits described on the FACE PAGE and the Illustration(s), if the required premiums for the described benefits have been paid on time.”

Exhibit A, at 5 & 6.

16. Plaintiff thus had a contractual right to the Cash Value Increases under the Policy, based on the express terms of the Group Insurance Certificate and the Issue Illustration, so long as he paid his premiums on time.

B. The Oakes Class Settlement

17. In 2000, Plaintiff received notice (the “Oakes Class Notice”) of a class settlement (the “Oakes Settlement”) reached in certain litigation in Texas state court, styled *Richard Oakes, et al. v. Bankers United Assurance Company, et al.*, No. 96-06849 (Dallas County, Texas, Dist. Ct., 192nd Judicial District) (the “Oakes Action”). A true and accurate copy of the Oakes Class Notice is attached as **Exhibit C**.

1 18. A true and accurate copy of the *Oakes* Stipulation of Settlement (the
2 “*Oakes* Settlement Agreement”) is attached as **Exhibit D**.

3 19. Nowhere in the *Oakes* Class Notice or the *Oakes* Settlement
4 Agreement is there any mention of TLIC’s contractual obligation to pay the Cash
5 Value Increases under the Policy, let alone an explanation that Plaintiff was
6 supposedly giving up his rights to the approximately \$400,000 in future Cash
7 Value Increases in exchange for an “interest bonus credit” of approximately \$400.

8 20. To the contrary, in the *Oakes* Settlement Agreement, it expressly
9 provides that “Nothing in this Release shall be deemed to alter a Class Member’s
10 rights ... to make a claim for benefits that will become payable in the future
11 pursuant to the express written terms of the policy form issued by the Defendants.”
12 **Exhibit D**, at 52.

13 21. In addition, in the *Oakes* Class Notice’s Q&A’s describing the *Oakes*
14 Settlement, TLIC *twice* assured Plaintiff that the proposed settlement “does not
15 alter your contractual rights under the express terms of your existing Policy,” and
16 that “You will still be able to make a claim for any benefits that may become
17 payable in the future under the express terms of your existing Policy.” **Exhibit**
18 **C**, at ECF 20 & 36, FAQ 6.

19 22. Furthermore, in the cover letter sent to Plaintiff, a true and accurate
20 copy of which is attached as **Exhibit E**, TLIC explained only that pursuant to the
21 *Oakes* Settlement, Plaintiff would receive a “Contributed Insurance Benefit
22 Certificate” and an “interest bonus credit.” Again, no reference was made to the
23 Cash Value Increases, let alone any suggestion that TLIC had been relieved of any
24 obligation to credit the Cash Value Increases by virtue of the *Oakes* Settlement.

25 23. The release language of the “Final Order and Judgment” entered in the
26 *Oakes* Action, a true and accurate copy of which is attached as **Exhibit F** (the
27 “*Oakes* Judgment”), mirrored the terms of the *Oakes* Settlement Agreement,
28

1 including specifically the express preservation of all claims to future benefits
2 under the Policy Contract.

3 **C. TLIC Credits the 20th Anniversary Cash Value Increase**
4 **Notwithstanding the *Oakes* Settlement**

5 24. In the years following the *Oakes* Settlement Plaintiff continued to
6 perform all of his premium payment obligations under the Policy.

7 25. Plaintiff's Policy reached its 20th anniversary date on September 7,
8 2010.

9 26. Consistent with the terms of the Policy and the Issue Illustration, TLIC
10 credited Plaintiff with the Cash Value Increase of \$26,889.07 (42% of the first ten
11 years of scheduled premium payments) on his 20th anniversary date.

12 27. At the time it credited the 20th anniversary Cash Value Increase, TLIC
13 made no assertion that its obligation to do so had been released by the *Oakes*
14 Settlement. To the contrary, TLIC continued to perform under the Policy in a
15 manner consistent with its contractual obligation to make the Cash Value
16 Increases under the Policy, unaffected by the *Oakes* Settlement.

17 28. Alternatively, TLIC ratified its obligation to credit the Cash Value
18 Increases on the stated Policy anniversary dates notwithstanding the *Oakes*
19 Settlement. At the time it credited the 20th anniversary Cash Value Increase,
20 therefore, TLIC sent all Policyowners, including Plaintiff, a form letter which in
21 pertinent part stated:

22 Please note that future amounts to be so credited will also be based on
23 percentages of the first 10 years of scheduled premium. Any such
24 amounts would be paid at the end of the 30th and 40th years based on a
consideration of guaranteed and non-guaranteed portions.

25 A true and accurate copy of the form letter sent to Plaintiff is attached as **Exhibit**

26 **G.** That TLIC sent the same form letter to other Policyowners is demonstrated by
27 the attached **Exhibit H.**

1 29. For the next five years following TLIC's payment of the 20th
2 anniversary Cash Value Increase, Plaintiff continued to perform all his premium
3 payment obligations under the Policy.

4 **D. TLIC Anticipatorily Repudiates the Policy Contract**

5 30. The parties' entire course of performance under the Policy was
6 shattered, however, in Spring 2016.

7 31. By standardized form letter dated March 25, 2016, a true and accurate
8 copy of which is attached as **Exhibit I** (the "Repudiation Letter"), TLIC
9 announced that "we will not credit any cash value bonuses for [the Policy] for the
10 30th and 40th anniversary years." TLIC's sole stated justification was its purported
11 belief that doing so was "[c]onsistent with the terms of the [*Oakes*] class action
12 lawsuit in 2001 [sic 2000] that included your policy." TLIC sent the same form
13 Repudiation Letter to other Policyowners, as evidenced by the attached **Exhibit**
14 **J**.

15 32. As permitted under California law, rather than file suit immediately,
16 Plaintiff elected to await TLIC's performance when due with respect to the 30th
17 anniversary Cash Value Increase, on September 7, 2020.

18 **E. Plaintiff's Contract Claim is Not Barred by the *Oakes* Class**
19 **Release**

20 33. The class release set forth under the *Oakes* Settlement Agreement and
21 the *Oakes* Judgment (collectively, the "*Oakes* Class Release") did not, and could
22 not, extinguish Plaintiff's claims to receive the Cash Value Increases as
23 contractual benefits of the Policy, for several alternative and independently
24 dispositive reasons.

25 34. **First**, Plaintiff's right to recover all contract benefits under the Policy
26 was expressly reserved in the *Oakes* Class Release. The *Oakes* Class Release
27 expressly states that, subject only to certain enumerated exceptions, "Nothing in
28

1 this Release shall be deemed to alter a Class Member’s rights ... to make a claim
 2 for benefits that will become payable in the future pursuant to the express written
 3 terms of the policy form issued by [TLIC].” **Exhibit D**, at 52; **Exhibit C**, at 31;
 4 **Exhibit F**, at 11. Furthermore, the *Oakes* Class Notice expressly confirmed that
 5 “the proposed settlement does not alter your contractual rights under the express
 6 terms of your existing Policy.” **Exhibit C**, at ECF 36, FAQ 6.

7 35. None of the enumerated exceptions to the preservation of claims makes
 8 any reference to the Cash Value Increases. Although one of the exceptions makes
 9 a passing reference to TLIC’s “policies and practices” regarding “persistency, or
 10 other policy bonuses,” that broad general reference is limited to claims arising out
 11 of or relating to “Released Transactions,” which is specifically premised on the
 12 point of sale inducements relating to “the marketing, solicitation, application,
 13 underwriting, issuing, actuarial and/or pricing assumptions, charges, rates,
 14 acceptance, sale, purchase, operation, retention, administration, servicing,
 15 performance of or replacement ... of ... the Policies.” **Exhibit D**, at 51; *id.* at 49;
 16 **Exhibit F**, at 10; *id.* at 8. *See, e.g., Vakas v. Transamerica Occidental Life Ins.*
 17 *Co.*, 242 F.R.D. 589, 596 (D. Kan. 2006) (rejecting argument that earlier class
 18 settlement precluded the plaintiff’s breach of contract claims against TLIC:
 19 “Plaintiffs are claiming a breach by defendant of the express terms of the
 20 insurance policy and are in no way making a claim based on the way the policy
 21 was sold or marketed to Dr. Vakas.”).

22 36. **Second**, even ignoring *arguendo* the express reservation of the right to
 23 assert contract claims in the *Oakes* Class Release, Plaintiff’s breach of contract
 24 claim here is premised on actions taken by TLIC **subsequent** to the *Oakes*
 25 Settlement. There is a sharp and critical distinction between (a) future claims
 26 based on past pre-release conduct and (b) future claims based on conduct that
 27 occurs **after** the class release is approved. *See Varacallo v. Mass. Mut. Life Ins.*
 28

1 *Co.*, 226 F.R.D. 207, 244 (D.N.J. 2005) (the court upheld a proposed agreement
 2 because it released only “future claims for [past] conduct” and not “[f]uture claims
 3 for future conduct.”); *Perkins v. LinkedIn Corp.*, No. 13-CV-04303-LHK, 2016
 4 WL 613255, at *6 (N.D. Cal. Feb. 16, 2016); *Green v. Phillips*, No. Civ.A 14436,
 5 2000 WL 33521109, at *1 (Del. Ch. June 28, 2000) (flaw in proposed release was
 6 that it was “overbroad insofar as it purported to release claims that could arise in
 7 the future”); *Schwartz v. Dallas Cowboys Football Club, Ltd.*, 157 F. Supp. 2d
 8 561, 578 (E.D. Pa. 2001) (finding a release to be “too broad because it bars later
 9 claims based on future conduct” and noting that “[a]lthough the law permits a
 10 release to bar future claims based on the past conduct of the defendant ... this
 11 release would bar later claims based not only on past conduct but also future
 12 conduct.”) (citation omitted). The *Oakes* Class Notice itself confirmed that the
 13 *Oakes* Class Release applied only to “***past actions*** which may have caused, or may
 14 cause in the future, increases in the amount of premiums for a Policy or a decrease
 15 in a Policy’s cash value.” **Exhibit C**, at 19 (emphasis added). The *Oakes* Class
 16 Release thus cannot and does not extend to claims premised on future conduct.
 17 *Feller v. Transamerica Life Ins. Co.*, No. 2:16cv-01378-CAS (AJWx), 2016 WL
 18 6602561, at *5 (C.D. Cal. Nov. 8, 2016) (“If defendant’s interpretation of the
 19 [purported class release] were correct, it would release claims based on virtually
 20 any subsequent actions by defendant so long as those actions could be construed
 21 to fall within the [release’s] “Released Transactions” definition.”).

22 37. ***Third***, no matter how broadly stated the language of the *Oakes* Class
 23 Release may be, as a matter of due process the scope of that class release excludes
 24 Plaintiff’s claims on multiple grounds.

25 38. A settlement class release is limited to claims premised on the identical
 26 factual predicate as the claims alleged in earlier class action. *Hesse v. Sprint Corp.*,
 27 598 F.3d 581, 584 (9th Cir. 2010). The Ninth Circuit has accordingly cautioned
 28

1 that while a defendant “may have drafted the settlement agreement to include as
 2 broad a release as possible, the release would have only been *enforceable* as to
 3 subsequent ‘claims relying upon a legal theory different from that relied upon in
 4 the class action complaint, but depending upon the same set of facts.’” *Williams*
 5 *v. Boeing Co.*, 517 F.3d 1120, 1134 (9th Cir. 2008) (emphasis in original) (citation
 6 omitted); *see, e.g., McNeary-Calloway v. JPMorgan Chase Bank, N.A.*, 863 F.
 7 Supp. 2d 928, 949 (N.D. Cal. 2012) (applying *Hesse* and *Williams* to interpret
 8 scope of class release under California law); *Perkins*, 2016 WL 613255, at *6 (“A
 9 settlement agreement may preclude a party from bringing a related claim in the
 10 future even though the claim was not presented and might not have been
 11 presentable in the class action, but only where the released claim is based on the
 12 identical factual predicate as that underlying the claims in the settled class
 13 action.”) (quoting *Hesse*, 598 F.3d at 590) (internal quotation marks omitted).¹

14 39. In addition, due process precludes the extension of a class release to
 15 claims not clearly communicated in the class notice. *Phillips Petroleum Co. v.*
 16 *Shutts*, 472 U.S. 797, 811-12 (1985) (holding that, to satisfy due process, notice
 17 “must be the best practicable, ‘reasonably calculated, under all the circumstances,
 18 to apprise interested parties of the pendency of the action and afford them an
 19 opportunity to present their objections’”) (quoting *Mullane v. Cent. Hanover Bank*
 20 *& Tr. Co.*, 339 U.S. 306, 314 (1950)); *Molski v. Gleich*, 318 F.3d 937, 951-52 (9th
 21

22 ¹ *See also, e.g., Raquedan v. Volume Servs., Inc.*, No. 18-CV-01139-LHK, 2018
 23 WL 3753505, at *6 (N.D. Cal. Aug. 8, 2018) (“Even if
 24 the *Thompson* release attempts to reach claims not based on an identical factual
 25 predicate, Ninth Circuit law explicitly limits the release to claims based on the
 26 identical factual predicate.”); *Cancilla v. Ecolab Inc.*, No. C 12-03001 CRB, 2014
 27 WL 2943237, at *7 (N.D. Cal. June 30, 2014) (“Release will depend on whether the
 28 present claim is based on the ‘identical factual predicate as that underlying the
 claim’ in the previous settled class action.”) (citation omitted).

1 Cir. 2003) (finding settlement notice inadequate because it failed to clearly
 2 describe the released class claims); *Logan v. Hargraves*, No. CV-04-0214-FVS,
 3 2008 WL 11425713, at *2 (E.D. Wash. Sept. 25, 2008) (“[W]here the terms of a
 4 settlement involve the release of claims, the settlement notice must clearly identify
 5 the claims being released.”).

6 40. Here, Plaintiff’s contract claims do not share the “identical factual
 7 predicate” as the pleadings in the *Oakes* Action, for at least two reasons. First,
 8 claims premised on factual occurrences nearly 20 years *after* a class settlement
 9 cannot logically share the “identical factual predicate” with the earlier settlement.
 10 *Feller*, 2016 WL 6602561, at * 6; *see also*, *In re Conseco Life Ins. Co. Cost of*
 11 *Ins. Litig.*, No. ML 04-1610 AHM (Mex), 2005 WL 5678842, at *7 (C.D. Cal.
 12 Apr. 26, 2005) (“Plaintiffs’ breach of contract claims here are not based on the
 13 identical factual predicate as the [earlier class] claims and involve actions by
 14 Defendants that first occurred years after the [earlier class] settlement and that
 15 therefore could not have been asserted in the [earlier class] litigation.”). As one
 16 court succinctly put it: “If the facts have not yet occurred, then they cannot
 17 possibly be the basis for the underlying action.” *UniSuper Ltd. v. News Corp.*, 898
 18 A.2d 344, 347 (Del. Ch. 2006).

19 41. Second, the *Oakes* Settlement Agreement described the claims alleged
 20 in the operative pleading as follows:

21 The Seventh Amended Petition asserts claims relating to Defendants’
 22 life insurance marketing, administrative and sales practices and
 23 alleges, among other things: (i) that Defendants promised that either a
 24 single prepayment of premiums, or a limited number of premiums
 25 during the years after the purchase of a Policy (as defined below),
 26 would suffice to cover all out-of-pocket premiums due on the Policies
 27 throughout Plaintiffs’ lives, or for a specified period without a
 28 reduction in the Policies’ originally illustrated death benefits and/or
 without a reduction in the Policy values or would provide cash values

1 in the future to be available as retirement benefits; (ii) that Defendants
 2 either knowingly or recklessly misrepresented the reasonableness of
 3 (or failed to disclose the potential variability of) interest crediting rates
 4 and dividends illustrated to the Plaintiffs; (iii) that Defendants
 5 misrepresented, in part through the use of misleading illustrations and
 6 marketing materials, (a) the premium terms, charges, commissions,
 7 expenses, annual retirement income, administrative costs, federal
 8 income tax consequences and financial performance of their insurance
 9 Policies; (b) their life insurance Policies as savings, retirement and/or
 10 investment plans, without disclosing, or de-emphasizing, that the
 11 product sold was in fact life insurance; (c) the cash value and/or
 12 benefits to be realized or paid based on a fixed number or amount of
 13 cash payments; (d) the nature, design, actuarial and pricing
 14 assumptions, quality, suitability, operation and administration of the
 15 products sold; and (e) their interest crediting and policy charge
 practices and procedures; (iv) that Defendants misrepresented the
 financial impact on the policyowner of surrendering, or using loans,
 partial surrenders or withdrawals of cash values and/or dividends from
 an existing policy or policies to purchase a new Policy or Policies
 issued by the Company (as defined below); and (v) that Defendants
 failed to adequately retain, supervise, educate and train their sales
 representatives.

16 **Exhibit D**, at 2-3. Conspicuously absent from this description of the claims in
 17 *Oakes* at the time of the *Oakes* Settlement is any reference to any contractual
 18 obligation to credit the Cash Value Increases, let alone (obviously) to TLIC's
 19 repudiation of any obligation to do so some 16 years later.

20 42. Nor did the operative pleading in the *Oakes* Action – the “Seventh
 21 Amended Original Petition and Jury Demand,” a copy of which is attached as
 22 **Exhibit K** – in fact purport to address TLIC's contractual obligation to credit the
 23 Cash Value Increases. All of the allegedly common factual issues supporting
 24 certification of the *Oakes* Settlement class pertained to allegations of
 25 misrepresentations and fraudulent inducement. **Exhibit K**, at 5-7. More
 26 specifically, the *Oakes* plaintiffs alleged:

1 Defendants provided standardized, coordinated and uniformly
2 deceptive marketing materials and software to prepare illustrations *to*
3 *induce Plaintiffs and Class Members to purchase the product* by
doing one or more of the following:

- 4 a. Failing to describe the hypothetical basis of the interest rate or
5 crediting rate in the illustration.
6 b. Using an interest rate, dividend scale, or crediting rate in the
7 illustration that exceeded the company's actual current earnings on the
8 investment segment backing the type of product sold.
9 c. Using a fictitious interest rate, dividend scale, or crediting rate
10 in the illustration that exceeded the current crediting rate.
11 d. Failing to disclose the great risk that the Plaintiffs and Class
12 Members would not realize promised federal income tax deductions
13 and/or would have additional income subject to federal income tax as
14 a result of payments required under the Direct Recognition Life
15 insurance policy when sold as a "Private Pension Plan."
16 e. Failing to disclose the grave federal income tax risk to the
17 Plaintiffs and Class Members that would be entailed by taking
18 "retirement payments" under the Private Pension Plan in the form of
19 insurance policy loans.
20 f. Using an expense charge in the crediting rate that did not reflect
21 actual recent company experience.
22 g. Using mortality rates lower than the actual recent company
23 experiences.
24 h. Assuming unjustified mortality improvements in the future.
25 i. Assuming a persistency bonus rate based on erroneous
26 assumptions lacking any reasonable basis in fact.
27 j. Using unrealistic, unattainable cash value increase assumptions
28 in the twentieth, thirtieth, and fortieth years.
k. Training its agents in the use of false and fraudulently stated
illustrations and marketing materials when they knew that the
marketing materials contained misrepresentations that would be relied
upon by the Plaintiffs and Class Members as factual.

Exhibit K, at 9-10 (emphasis added); *see also, id.* at 9-11 (alleging fraudulent inducement claims).

1 43. Furthermore, the “Seventh Amended Original Petition and Jury
2 Demand” made no reference at all to TLIC’s contractual obligation to credit the
3 Cash Value Increases. Indeed, to the extent the *Oakes* plaintiffs alleged any
4 contract claim at all, it was explicitly related to a past breach which, though left
5 unspecified in three conclusory sentences, was alleged to have *already occurred*
6 at the time of the *Oakes* Settlement – and therefore premised on conduct by TLIC
7 that could not possibly have involved the same operative facts as Plaintiff’s breach
8 of contract claims based on TLIC’s repudiation of its obligations to make the 30th
9 and 40th anniversary Cash Value Increases, since not even the 20th anniversary
10 Cash Value Increase had come due as of 2000. **Exhibit K**, at 12; **Exhibit G**.

11 44. Finally, the description of the settled claims in the *Oakes* Class Notice
12 is even more narrowly focused on alleged misrepresentations at the point of sale
13 than the *Oakes* Settlement Agreement or the *Oakes* pleadings. See **Exhibit C**, at
14 6. This description of the *Oakes* claims carries over to the description of the
15 “Released Transactions” in the *Oakes* Class Release. *Id.* at 29. Nothing in the
16 *Oakes* Class Notice would alert a class member that the right to enforce TLIC’s
17 contractual obligation to credit the Cash Value Increases in future decades was
18 being traded away for the comparatively nominal benefits of the *Oakes* Settlement
19 Agreement. Once again, conspicuously absent from the description of the claims
20 in the *Oakes* Class Notice is any reference to any contractual obligation to credit
21 the Cash Value Increases, let alone (obviously) to TLIC’s repudiation of any
22 obligation to do so some 16 years later.

23 45. For each and all the foregoing reasons, this action brought by Plaintiff
24 on behalf of himself and all similarly situated Policyowners to remedy the failure
25 of TLIC to perform its contractual obligation to credit the 30th and 40th anniversary
26 Cash Value Increases is not barred by the *Oakes* Class Release.

CLASS ALLEGATIONS

46. Plaintiff brings this action as a class action under Rules 23(a), 23(b)(2), and 23(b)(3), *Federal Rules of Civil Procedure*.

47. Plaintiff asserts his claims for breach of contract on behalf of the following class (the “National Class”):

All persons who, within the Class Period, own or owned an in-force Direct Recognition Life I Policy.

Plaintiff asserts her remaining claims on behalf of the following subclass (the “California Subclass”):

All members of the National Class who reside in California.

The National Class and the California Subclass are referred to collectively as the “Classes.”

48. Excluded from the Classes are TLIC; any affiliate, parent, or subsidiary of TLIC; any entity in which TLIC has a controlling interest; any officer, director, or employee of TLIC; any successor or assign of TLIC; any Judge to whom this case is assigned as well as his or her immediate family and staff; and any member of the putative class with pending individual litigation against TLIC based on an alleged failure to pay the Cash Value Increases.

49. For pleading purposes, the Class Period is defined from the earliest bar date under the applicable statute of limitations through the date final judgment is entered in this action.

50. Plaintiff reserves the right to amend or modify the Class definitions in connection with a motion for class certification or with the result of discovery.

Numerosity

51. Plaintiff does not know the exact size or identities of the proposed Classes. However, Plaintiff reasonably believes the Classes encompass hundreds of individuals dispersed geographically throughout the United States and California, respectively. Therefore, the proposed Classes are so numerous that joinder of all members is impracticable. Membership in the Classes is ascertainable by virtue of the records of TLIC. Members of the Classes can be notified of the pendency of this action by mail and/or electronic mail, supplemented if deemed necessary or appropriate by the Court by published notice.

Predominance of Common Issues

52. There are questions of law and fact that are common to the Classes, which predominate over any questions affecting only individual members of the Classes. The common questions include, but are not limited to, the following:

- a. whether TLIC has a contractual obligation to pay the 30th and 40th anniversary Cash Value Increases as scheduled;
- b. whether TLIC has repudiated and/or anticipatorily repudiated that obligation;
- c. whether TLIC's conduct constitutes a breach of its express obligations under the Policy;
- d. whether TLIC's conduct constitutes a breach of its implied obligations under the Policy; and
- e. the nature and scope of the remedy available to Plaintiff and other similarly situated Policyowners, including but not limited to damages or equitable relief.

Typicality

53. Plaintiff's claims are typical of the claims of the Classes and do not conflict with the interests of any other members of the Classes. Plaintiff and the Classes members were subjected to the same challenged course of conduct and suffered the same economic harm resulting from the actions taken by TLIC.

Adequate Representation

54. Plaintiff will fairly and adequately represent the interests of the Classes. Plaintiff is committed to the vigorous prosecution of the Classes' claims and has retained attorneys who are qualified to pursue this litigation and are experienced in class action litigation. Neither Plaintiff nor his counsel have interests conflicting with those of the other Classes members.

Superiority

55. A class action is superior to other methods for the fair and efficient adjudication of this controversy. The damages suffered by each individual Classes member do not justify the burden and expense of individual prosecution of the complex and extensive litigation necessitated by TLIC's conduct. Further, it would be virtually impossible for the Classes members to individually and effectively redress the wrongs done to them. Use of the class action device in this instance presents far fewer management difficulties than alternative methods of adjudication, and provides the benefits of single adjudication, economy of scale, and comprehensive supervision by a single court.

- **Rule 23(b)(2):**

56. Class certification is also warranted under Rule 23(b)(2). A class may be certified under Rule 23(b)(2) where "the party opposing the class has acted or refused to act on grounds that apply generally to the class, so that final injunctive relief or corresponding declaratory relief is appropriate respecting the class as a whole. *Parsons v. Ryan*, 754 F.3d 657, 688 (9th Cir. 2014) (the requirements of Rule 23(b)(2) "are unquestionably satisfied when members of a putative class seek uniform injunctive or declaratory relief from policies or practices that are generally applicable to the class as a whole").

57. Certification under Rule 23(b)(2) is appropriate here because all of the members of the Classes have by definition been exposed to TLIC's challenged

conduct. Moreover, the declaratory and injunctive relief sought by Plaintiff are by definition generally applicable across the Classes as a whole.

• **Rule 23(b)(3):**

58. This action is appropriate as a class action pursuant to Federal Rule of Civil Procedure 23(b)(3).

59. The common questions of law and fact listed above predominate over any individualized questions.

60. A class action is superior to other available methods for the fair and efficient adjudication of this controversy, for the following reasons:

- a. Few, if any, Classes members could afford cost-effective legal redress on an individual basis for the wrongs that TLIC has committed against them, and absent members of the Classes have no substantial interest in individually controlling the prosecution of individual actions;
- b. Once TLIC's liability has been adjudicated with respect to its obligations under the Policy, claims of all members of the Classes can be determined by the Court;
- c. This action will ensure an orderly and expeditious administration of the Class's claims and foster economies of time, effort, and expense, and ensure uniformity of decisions and compliance by TLIC with the Policy;
- d. Without a class action, many members of the Classes would continue to suffer injury, and TLIC's actions will continue without redress while it continues to reap and retain the substantial proceeds and reductions in its future liabilities derived from its wrongful conduct; and
- e. This action does not present any undue difficulties that would impede its management by the Court as a class action.

61. A class action is superior to other available means for the fair and efficient adjudication of this controversy. The injuries suffered by individual

1 members of the Classes are, though important to them, relatively small compared
 2 to the burden and expense of individual prosecution needed to address TLIC's
 3 conduct. Also, individualized litigation presents a potential for inconsistent or
 4 contradictory judgments. In contrast, a class action presents far fewer management
 5 difficulties; allows the hearing of claims that might otherwise go unaddressed; and
 6 provides the benefits of single adjudication, economies of scale, and
 7 comprehensive supervision by a single court.

8 **62. *Nature of Notice to the Proposed Class.*** The names and addresses of
 9 all members of the Classes are contained in the business records maintained
 10 by TLIC and are readily available to TLIC. Membership in the Classes is thus
 11 readily and objectively identifiable. Plaintiff contemplates that notice will be
 12 provided to Class members by direct mail.

13 **FIRST CAUSE OF ACTION**

14 *(Declaratory Relief – All Classes)*

15 63. Plaintiff refers to the prior paragraphs of this Complaint and
 16 incorporates those paragraphs as though set forth in full in this cause of action.

17 64. An actual controversy has arisen and now exists between TLIC, on the
 18 one hand, and Plaintiff, on the other hand, concerning the respective rights and
 19 duties of the parties under the Policy with respect to the Cash Value Increases.

20 65. TLIC contends the *Oakes* Settlement authorizes it to evade its
 21 obligation under the Policy to credit the 30th and 40th anniversary Cash Value
 22 Increases. On the other hand, Plaintiff maintains that TLIC is precluded from
 23 doing so by the express and implied terms of the Policy, by the limited scope of
 24 the *Oakes* Settlement (especially as communicated to Plaintiff), by TLIC's
 25 ratification of its contractual obligations following the *Oakes* Settlement in paying
 26 the 20th anniversary Cash Value Increase, by the Parties' course of performance
 27 since the *Oakes* Settlement, and by the Due Process clause of the United States
 28

1 Constitution (which limits the scope of a class settlement release to claims
2 premised on the same factual predicate as the claims alleged in the settled action).

3 66. Plaintiff, on behalf of himself and the Classes, accordingly seeks a
4 declaration as to the parties' respective rights under the Policy with respect to
5 TLIC's obligation to honor the 30th and 40th anniversary Cash Value Increases
6 promised under the Policy.

7 **SECOND CAUSE OF ACTION**

8 *(Breach of Contract – All Classes)*

9 67. Plaintiff refers to the prior paragraphs of this Complaint and
10 incorporates those paragraphs as though set forth in full in this cause of action.

11 68. The Policy is an enforceable contract between TLIC and Plaintiff,
12 including the Group Insurance Certificate and the Issue Illustration incorporated
13 therein by reference.

14 69. At all relevant times, Plaintiff performed all his obligations under the
15 Policy.

16 70. As alleged above, TLIC is obligated under the Policy contract to credit
17 the Cash Value Increases on the 30th and 40th anniversary dates.

18 71. Through its failure to pay or credit the 30th anniversary Cash Value
19 Increase, TLIC has breached the Policy.

20 72. Through its repudiation in the Repudiation Letter of any obligation to
21 pay the 40th anniversary Cash Value Increase, TLIC has materially anticipatorily
22 breached the terms and provisions of the Policy.

23 73. TLIC's conduct and material breaches of the Policy have caused or
24 will cause damage to Plaintiff and the other members of the Classes in an amount
25 to be determined at trial.

1 **FOURTH CAUSE OF ACTION**

2 *(Tortious Breach of the Duty of Good Faith and Fair Dealing*
3 *– California Subclasses)*

4 81. Plaintiff refers to the prior paragraphs of this Complaint and
5 incorporates those paragraphs as though set forth in full in this cause of action.

6 82. The Policy is a valid, enforceable contract between TLIC and Plaintiff
7 and the other members of the California Subclass.

8 83. Life insurance policies, like those owned by Plaintiff and the Subclass
9 Members, protect them from the economic harm and risk presented by death. As
10 is the case with most insurance contracts, TLIC and the Policyowners' financial
11 interests are directly at odds: TLIC benefits from repudiating the 30th and 40th
12 anniversary Cash Value Increases to Policyowners and the Policyowners are
13 harmed by such conduct. As explained above, TLIC benefits if Plaintiff and the
14 Subclass Members forfeit their policies because it will have obtained premium
15 payments without having to pay death benefits, promised credited interest rates,
16 and the promised Cash Value Increases.

17 84. For these reasons, TLIC owes Plaintiff and Subclass Members a
18 heightened duty of good faith and fair dealing. Among other things, TLIC must
19 refrain from doing anything to injure the Policyowners' right to receive the benefits
20 of the Policy. TLIC is required to give at least as much consideration to the welfare
21 of the Policyowners as it gives to its own interests. Furthermore, TLIC has a duty
22 to reasonably inform Plaintiff and the Subclass Members of their rights and
23 obligations under the Policy.

24 85. As alleged above, TLIC has breached these duties in connection with
25 the 30th and 40th anniversary Cash Value Increases, thereby frustrating the
26 reasonable expectations of Plaintiff and the Subclass Members and tortiously
27 depriving them of benefits under the Policy. In failing to credit the 30th anniversary
28

1 Cash Value Increase, TLIC did not give proper consideration to the welfare of
2 Plaintiff and the other members of the Subclass and served solely its own interests
3 at their expense. In addition, TLIC has failed to truthfully, let alone reasonably,
4 disclose or describe its course of conduct, or the basis and reasons for its course of
5 conduct.

6 86. TLIC's alleged acts and omissions were and are unreasonable and
7 without proper cause. If left unabated, TLIC's conduct will frustrate and deprive
8 Plaintiff and the Subclass Members of the reasonably expected benefits of their
9 Policy.

10 87. TLIC is, in particular, improperly withholding benefits due Plaintiff
11 and the Subclass Members under the Policy.

12 88. TLIC's tortious breach of the covenant of good faith and fair dealing
13 has proximately caused damages to Plaintiff and the Subclass Members in an
14 amount to be determined at the time of trial.

15 89. TLIC's conduct was intentional, deliberate, and constitutes
16 oppression, fraud, or malice. Plaintiff and the Subclass Members are entitled to
17 recover punitive and exemplary damages in an amount to be determined by the
18 trier of fact. Plaintiff also seeks an order requiring TLIC to disgorge all profits that
19 it received in connection with the above-referenced wrongful acts and omissions.

20 90. In addition, unless TLIC is preliminarily and permanently enjoined
21 from failing or refusing to credit the Cash Value Increases on the 30th and 40th
22 anniversary dates, Plaintiff and Subclass Members will suffer severe and
23 irreparable injuries for which they have no adequate remedy at law.

24 **PRAYER FOR RELIEF**

25 WHEREFORE, Plaintiff, individually and on behalf of the Classes, prays for
26 relief as follows:

1 A. An Order certifying this action to proceed as a class action on behalf
2 of the Classes, and appointing Plaintiff and the counsel listed below to represent the
3 Classes;

4 B. An Order determining and declaring TLIC's obligation to pay the 30th
5 and 40th anniversary Cash Value Increases;

6 C. An Order awarding compensatory damages or restitution to Plaintiff
7 and the other beneficiary members of the Classes, plus prejudgment and post-
8 judgment interest;

9 D. An Order awarding Plaintiff and all members of the Classes such other
10 equitable relief as the Court deems proper;

11 E. An Order awarding attorneys' fees, expert witness fees and other costs
12 pursuant applicable common fund jurisprudence; and
13

14 F. An Order awarding such other and further relief as may be just.

15 **DEMAND FOR JURY TRIAL**

16 Plaintiff demands a jury trial of all issues triable by jury.

17
18 Dated: February 1, 2021.

19 **BONNETT FAIRBOURN FRIEDMAN**
20 **& BALINT, PC**

21 /s/ Patricia N. Syverson
22 Patricia N. Syverson (SBN: 203111)
23 psyverson@bffb.com
24 600 West Broadway, #900
25 San Diego, CA 92101
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5 2325 East Camelback Road, Suite 300

6 Phoenix, AZ 85016

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9 Randy D. Curry (SBN: 119636)

10 randydcurrylaw@gmail.com

11 LAW OFFICES OF RANDY D. CURRY

12 2901 W. Coast Highway, Suite 200

13 Newport Beach, CA 92663

14 Telephone: (949) 258-4381

15 Fax: (949) 258-4382

16 *Attorneys for Plaintiff*

EXHIBIT A

GENERAL SERVICES LIFE INSURANCE COMPANY
Home Office: Cedar Rapids, Iowa
Regional Office: P.O. Box 7952, San Francisco, California 94120-9722
(the Company, We, Our, Us)

Direct Recognition Life I
GROUP INSURANCE CERTIFICATE
To Group Policy No. ("Policy")

Name of Participating Employer ("Employer"): INCA
Group No.: G-128
Certificate No.: 164
Name of Insured Participant(s) ("You or Your"): WILLIAM A WREN
Certificate Issue Date: September 7, 1990
Coverage Effective Date: September 4, 1990
Age (nearest birthday) on Coverage Effective Date: 57
Paid-Up Date: The Anniversary of your Coverage Effective Date nearest your birthday
JOAN F. WREN
(Joint Life)

Beneficiary as designated by Owner:
WILLIAM F. WREN
(PPrimary)
MARGARET H. WREN
(CContingent)

Applicant Owner (if any):
WILLIAM F WREN
(PPrimary)
(CContingent)

<u>Type of Life Insurance Coverage</u>	<u>Initial Mode Premium</u>	<u>Death Benefit Face Amount</u>
Initial Group Permanent Coverage	\$ 6,402.16 /AN	\$ 1,000,000.00
(Waiver of Premium Rider	[] Yes [☒] No	
Premium Waived \$ per)	\$	
Initial Group Life Rider		
(Waiver of Risk Charge Rider	[] Yes [☒] No	\$
Initial Group Term Rider Coverage		
(Waiver of Risk Charge Rider	[] Yes [☒] No	\$
Initial Group Accidental Death Rider Coverage		
(Waiver of Risk Charge Rider	[] Yes [☒] No	\$
Group Deferred Annuity Rider Coverage		
(Waiver of Risk Charge Rider	[] Yes [☒] No	\$
Cost of Living Benefit Rider	[] Yes [☒] No	% applies to:
and terminates:		

Other Conditions and Riders:

This Certificate is issued as evidence of insurance under the Policy and its Riders. It replaces and supersedes any Certificate issued previously under the Policy bearing the same number. The Certificate contains a summary of the essential features of the insurance coverage. It is subject to, and is to be read in conjunction with, the terms of the Policy and its Riders. The Policy and its Riders apply to the insurance whether set out in this Certificate or not. The entire contract consists of the Policy and its Riders providing group permanent, group term and other insurance and/or annuity coverage(s); the application of the Policyholder; and the applications, health questionnaires, and medical examinations, a copy each of which is included in and made a part of each Certificate provided to the Owner of such rights and benefits. The Policy and its Riders may be examined at any reasonable time at the head office of the Participating Employer or the Trustee.

Any changes to the provisions of this Certificate will be shown on the SPECIAL INFORMATION SECTION.

G-DRL 0199 (5/86) [GSL005/W2]

FACE PAGE

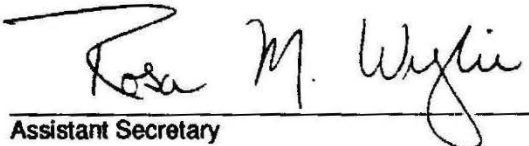
GENERAL SERVICES LIFE INSURANCE COMPANY
Home Office: Cedar Rapids, Iowa
Regional Office: 201 Alameda del Prado, Novato, California 94949
(the "Company" or "We"/"Us"/"Our")

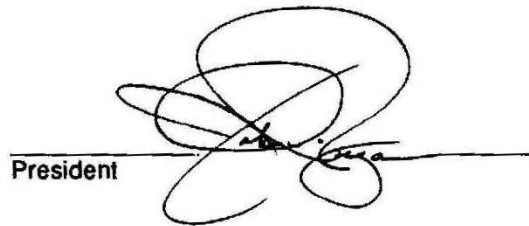
DEATH BENEFIT SAFEGUARD LIBERALIZATION FEATURE

Under the terms of your Certificate, the Company under certain circumstances, following a withdrawal, could reduce the death benefits otherwise provided for. Your Certificate, however, has been liberalized as follows:

1. In the event that you make loans and/or withdrawals from the Group Permanent Current Cash Values, which are Applicable Loans and Withdrawals as described below, this Liberalization Feature will provide that the Group Permanent death benefit will not be reduced by the amount of the Applicable Loans and Withdrawals.
2. Applicable Loans and Withdrawals are defined as: loans and/or withdrawals which in any one accounting year do not exceed the lesser of (i) the maximum loan or withdrawal allowed by the policy, or (ii) the sum of the current scheduled annual premium plus 10% of unscheduled premiums paid to date. This Liberalization Feature does not apply to any loans and/or withdrawals which are not Applicable Loans or Withdrawals.
3. This Liberalization Feature will terminate the earlier of: (a) the exercise by you of any Paid-Up/Settlement Option; or (b) the last day of the fifteenth Accounting Year of the Certificate; or (c) the Death Benefit is decreased at your request.

IN WITNESS THEREOF, General Services Life Insurance Company has, by its President and Secretary, executed this Liberalization Feature and caused the same to be countersigned as of the Certificate Effective Date.


Assistant Secretary


President



Life Investors Insurance Company of America

A Stock Company

Home Office located at: 4333 Edgewood Road N.E., Cedar Rapids, Iowa 52499
(Hereafter called the Company, we, our or us)

(319) 398-8511

IMPORTANT NOTICE

This Notice forms a part of your Bankers United Life Assurance Company (Bankers United) policy/certificate. You should attach the Notice to your policy/certificate.

MERGER ENDORSEMENT

This Is To Certify That

**BANKERS UNITED LIFE ASSURANCE COMPANY
CEDAR RAPIDS, IOWA**

Has Been Merged Into

**LIFE INVESTORS INSURANCE COMPANY OF AMERICA
HOME OFFICE: CEDAR RAPIDS, IOWA**

As of the effective date shown below, policy owners and/or certificate holders of Bankers United became policy owners and/or certificate holders of Life Investors Insurance Company of America (Life Investors). Life Investors will carry out all of the obligations of your policy/certificate with Bankers United. The terms and conditions of such policy/certificate will not change.

You should make all premium payments to Life Investors. Filing of claims should also be made to Life Investors.

The Merger of business was completed following the approval of the Insurance Department of the State of Iowa.

IN WITNESS WHEREOF, Life Investors Insurance Company of America has caused this Endorsement to be executed, effective December 31, 2001.

**LIFE INVESTORS INSURANCE COMPANY OF AMERICA
4333 EDGEWOOD ROAD N.E.
CEDAR RAPIDS, IOWA 52499**

Signed for us at our home office.

SECRETARY

PRESIDENT

MERGE BU/LI 501 CA

*LIFE INVESTOR INS. CO. OF
America*

POLICY/CERTIFICATE NUMBER:

164

NAME:

William F Wren

IMPORTANT NOTICE

This Certificate forms a part of your policy/certificate as a policyowner/certificateowner of General Services Life Insurance Company and should be attached thereto.

CERTIFICATE OF ASSUMPTION

This Is To Certify That
The Business Of

GENERAL SERVICES LIFE INSURANCE COMPANY
CEDAR RAPIDS, IOWA

Has Been Assumed By

BANKERS UNITED LIFE ASSURANCE COMPANY
CEDAR RAPIDS, IOWA

Bankers United Life Assurance Company hereby assumes and agrees to carry out all of the obligations of your policy/certificate with General Services Life Insurance Company, subject to the terms and conditions of such policy/certificate.

The assumption of the business was completed following the approval of the Insurance Department of the State of Iowa.

IN WITNESS THEREOF, Bankers United Life Assurance Company has caused this Certificate to be executed, effective October 1, 1993.

BANKERS UNITED LIFE ASSURANCE COMPANY
Administrative Offices
P.O. Box 7952
San Francisco, CA 94120-9722


SECRETARY


PRESIDENT

GENERAL SERVICES LIFE INSURANCE COMPANY
Home Office: Washington, DC
Regional Office: P. O. Box 7952, San Francisco, California 94120-9722

GROUP PERMANENT LIFE INSURANCE CERTIFICATE

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DEFINITIONS

ACCOUNT - An Account established under the Policy and administered by us for you. The Account encompasses the Ultimate and Current Cash Values (which include the Excess Account Values) available from time to time to the Owner, all of which constitute the "Account Values" for your Group Permanent Certificate.

ACCOUNTING YEAR - A 12-month period beginning on your Coverage Effective Date. Each subsequent Accounting Year shall be a 12-month period beginning on the respective anniversary(ies) of your Coverage Effective Date.

BENEFICIARY - The person or entity so designated by an Owner of any Certificate to receive the benefits payable upon the death of a Participant.

CERTIFICATE - The respective Certificate(s) of insurance, including any Illustrations, applications, medical statements, endorsements and riders, issued for each Participant. The Certificate states and defines: (1) the benefits to which each Certificate Owner is entitled; (2) to whom benefits are payable; and (3) the manner in which benefits are payable to Beneficiary. This document in hand is your Certificate.

CONVERSION DATE - The date (within 31 days after your insurance ceases) that the Owner may convert to individual coverage.

COVERAGE EFFECTIVE DATE - The date the Certificate is effective for a Participant as to any benefits described thereunder.

DEPENDENT - An Eligible Individual's spouse, parent, or descendant.

EVIDENCE - Evidence of insurability satisfactory to us.

ILLUSTRATION - The Illustration(s) attached to this Certificate or otherwise furnished to the Owner. It shows the premiums and assumptions required to provide the benefits and Account Values specified herein.

G-DRL 0160-1 (5/86) [GSL004/W2]

MARKET VALUE EQUITY CONCEPT. The Market Value Equity Concept adjustment is a factor equal to the weighted average value of the ratio of the Market Value Factor in the month of a surrender, withdrawal or a transfer due to a change in an interest earning strategy to the Market Value Factor in the month premiums were paid, on a First-In-First-Out basis. The Market Value Factors are calculated by dividing the market value of the managed assets at the end of each month by the corresponding book value. The Market Value Factors are available from the Company upon request.

OWNER - The Owner of the rights and benefits described by the Certificate.

PARTICIPANT/YOU/YOUR - An Eligible Individual or Dependent who has applied to and been accepted by us under the Policy.

POLICY - The group Master Policy under which this Certificate is issued.

REGIONAL OFFICE - General Services Life Insurance Company's regional office located in Sausalito, California.

RIDERS - The agreement(s) providing additional benefits by us and made a part of the Policy.

TARGETED PAID-UP DATE - The anniversary of the Coverage Effective Date which completes a period of full Accounting Years between your age on the Coverage Effective Date and the paid-up age specified in your application for insurance, or such earlier date elected by the Owner.

WE/US/OUR - General Services Life Insurance Company

INSURANCE BENEFITS

You are insured for the benefits described on the FACE PAGE and the Illustration(s), if the required premiums for the described benefits have been paid on time. All premiums are payable in advance by check made payable only to us. Any changes will be shown on the FACE PAGE, or SPECIAL INFORMATION SECTION.

The initial face amount of the Death Benefits is the amount shown on the FACE PAGE. Upon receipt of due proof of death, we will pay the Death Benefit if the insured Participant dies while the benefits described by this Certificate are in force and no premium is unpaid beyond its grace period.

TERMINATION OF COVERAGE

Your insurance will terminate on the earlier of: (1) the date of surrender of your Certificate; and (2) the Coverage Effective Date for a new Participant requested by the Owner under the "Change of Participant" provision of the Policy; and (3) the end of the period for which premiums have been paid for your insurance; and (4) the date the Current Cash Value would be insufficient to pay any Risk Charge due; and (5) the date that any indebtedness exceeds the Amount Available For Loans; and (6) the date you cease to be employed, unless: (a) continuation of insurance coverage following cessation of employment is elected; or (b) you are a member of a class of Eligible Individuals for whom continued employment or continued membership in an association is not required; or (c) you are an eligible Dependent for whom employment was not required.

BENEFICIARY

The death benefits shall be paid to the Primary Beneficiary named by the Owner. If no Beneficiary has been so named or if the Primary Beneficiary does not survive you, the death benefits shall be paid to the surviving person or persons in the first of the following classes of successive preference beneficiaries of which a member survives you: (1) the Contingent Beneficiary; (2) your: (a) spouse; (b) children, including legally adopted children; (c) natural parents; (d) full brothers and sisters; (e) executor or administrator.

Unless we are told otherwise in writing, we will follow these rules: (1) we will pay equal shares when more than one Beneficiary will share the funds; (2) if any Beneficiary dies at the same time as you, or within 30 days after and before we make any payments, we will pay as if that Beneficiary did not live as long as you; (3) when Beneficiaries are not shown by name (such as "children"), we may determine who they are from sworn statements and not wait for court records; (4) the word "child" means only a child born to or adopted by you.

TRUSTEES AS OWNERS OR BENEFICIARY

The fact that the Owner or the Beneficiary is a designated trust will not make any difference in the way we deal with this Certificate. If there is any conflict between the terms of the Policy and its Riders and the terms of a designated trust, we will follow the terms of the Policy and its Riders. Payment of any money to the trustee of the designated trust will release us from any liability for that money.

G-DRL 0160-2 (5/86) [GSL004/W2]

ASSIGNMENT OF BENEFITS

The Owner may assign the benefits at any time. The Owner must notify us in writing of the assignment. After we have acknowledged the assignment, it will become effective as of the date of the assignment. We are not responsible for the validity of any assignment. The rights of the Owner and the Beneficiary may be restricted or ended if these benefits are assigned.

NON-ALIENATION OF BENEFITS

Amounts payable as described in this Certificate may not be pledged, commuted, encumbered or assigned by any person other than the Owner; and, to the extent permitted by law, no amount will be subject to any legal process to satisfy the payment of a claim against any such person.

CHANGE OF OWNER AND BENEFICIARY

The Owner can name someone else as the Owner at any time before you die by notice to us. Or, subject to the rights of any irrevocable Beneficiary, he can name someone else as Beneficiary at any time before you die by notice to us. Any change must be acknowledged by us. If acknowledged, it will take effect on the date the notice was signed by the Owner. We will not be liable for any payments we make, or actions we take before the change is acknowledged.

CHANGE OF DEATH BENEFIT

Any increase in the Death Benefit or any increases in the Risk Insurance Amount including increases resulting from a change in the Paid-Up Date requested by the Owner, will be subject to all our requirements for new applicants including Evidence.

CONTINUATION PRIVILEGE

If you become ineligible for coverage under your employer's Program, we will allow your coverage described in the Certificate to continue unless the Owner has requested us not to do so; provided your Certificate is still in force and all premiums with respect to your Certificate have been and continue to be paid when due. The Certificate will continue to be subject to all the terms and conditions of the Policy, its Riders.

GRACE PERIOD, AUTOMATIC PREMIUM LOAN AND REINSTATEMENT PROVISIONS

If any premium is not paid on or before the due date, we will allow a period of 31 days after such due date during which time the Certificate will remain in force. This is called the grace period. If a Group Permanent premium is not paid before the end of the grace period, the premium for such coverage(s) will be made as a policy loan from the Amount Available For Loans under the Certificate(s); however, the Amount Available For Loans must be sufficient so that all coverage will remain in full force and effect. This process will continue until the loan amount exceeds the Amount Available For Loans. When the loan amount exceeds the Amount Available For Loans, the coverage will lapse, and the Certificate will be of no force and effect; subject to 31 days' written notice being sent to the Owner at his last known address.

If the coverage lapses then the Owner may apply to us to have such coverage reinstated. We will reinstate such coverage on four conditions: (1) reinstatement must be requested; (2) Evidence must be supplied by the insured Participant; (3) payment of the overdue premiums, with interest, compounded yearly must be made; and (4) payment or reinstatement of indebtedness with interest compounded yearly must be made.

Any Policy Loan resulting from these provisions will be given effect to and accounted for on the same terms as any other Policy Loan under the Policy Loan section of this Certificate. The interest rate charged under this provision will not exceed the applicable policy loan interest rate. A portion of the Account Values equal to the amount loaned will be regarded as being in the Policy Loan Interest Earning Strategy for the period involved.

CONVERSION PRIVILEGE

Within 31 days after your insurance ceases, the Owner may convert the benefits described in this Certificate. He must apply to us in writing. He must also surrender this Certificate if we request it to be surrendered; but you will not have to provide Evidence.

The new policy may be any plan of life or endowment insurance on you that we are then routinely issuing. We have limits on the minimum amount of insurance we will issue. These vary from plan to plan. These may limit the choice of policies; however, they will not be used to deny conversion.

We will not issue a policy which has a provision which puts us at any greater risk than a similar provision of the Policy and its Riders. A waiver of premium, waiver of risk charge, or accidental death benefit may be included only if such benefit(s) is provided under this Certificate and shown on the FACE PAGE. We will not include a waiver of premium benefit or waiver of risk charge benefit in the new policy if you are over age 55 on the conversion date.

G-DRL 0160-3 (5/86) [GSL004/W2]

EXTENSION OF COVERAGE

If you die during that period in which the Owner is eligible to convert the insurance described by this Certificate to individual insurance, the amount of life insurance which the Owner was eligible to convert shall be payable as a claim under the Policy and its Riders; however, any individual policy applied for under the Conversion Privilege shall be of no effect.

SUICIDE

If the Policy is issued to a Missouri citizen, suicide is no defense to the payment of life insurance benefits nor is suicide, while insane, a defense to payment of accidental death benefits, if any, under this Certificate, unless we can show that you intended suicide when you applied for coverage under the Policy.

INCONTESTABILITY

If premiums are paid when due, we will not contest the benefits described in this Certificate after it has been in force during your lifetime for two years from the Certificate Issue Date. In addition, any Evidence voluntarily submitted by you to obtain an increase in coverage or a more favorable Risk Charge after the Certificate Issue Date will be incontestable after the increase in coverage or more favorable Risk Charge(s) has been in effect during your lifetime for two years.

ADMINISTRATIVE ERROR

This Certificate states the amount of life insurance coverage and/or other benefits to be provided. No action by us, whether by mistake or otherwise, will convey any greater or lesser benefit or insurance protection other than that which is intended by this Certificate and the Policy, and for which you applied, and for which premiums have been paid.

TAXES

We may deduct from amounts applied or held under this Certificate any applicable premium taxes or other taxes or assessments levied by the Federal Government or by any state or local government or taxing authority.

**GROUP PERMANENT INSURANCE DEATH
BENEFIT AND PREMIUM PROVISIONS**

GROUP PERMANENT INSURANCE DEATH BENEFIT: The face amount of the Group Permanent Death Benefit is equal to the face amount of Group Permanent Life Insurance plus the face amount of any Paid-Up Additions. OPTION A: The Group Permanent Death Benefit on you will be the greater of: (1) The face amount as shown on the Certificate; or (2) The amount determined in accordance with Table B. OPTION B: The Group Permanent Death Benefit on you will be the greater of: (1) The face amount as shown on the Certificate plus the Ultimate Cash Value (including any Excess Account Values); or (2) The amount determined in accordance with Table B. OPTION C: The Group Permanent Death Benefit on you will be the greater of: (1) the face amount as shown on the Certificate plus the Excess Account Values, if any; or (2) the amount determined in accordance with Table B.

DETERMINING GROUP PERMANENT PREMIUMS. We shall determine, based on the interest and/or other assumptions selected by the Owner, the premiums which shall be due and payable and which, if paid on a timely basis, should be sufficient in the aggregate to maintain the Account Values, net of any applicable taxes, Loading Charges and policy fees, at the levels necessary for: the payment of any applicable Risk Charges, Administrative Charges and monthly service charges; and the continuation of the life insurance and any other benefits provided to you as shown in the Certificate(s). The choice of any interest or other assumption(s) by the Owner in determining the premiums in no way assures that the Account Values will be adequate to provide for the applicable charges and/or the continuation of the life insurance or other benefits. We make no warranty or representation regarding the adequacy or the reasonableness of any of the assumptions selected by the Owner or the sufficiency of the premiums. Although all the anticipated annual premiums continue to be paid, the actual Death Benefits, and Account Values, may be more or less than those shown in your Illustration, if the Risk Charge deducted from, and/or actual rate of net interest earnings credited to, your Account Values are more or less than the assumed rate of return selected by the Owner or the assumed Risk Charge.

UNSCHEDULED GROUP PERMANENT PREMIUM PRIVILEGE. At any time the Owner may enrich your benefits through the payment of an unscheduled premium subject to a minimum of \$1,000 and our agreement. Such premium(s) is voluntary and in addition to any other premiums due. Any unscheduled premium may be used to: (1) shorten the premium payment period; and/or (2) lower future premiums; and/or (3) provide additional coverage before, after, or on the Targeted Paid-Up Date subject to Evidence and/or (4) increase the Account Values.

REFUSAL OF PREMIUMS. The Company reserves the right at any time to refuse to accept a premium if as a result of its acceptance the Death Benefit would not be in compliance with applicable Federal Law or Regulations of the Internal Revenue Service.

G-DRL 0160-4 (5/86) [GSI.004/W2]

**ACCOUNT VALUES; INTEREST AND EXCESS INTEREST CREDITED TO ACCOUNT VALUES;
USE OF SURPLUS INTEREST; CHANGES IN INTEREST EARNINGS STRATEGY**

ESTABLISHING THE ACCOUNT. We shall establish for each Certificate an Account which includes the Ultimate and Current Cash Values (which include the Excess Account Values). This Account will be credited with premiums paid, net of any applicable Loading Charges, policy fees, and taxes. We shall credit interest on the Account Values and shall deduct from the Account Values any applicable Administrative Charge, Risk Charge and monthly service charge, as reflected in the account values shown in the Illustration. The Ultimate Cash and Excess Account Values represent the accumulation of policy values assuming a levelized amortization of costs and expenses. In the event of early withdrawals the Ultimate Cash and Excess Account Values, will be adjusted by the Premature Withdrawal Penalty as shown in the Illustration or in the Table of Premature Withdrawal Penalties which are attached to and made part of the Certificate. Each year the Company may prepare a statement showing the balance of the Account Values for each Participant.

"Excess Account Values" are created by unscheduled premiums and are included in the Account Values. The Excess Account Values are an amount (not to exceed the Current Cash Value less loans outstanding) which equals (1)-(2) where (1) is the sum of any unscheduled premiums paid, net of any applicable taxes and Loading Charges, plus interest and Excess Interest thereon; and (2) is any applicable Administrative Charges, Risk Charges, monthly service charges, and any prior withdrawals of Excess Account Values or use of Surplus interest thereon other than option 4 (account value additions). Any Excess Account Values may be withdrawn by the Owner at any time upon 30-days' written notice to us subject to any applicable Market Value Equity Concept adjustment and/or Premature Withdrawal Penalty and/or Surrender Charge as specified in the Participant's Illustration and/or the Table of Premature Withdrawal and/or Surrender Charges which is attached to and made part of the Certificate. Any withdrawals of Excess Account Values which total less than 10% of the Excess Account Value on an annual basis are not subject to any Surrender Charge or Market Value Equity Concept adjustment. We may require that such withdrawals be taken within 30 days of any anniversary of a Coverage Effective Date. The Company has the right to automatically reduce the face amount of the Death Benefits by an amount equal to the Unscheduled Premium withdrawal if the Risk Insurance Amount would be increased by such withdrawal. If it is necessary to reduce the face amount as a result of withdrawals of Excess Account Values, such reductions in the face amount will be made on a first-in first-out basis.

ACCOUNT VALUES; INTEREST AND EXCESS INTEREST CREDITED TO ACCOUNT VALUES. We will invest the Policy reserves in our sole discretion but will attempt to recognize the Owner's preference as indicated in the Participant's application. The assets held under the Policy will at all times remain our sole property. The effective annual "Interest Earnings Rate" for a particular interest earnings strategy, shall be determined net of direct investment expenses and any taxes which may be levied on investment income, and shall be applied to the accumulated balance of your Account Values held in that interest earnings strategy. The Interest Earnings Rate will be related only to our overall portfolio performance for the particular interest earnings strategy(ies) underlying your Account Values, and shall have no individual investment characteristics whatsoever. Neither the Policyholder, nor you, nor the Owner, will have any right to direct us concerning any investments owned by us in any of the interest earnings strategies. The Interest Earnings Rate will be credited in full, first to the 4% minimum guarantees or such higher guaranteed rate as we may declare from time to time, and then to Excess Interest for your Certificate. The payment of Excess Interest (in excess of the guaranteed rates) for any period does not guarantee that such Excess Interest will be credited in future periods.

USE OF INTEREST EARNINGS IN EXCESS OF PREMIUM ASSUMPTIONS. On the anniversary of each Accounting Year prior to the Targeted Paid-Up Date, "Surplus" interest earnings on the Current Cash Value which are attributable to the immediately preceding Accounting Year, which are in excess of the interest earnings assumptions selected by the Owner to determine Group Permanent Premiums may be applied by the Owner on behalf of you under the Group Permanent Certificate in any of these ways:

1. **PREMIUM PAYMENT** - To pay part or all of the annual premium currently due. Any amounts in excess of the premium due will be added to your Account Values or may be withdrawn in cash.
2. **PAID-UP ADDITIONS** - To establish additions to the face amount of the Group Permanent Death Benefit prior to the Targeted Paid-Up Date. Such additions will be calculated from the table of Sufficient Values Per \$1,000 Insurance at the then attained age and interest assumption chosen by the Owner for premiums before the Targeted Paid-Up Date. The values attributable to these additions will remain in your Account and share in Excess Interest and be available at the Targeted Paid-Up Date for application to the Paid-Up Option selected by the Owner.
3. **CASH** - To be paid in cash.
4. **ACCOUNT VALUE ADDITIONS** - To increase the Account Values and/or reduce the premium payment period.
5. **FIFTH INTEREST OPTION** - To purchase additional one year term insurance.

The Owner may change the use of Surplus Interest by giving us written notice at least 31 days prior to any Accounting Year Anniversary. Such change may be subject to Evidence if such change would increase the Risk Insurance Amount. If no election is made, Surplus Interest will automatically be used to increase the Account Values.

LIMITATION ON CHANGES IN INTEREST EARNING STRATEGY. The Owner may request a change in interest earnings strategy for your Account Values by giving us thirty-one (31) days notice. No change in interest earnings strategy used by us for reserves under this Policy will be made more than twice in any Accounting Year as to your Certificate unless such change is the automatic result of a request for a policy loan. We may cease to accept premiums for a particular interest earnings strategy upon giving of written notice to that effect whereupon any new premiums submitted on your behalf, will be accepted subject to the terms and conditions in existence for other new premiums received by us in respect of the interest earnings strategy(ies) available at that time. When a change in interest earnings strategy is effected as a result of the Owner's request, or a change arises from transfers to the Policy Loan Interest Earnings Strategy, we reserve the right to adjust the amount of the Account Values being transferred to a different interest earnings strategy by the Market Value Equity Concept adjustment.

POLICY LOANS

AMOUNT AVAILABLE FOR LOANS. The amount available to the Owner for loans will be at least 95% of the adjusted Current Cash Value, which includes the Current Cash Value of any paid up additions and any Excess Account Values. The adjusted Current Cash Value will be determined as an amount after the Account Value has been transferred to the Policy Loan Interest Earnings Strategy, less: (1) any due and unpaid premium as of the loan date to pay the Certificate to its next Accounting Year anniversary, which shall become a loan subject to loan interest; and (2) any loan interest to the next Accounting Year anniversary; and (3) any monthly charges to the next Accounting Year anniversary.

TERMS OF POLICY LOANS. We will give a Policy Loan on the sole security of the your Certificate if: (1) written request is made for a loan by the Owner of your Certificate; (2) your Certificate is in force; (3) the Account has a Current Cash Value; and (4) the Owner has completed the documentation required by us.

Any portion of the Current Cash Values which is loaned will automatically be regarded as a request to transfer a sufficient portion of the Account Value from the selected interest earnings strategy to the "Policy Loan Interest Earnings Strategy", subject to the conditions on "Limitation On Changes In Interest Earnings Strategy". The resulting net amount, equal to the loan, will be held in the Policy Loan Interest Earnings Strategy until such loan is repaid. Policy loans will be regarded as applying to any Current Cash Values attributable to premiums other than unscheduled premiums; and thereafter to any Account Values under a Participant's Certificate. Any Policy loans outstanding will be deducted from any Death Benefits payable.

LOAN INTEREST. Interest, payable in advance, will be charged on a loan, and shall be due and payable on each Accounting Year anniversary; subject however to the restriction that the maximum rate charged will not exceed the greater of Moody's Corporate Bond Yield Average or the Interest Earnings Rate credited to that portion of the Account Values held under the Policy Loan Interest Earnings Strategy, which will never be less than fifteen percent (15%). The interest rate charged, and credited to loaned Account Values, may be changed from time to time, but not more often than once every three (3) months. Interest not paid when due will be treated as an automatic request for an additional loan and accounted for under the terms of this section in the same way as a request for a new loan.

LOAN REPAYMENT. All or any part of a loan may be repaid by payments of at least \$100 at any time while you are alive and the Certificate is in force.

DEFERMENT. We have the right to delay making any loan, except for a loan to pay a premium, for up to six months after the date the loan is requested.

RIGHT OF TERMINATION. If indebtedness at any time exceeds the amount available for Loans, we will have the right to terminate the Certificate without further value 31 days after notice of termination has been mailed to the last known address of the Owner and of any assignee of record.

WITHDRAWALS AND SETTLEMENT OPTIONS

VALUE AVAILABLE FOR APPLICATION TO PAID-UP/SETTLEMENT OPTIONS. The amount available for application to any Paid-Up/Settlement Option will be the Death Benefit proceeds, or the Current Cash Value calculated as of the date of such application. If not paid in a lump sum, Death Benefit proceeds may only be applied to Option 4. Current Cash Values may be applied by the Owner to any of the Paid-Up/Settlement Options, and the Owner may request a change from one option to another for the application of your Current Cash Values at any time prior to the Paid-Up Date. Values under Option 1 and Option 2 will be subject to existing indebtedness and assignment.

PAID-UP/SETTLEMENT OPTIONS

OPTION 1 - Universal Option: If Option 1 is selected by the Owner, we will withdraw from your Account Values such amount as may be required in accordance with the Company's Risk Rates in effect at that time to pay the Risk Charge on the Risk Insurance Amount attributable to the Group Permanent life insurance on you, including the face amount of any Paid-Up Additions and term Riders. If agreed to by the Owner(s), the Risk Charge attributable to any term Certificate on you or any other family member of yours may be deducted from your Account Values. If your Current Cash Value at any withdrawal date is insufficient to fully pay our then required Risk Charge, policy fees and loan interest, if any, for the following year, we will notify the Owner of the amount of the deficiency and request payment. If the deficiency is paid within 31 days after the date of request, the coverage will remain in force in the same manner and with the same effect as if there had been no deficiency. If the deficiency amount is not paid within the stated time, the Certificate will terminate without further value 31 days after notice of termination have been mailed to the last known address of the Owner and any assignee of record.

OPTION 2 - Interest Sufficiency Option: If Option 2 is selected by the Owner, we will apply to Paid-Up Status a level "Amount" of life insurance coverage based on the Current Cash Values, the interest assumptions selected by the Owner and the table of Sufficient Values Per \$1,000 Insurance. The maximum Amount of life insurance coverage placed on Paid-Up Status will be (1) + (2), where (1) is the Risk Insurance Amount provided by the Certificate(s) on you on the Targeted Paid-Up Date including the face amount of any Paid-Up Additions and term Riders; and (2) is the Current Cash Value applied under this Option. If in any Accounting Year the cumulative net interest earnings credited on the Current Cash Values (net of the Administrative Charge and the applicable policy fees), expressed as a net rate of return thereon, is equal to or greater than the interest rate assumption selected by the Owner for the purpose of calculating such Amount, then the Current Cash Values will remain sufficient to maintain such Amount in Paid-Up Status. If in any subsequent Accounting Year the cumulative net interest earnings is less than the interest earnings resulting from the assumption selected, the Owner must pay the shortfall determined by us, or else:

- (1) the life insurance coverage will be multiplied by a fraction, the numerator of which is the Current Cash Value, and the denominator of which is the amount required in the table of Sufficient Values Per \$1,000 Insurance at the age applicable on the beginning of the next Accounting year based on the interest assumption selected by the Owner; or
- (2) if requested by the Owner, we will switch your Current Cash Values to another Paid-Up Option.

OPTION 3 - Full Guaranteed Option: If Option 3 is selected by the Owner, we will apply to Paid-Up Status a level Amount no greater than (1) + (2), where (1) is the Risk Insurance Amount provided by the Certificate(s) on you on the Targeted Paid-Up Date, including the face amount of any Paid-Up Additions and term Riders; and (2) is the Current Cash Value applied under this Option. The Current Cash Value applied under this Option will be net of any outstanding indebtedness unless otherwise agreed to by us. The Amount will be based on our rates at that time and the Current Cash Value available at the time this Option is elected and given effect.

The table of Sufficient Values Per \$1,000 Insurance, attached to your Certificate, shows in the column headed "GUARANTEED MAXIMUM" the maximum amount which is guaranteed by us to be sufficient if paid as a single sum under Option 3 to pay up \$1,000 (one thousand U.S. dollars) of life insurance coverage at the respective ages shown in the table. After this Option has been exercised Current Cash Values, and any Amount Available For Loans will be determined by our actuary.

If the Amount calculated under the preceding options includes all or a portion of the life insurance coverage provided under any of the Riders, the Death Benefit under those Riders will be reduced to such Amount as will ensure that we do not have any greater Risk Insurance Amount than existed prior to the exercise of these options.

OPTION 4 - Payments at Intervals: The death proceeds or Current Cash Value which is withdrawn from the Account and applied to any interval payment alternative must be at least \$10,000 and periodic payments to any payee must be at least \$100. If proceeds are payable to an administrator, association, corporation, executor, partnership or trustee, a lump sum payment will be made unless we agree to an alternative payment. An assignee's portion of proceeds must be paid in a lump sum. The balance of proceeds may be paid under an alternative. If payment is being made under an alternative payment arrangement no part of any payment may be alienated, anticipated, assigned, commuted, encumbered or withdrawn, unless we agree.

The following interval payment alternatives are available:

1. Interest Alternative: (a) interest is compounded annually on the proceeds held by us and principal and total interest are paid at the end of an agreed upon period; or (b) interest is paid at the end of each month on the proceeds held by us and the principal and any unpaid accrued interest are paid at the end of an agreed upon period.
2. Installment Alternative: (a) installments are paid at the beginning of each month of a fixed amount until the proceeds and compounded interest are all paid out; or (b) installments are paid at the beginning of each month for a fixed period.
3. Life Income Alternative: (a) installments are paid at the beginning of each month during the payee's lifetime; or (b) installments are paid at the beginning of each month during the payee's lifetime, and are continued during the balance of the period certain; or (c) installments are paid at the beginning of each month during the payee's and the joint payee's lifetime. Under this option, evidence of each payee's age satisfactory to us is required before the first installment is made. Also, we may require proof each time an installment is to be made that the payee(s) is then alive. Payments under this option are based on 1971 Group Annuity Mortality Tables at 4% interest.
4. Other Alternatives: any other alternative agreed to by us may be elected.

The amounts payable under any of the alternatives above will be determined by us upon written request by the Owner or Beneficiary. The guaranteed effective annual interest rate under alternative 1, 2 and 3 is 4% or such greater guaranteed rate as we may establish from time to time. Interest in excess of 4% may be declared by us, at our sole discretion, to be payable under any of the interval payment alternatives. Should we declare interest in excess of 4% on interval payment alternatives for any group of policies or certificate holders, at any time, certificate holders under this group Master Policy will receive at least such greater amount of interest.

Upon written request before payments begin, any alternative paying monthly installments may be changed to make quarterly, semi-annual or annual installments.

OPTION 5 - Surrender for Cash. Any Group Permanent Certificate may be surrendered for its Current Cash Value less any Policy Loans outstanding and applicable surrender charges. We reserve the right to adjust the Current Cash Value, in the event of such surrender, by the amount of any Market Value Equity Concept adjustment. However, we guarantee that in no event will the Current Cash Value, after application of the Market Value Equity Concept adjustment, but before deduction of any Policy Loans or applicable surrender charges, be less than the sum of the participant's Net Principal Payments corresponding to such Current Cash Value accumulated at 4% interest per annum. For this purpose, Net Principal Payments are defined as premiums paid less applicable Loading Charges, Administrative Charges, Taxes, and a proportionate share of applicable Risk Charges, monthly service charges, and annual policy fees. The Owner must return the Certificate to our Regional Office and complete our requirements for surrendered Certificates. We have the right to delay making any payments for up to six months from the date surrender is requested and in accordance with established rules have the right to deduct a surrender charge as shown in the Participant's Illustration and/or Table of Surrender Charges which is a part of the Group Permanent Certificate being surrendered.

SPECIAL INFORMATION SECTION

IN WITNESS WHEREOF, General Services Life Insurance Company, has, by its President and Secretary, executed this Certificate and caused the same to be effective as of the Coverage Effective Date.


SECRETARY


PRESIDENT

GENERAL SERVICES LIFE INSURANCE COMPANY
DIRECT RECOGNITION LIFE I
TABLE OF GUARANTEED ANNUAL PREMIUMS

TABLE OF PREMIUMS REQUIRED TO ACCUMULATE \$1,000 OF PRINCIPAL
OVER A SELECTED PERIOD OF YEARS AND AT DIFFERENT ASSUMED
NET RATES OF INTEREST (SEE EXPLANATION BELOW)*

Number of Years Premiums Are Payable	ASSUMED ANNUAL RATE OF NET INTEREST EARNINGS									
	4.00%	5.00%	6.00%	7.00%	8.00%	9.00%	10.00%	11.00%	12.00%	13.00%
1	1479.29	1465.20	1451.38	1437.81	1424.50	1411.43	1398.60	1386.00	1373.63	1361.47
2	666.81	657.95	649.27	640.78	632.46	624.32	616.33	608.51	600.85	593.33
3	427.14	419.71	412.46	405.39	398.47	391.72	385.13	378.68	372.38	366.23
4	315.56	308.73	302.09	295.62	289.32	283.19	277.22	271.40	265.73	260.21
5	249.86	243.40	237.13	231.05	225.14	219.41	213.85	208.44	203.20	198.11
6	208.20	201.85	195.71	189.78	184.04	178.49	173.12	167.93	162.91	158.05
7	175.93	169.79	163.89	158.19	152.70	147.42	142.32	137.41	132.67	128.11
8	153.67	147.61	141.79	136.20	130.83	125.68	120.73	115.98	111.43	107.05
9	134.71	128.81	123.17	117.76	112.60	107.65	102.92	98.40	94.08	89.95
10	118.04	112.31	106.84	101.62	96.65	91.92	87.41	83.12	79.03	75.14
11	107.38	101.68	96.26	91.10	86.21	81.56	77.15	72.97	69.00	65.25
12	94.74	89.29	84.13	79.23	74.60	70.22	66.08	62.17	58.47	54.99
13	84.85	79.60	74.64	69.96	65.55	61.39	57.47	53.78	50.31	47.05
14	76.59	71.52	66.74	62.25	58.03	54.06	50.35	46.86	43.60	40.56
15	71.70	66.72	62.03	57.64	53.53	49.68	46.08	42.72	39.59	36.67
16	64.85	60.02	55.49	51.27	47.33	43.67	40.26	37.09	34.16	31.44
17	58.99	54.29	49.91	45.85	42.08	38.58	35.35	32.36	29.61	27.07
18	53.92	49.35	45.11	41.19	37.57	34.23	31.17	28.35	25.76	23.40
19	49.50	45.04	40.93	37.15	33.67	30.49	27.58	24.92	22.49	20.29
20	45.61	41.26	37.27	33.62	30.28	27.24	24.47	21.97	19.68	17.64
21	42.16	37.92	34.04	30.52	27.31	24.41	21.78	19.41	17.28	15.37
22	39.09	34.95	31.18	27.77	24.69	21.92	19.43	17.20	15.20	13.42
23	36.34	32.29	28.63	25.34	22.38	19.73	17.37	15.26	13.39	11.74
24	33.86	29.90	26.35	23.16	20.32	17.79	15.55	13.57	11.82	10.28
25	31.61	27.75	24.29	21.22	18.48	16.07	13.94	12.08	10.44	9.02
26	29.58	25.80	22.44	19.46	16.84	14.54	12.52	10.77	9.24	7.92
27	27.72	24.02	20.76	17.88	15.37	13.17	11.26	9.61	8.18	6.96
28	26.02	22.41	19.23	16.46	14.04	11.94	10.14	8.58	7.25	6.12
29	24.46	20.93	17.84	15.16	12.84	10.84	9.13	7.68	6.44	5.39
30	23.02	19.57	16.57	13.98	11.76	9.85	8.24	6.87	5.71	4.74
31	21.69	18.32	15.41	12.91	10.77	8.96	7.43	6.15	5.08	4.18
32	20.47	17.17	14.34	11.93	9.88	8.16	6.71	5.51	4.51	3.69
33	19.33	16.11	13.36	11.03	9.07	7.43	6.07	4.94	4.01	3.25
34	18.28	15.13	12.46	10.21	8.33	6.77	5.49	4.43	3.57	2.87
35	17.30	14.22	11.63	9.48	7.66	6.18	4.96	3.98	3.18	2.53
36	16.38	13.38	10.86	8.77	7.04	5.64	4.49	3.57	2.83	2.24
37	15.53	12.59	10.15	8.13	6.48	5.15	4.07	3.21	2.52	1.98
38	14.73	11.86	9.49	7.54	5.97	4.70	3.69	2.88	2.25	1.75
39	13.98	11.18	8.88	7.00	5.50	4.29	3.34	2.59	2.00	1.54
40	13.28	10.54	8.31	6.51	5.07	3.92	3.03	2.33	1.78	1.36
41	12.62	9.95	7.78	6.05	4.67	3.59	2.74	2.09	1.59	1.20
42	12.00	9.39	7.29	5.62	4.31	3.28	2.49	1.88	1.42	1.06
43	11.42	8.87	6.83	5.23	3.97	3.00	2.26	1.69	1.26	0.94
44	10.87	8.38	6.41	4.86	3.66	2.75	2.05	1.52	1.13	0.83
45	10.36	7.93	6.01	4.52	3.38	2.51	1.86	1.37	1.01	0.74
46	9.87	7.50	5.64	4.21	3.12	2.30	1.69	1.23	0.90	0.65
47	9.41	7.09	5.30	3.92	2.88	2.11	1.53	1.11	0.80	0.58
48	8.97	6.71	4.97	3.65	2.66	1.93	1.39	1.00	0.71	0.51
49	8.56	6.36	4.67	3.40	2.46	1.77	1.26	0.90	0.64	0.45
50	8.17	6.02	4.49	3.17	2.27	1.62	1.15	0.81	0.57	0.40

*EXPLANATION--THE TABLE ABOVE ASSUMES THAT PREMIUMS WILL BE PAID ANNUALLY IN ADVANCE AT THE BEGINNING OF EACH YEAR AND THAT THE RATE OF NET INTEREST EARNINGS WILL BE EARNED NET OF ANY TAXES ON INCOME; DIRECT EXPENSES AND THE ADMINISTRATIVE CHARGE UNDER THE POLICY. IN ADDITION TO THE ABOVE PREMIUMS, FEDERAL, STATE OR LOCAL GOVERNMENT PREMIUM TAXES, THE THEN CURRENT POLICY FEES AND RISK CHARGES REQUIRED TO MAINTAIN THE LIFE INSURANCE COVERAGE IN FORCE THROUGHOUT THE PERIOD SELECTED ARE ALSO PAYABLE. IF NOT PAID, THEY WILL BE DEDUCTED FROM THE ACCOUNT VALUES ACCUMULATED UNDER THE POLICY.

GENERAL SERVICES LIFE INSURANCE COMPANY
DIRECT RECOGNITION LIFE I
TABLE OF GUARANTEED ANNUAL PREMIUMS

TABLE OF PREMIUMS REQUIRED TO ACCUMULATE \$1,000 OF PRINCIPAL
OVER A SELECTED PERIOD OF YEARS AND AT DIFFERENT ASSUMED
NET RATES OF INTEREST (SEE EXPLANATION BELOW)*

ASSUMED ANNUAL RATE OF NET INTEREST EARNINGS

Number of Years Premiums Are Payable	14.00%	15.00%	16.00%	17.00%	18.00%	19.00%	20.00%	21.00%	25.00%
1	1349.53	1337.79	1326.26	1314.92	1303.78	1292.82	1282.05	1271.46	1230.77
2	585.97	578.75	571.66	564.72	557.90	551.22	544.66	538.23	513.64
3	360.21	354.33	348.58	342.95	337.45	332.06	326.80	321.64	302.10
4	254.83	249.59	244.48	239.50	234.65	229.91	225.30	220.80	203.86
5	193.16	188.36	183.70	179.16	174.76	170.48	166.33	162.29	147.22
6	153.36	148.81	144.41	140.16	136.04	132.05	128.20	124.46	110.69
7	123.71	119.47	115.39	111.45	107.65	103.99	100.47	97.07	84.65
8	102.85	98.82	94.96	91.24	87.68	84.26	80.98	77.84	66.47
9	85.99	82.22	78.61	75.16	71.86	68.71	65.70	62.83	52.56
10	71.44	67.92	64.57	61.38	58.36	55.48	52.74	50.14	40.97
11	61.68	58.31	55.12	52.10	49.24	46.53	43.97	41.55	33.13
12	51.70	48.60	45.68	42.92	40.33	37.89	35.60	33.44	26.02
13	43.99	41.12	38.43	35.91	33.54	31.33	29.26	27.32	20.75
14	37.71	35.05	32.56	30.25	28.09	26.08	24.21	22.47	16.65
15	33.95	31.42	29.07	26.88	24.85	22.97	21.23	19.61	14.27
16	28.92	26.59	24.43	22.44	20.61	18.92	17.37	15.93	11.27
17	24.74	22.59	20.62	18.81	17.16	15.64	14.25	12.99	8.93
18	21.24	19.26	17.46	15.82	14.32	12.96	11.73	10.61	7.09
19	18.29	16.47	14.82	13.33	11.99	10.77	9.68	8.69	5.64
20	15.79	14.12	12.61	11.26	10.05	8.97	8.00	7.13	4.49
21	13.66	12.12	10.75	9.53	8.44	7.48	6.62	5.85	3.57
22	11.84	10.43	9.18	8.08	7.10	6.24	5.48	4.81	2.85
23	10.28	8.99	7.85	6.86	5.98	5.22	4.55	3.96	2.28
24	8.93	7.75	6.72	5.83	5.04	4.36	3.77	3.26	1.82
25	7.78	6.70	5.76	4.95	4.26	3.65	3.13	2.69	1.45
26	6.77	5.79	4.94	4.22	3.59	3.06	2.60	2.22	1.16
27	5.91	5.01	4.24	3.59	3.03	2.56	2.17	1.83	0.93
28	5.16	4.34	3.64	3.06	2.57	2.15	1.80	1.51	0.74
29	4.50	3.76	3.13	2.61	2.17	1.80	1.50	1.24	0.59
30	3.93	3.26	2.69	2.22	1.83	1.51	1.25	1.03	0.47
31	3.44	2.82	2.31	1.90	1.55	1.27	1.04	0.85	0.38
32	3.01	2.45	1.99	1.62	1.31	1.07	0.86	0.70	0.30
33	2.63	2.12	1.71	1.38	1.11	0.89	0.72	0.58	0.24
34	2.30	1.84	1.48	1.18	0.94	0.75	0.60	0.48	0.19
35	2.02	1.60	1.27	1.01	0.80	0.63	0.50	0.39	0.15
36	1.76	1.39	1.09	0.86	0.68	0.53	0.42	0.33	0.12
37	1.55	1.21	0.94	0.73	0.57	0.45	0.35	0.27	0.10
38	1.35	1.05	0.81	0.63	0.48	0.37	0.29	0.22	0.08
39	1.19	0.91	0.70	0.54	0.41	0.31	0.24	0.18	0.06
40	1.04	0.79	0.60	0.46	0.35	0.26	0.20	0.15	0.05
41	0.91	0.69	0.52	0.39	0.29	0.22	0.17	0.13	0.04
42	0.80	0.60	0.45	0.33	0.25	0.19	0.14	0.10	0.03
43	0.70	0.52	0.39	0.29	0.21	0.16	0.12	0.09	0.03
44	0.61	0.45	0.33	0.24	0.18	0.13	0.10	0.07	0.02
45	0.54	0.39	0.29	0.21	0.15	0.11	0.08	0.06	0.02
46	0.47	0.34	0.25	0.18	0.13	0.09	0.07	0.05	0.01
47	0.41	0.30	0.21	0.15	0.11	0.08	0.06	0.04	0.01
48	0.36	0.26	0.18	0.13	0.09	0.07	0.05	0.03	0.01
49	0.32	0.22	0.16	0.11	0.08	0.06	0.04	0.03	0.01
50	0.28	0.19	0.14	0.09	0.07	0.05	0.03	0.02	0.01

*EXPLANATION--THE TABLE ABOVE ASSUMES THAT PREMIUMS WILL BE PAID ANNUALLY IN ADVANCE AT THE BEGINNING OF EACH YEAR AND THAT THE RATE OF NET INTEREST EARNINGS WILL BE EARNED NET OF ANY TAXES ON INCOME; DIRECT EXPENSES AND THE ADMINISTRATIVE CHARGE UNDER THE POLICY. IN ADDITION TO THE ABOVE PREMIUMS, FEDERAL, STATE OR LOCAL GOVERNMENT PREMIUM TAXES, THE THEN CURRENT POLICY FEES AND RISK CHARGES REQUIRED TO MAINTAIN THE LIFE INSURANCE COVERAGE IN FORCE THROUGHOUT THE PERIOD SELECTED ARE ALSO PAYABLE. IF NOT PAID, THEY WILL BE DEDUCTED FROM THE ACCOUNT VALUES ACCUMULATED UNDER THE POLICY.

GENERAL SERVICES LIFE INSURANCE COMPANY
Home Office: Cedar Rapids, Iowa
Regional Office: P.O. Box 7952, San Francisco, California 94120-9722
(the Company, We, Our, Us)

JOINT AND LAST SURVIVOR BENEFIT ENDORSEMENT TO CERTIFICATE

The purpose of the Joint and Last Survivor benefit is to provide the amount shown on the Certificate Face Page on the later of your death or the death of the person named as the Joint Life on the Certificate Face Page (herein referred to as the "Joint Life"). No insurance benefit will be provided on the first death and premiums must be paid until the earlier of: (1) the last death; or (2) the targeted Paid-Up Date.

When we receive due proof of the last death occurring among you and the Joint Life, the life insurance Death Benefits will be payable to the Beneficiary. We must be notified of your death and/or the death of the Joint Life, whether it is the first or last death, and the causes of death.

This Endorsement modifies the language contained in your Certificate. References to "you" are now to include the Joint Life. Some modifications that follow are examples of our intent in this regard.

INCONTESTIBILITY: If premiums are paid when due, we will not contest the benefits provided by this Certificate after it has been in force during the lifetime of both you and the Joint Life for two years from the Certificate Issue Date. In addition, any evidence voluntarily submitted by you to obtain an increase in coverage or a more favorable Risk Premium after the Certificate Issue Date will be incontestable after the increase in coverage or more favorable Risk Premiums has been in effect during the lifetime of both you and the Joint Life for two years.

SUICIDE: The suicide provision applies to both you and the Joint Life.

REINSTATEMENT: The reinstatement provisions will apply except that Evidence must be presented on both you and the Joint Life so that we may determine that both you and the Joint Life are insurable.

CONVERSION: Coverage may be converted to any similar Joint and Last Survivor policy then issued by us. The premium for the new policy will be based on the then attained joint equal age and the duration of the original coverage. The Conversion Privilege under the Certificate and its Riders will not be available to each insured on an individual basis without Evidence.

OWNERSHIP: If the Owner is either you or the Joint Life and such Owner dies, upon that Owner's death, ownership will pass to the surviving among you and the Joint Life.

If a Waiver of Premium and/or Waiver of Risk charge benefit is in effect as to your Certificate, then such benefit will only be applicable to you (the insured Participant). The Joint Life will not have waiver of premium or risk charge coverage. Therefore, only the person named on the Certificate as the insured Participant will be eligible for disability waiver coverage.

If an Accidental Death Benefit is in effect as to your Certificate, such Benefit will only be applicable to the last death occurring among you and the Joint Life.

IIN WITNESS WHEREOF, General Services Life Insurance Company has, by its President and Secretary, executed this Endorsement and caused the same to be effective as of the Coverage Effective Date.


SECRETARY


PRESIDENT

G-DRL 0115 (5/86) [GSL001/W2]

EXHIBIT B

DIRECT RECOGNITION LIFE GENERAL SERVICES LIFE INSURANCE COMPANY
 DEATH BENEFIT OPTION 'A' JOINT LAST SURVIVOR INSURANCE GROUP PERMANENT INSURANCE ILLUSTRATION
 VANISHING PREMIUMS NO DEATH BENEFIT PAYABLE UNTIL BOTH INSUREDS HAVE DIED

THIS ISSUE ILLUSTRATION IS ATTACHED AND MADE PART OF THE CERTIFICATE WHICH EVIDENCES INSURANCE UNDER THE GROUP MASTER POLICY AND ITS RIDERS.

GROUP NO.: G-128 PARTICIPATING EMPLOYER: INCA
 CERTIFICATE NO.: 164 INSURED PARTICIPANTS: WILLIAM A WREN & JOAN F. WREN
 DATE OF BIRTH: DATE OF BIRTH: COVERED EFFECTIVE DATE: 09/04/1990
 JOINT EQUAL AGE 57 NEAREST BIRTHDAY TARGETED FOR PAID-UP STATUS AT AGE 90

CERTIFICATE ISSUE DATE: 09/07/1990
 COVERED EFFECTIVE DATE: 09/04/1990

PROJECTED INITIAL FACE AMOUNT: \$1,000,000 PROJECTED FACE AMOUNT AFTER AGE 90: \$371,330
 IN CERTAIN YEARS, ACTUAL DEATH BENEFITS MAY EXCEED PLANNED BENEFIT IN ORDER TO COMPLY WITH FEDERAL LAW.
 SPECIAL CLASS-- ADJUSTED JOINT EQUAL AGE 57

YEAR AGE	PREMIUMS PAYABLE	ULTIMATE CASH VALUE	DEATH BENEFIT	CURRENT CASH VALUE	
				ILLUSTRATED	GUARANTEED
1 57 1990	6,402.16	4,522	1,000,000	0	0
2 58	6,402.16	7,961	1,000,000	0	0
3 59	6,402.16	11,510	1,000,000	0	0
4 60	6,402.16	15,172	1,000,000	0	0
5 61	6,402.16	18,947	1,000,000	0	0
6 62	6,402.16	22,830	1,000,000	0	0
7 63	6,402.16	26,808	1,000,000	0	0
8 64	6,402.16	30,874	1,000,000	0	0
9 65	6,402.16	35,565	1,000,000	0	0
10 66	6,402.16	41,367	1,000,000	0	0
11 67	6,402.16	48,719	1,000,000	0	0
12 68	6,402.16	56,345	1,000,000	0	0
13 69	6,402.16	64,252	1,000,000	0	0
14 70	6,402.16	72,435	1,000,000	0	0
15 71	6,402.16	80,852	1,000,000	7,846	0
16 72 005	0.00	82,962	1,000,000	24,558	0
17 73	0.00	84,606	1,000,000	40,802	0
18 74	0.00	85,664	1,000,000	56,462	0
19 75	0.00	85,997	1,000,000	71,396	0
20 76	0.00	112,353	1,000,000	112,353	0
21 77	0.00	113,491	1,000,000	113,491	0
22 78	0.00	113,712	1,000,000	113,712	0
23 79	0.00	112,870	1,000,000	112,870	0
24 80	0.00	110,843	1,000,000	110,843	0
25 81	0.00	107,528	1,000,000	107,528	0
26 82	0.00	102,744	1,000,000	102,744	0
27 83	0.00	96,313	1,000,000	96,313	0
28 84	0.00	87,955	1,000,000	87,955	0
29 85	0.00	77,394	1,000,000	77,394	0
30 86	0.00	256,440	1,000,000	256,440	0
31 87	0.00	262,545	1,000,000	262,545	0
32 88	0.00	269,096	1,000,000	269,096	0
33 89	0.00	276,087	1,000,000	276,087	0
TOTALS					
33 89	96,032.40	276,087	1,000,000	276,087	0

Please see page 2 of this illustration for important explanatory material and disclosure information.

PREMIUMS: The illustration assumes that premiums are paid annually in advance.

CASH VALUE: This is the amount which, subject to any Market Value Equity Concept adjustment, is available for loans, withdrawals, or surrenders. It is calculated by (I) crediting Premiums Paid, (II) deducting applicable Loads and Policy Fees, (III) crediting Interest, and (IV) deducting the Administrative Charge and applicable Risk Charge. Loads include provisions for commissions paid to agents and premium taxes paid to the state of issue. Policy fees are determined by the company and are \$60 annually. The Administrative Charge is defined in the certificate and will not exceed the greater of 10% of Interest earnings or 1.5% per annum of account values. The Risk Charge is deducted monthly and will not exceed the amount shown in the table of maximum risk rates per \$1,000 attached to the group master policy.

INTEREST RATE ASSUMPTIONS: The Ultimate Cash Values and current Cash Values assume a hypothetical net interest rate (after the Administrative Charge) of 4% before the targeted paid-up date and guaranteed minimum thereafter. The guaranteed Cash Values assume a net interest rate of 4% (after the Administrative Charge).

CASH VALUE INCREASE: This illustration assumes an increase in Cash Values equal to the following percentages of premiums (excluding unscheduled premiums and recurring unscheduled premiums) paid during the first ten years: end of 20th year 42%; end of 30th year 300%; end of 40th year 300%.

MORTALITY ASSUMPTIONS: The Ultimate Cash Values and Current Cash Values assume the Risk Charge currently being used by the company. The Guaranteed Cash Values assume the maximum Risk Charge allowed under the group master policy.

WITHDRAWALS AND SURRENDERS: Upon a surrender, your Cash Values will be adjusted by a surrender charge equal to the lesser of the Cash Values or the following amounts per thousand of initial face amount: years 1 to 15 \$73.01; year 16 \$58.4; year 17 \$43.8; year 18 \$29.2; year 19 \$14.6; years 20 on - zero. The surrender charge applies only to Cash Value created by scheduled premiums. The Cash Value illustrated is net of the surrender charge.

GUARANTEE: You are guaranteed that your Cash Values, subject to any Market Value Equity Concept adjustment, will never be less than those illustrated in the column headed Current Cash Value-Guaranteed. Under guaranteed assumptions the certificate will lapse in year 4.

THIS ILLUSTRATION APPROXIMATES DEATH BENEFITS AND CASH VALUES. THE ACTUAL DEATH BENEFIT AND CASH VALUE MAY DIFFER FROM THAT ILLUSTRATED. FOR THE ACTUAL DEATH BENEFIT AND CASH VALUE, PLEASE REFER TO THE ANNUAL STATEMENT OR CONTACT OUR CUSTOMER SERVICE DEPARTMENT AT 1-800-934-1007. YOU ARE ADVISED TO CONSULT WITH INDEPENDENT TAX COUNSEL REGARDING THE TAX TREATMENT OF THIS LIFE INSURANCE CONTRACT.

VERSION:DRL A11.8(IBM 6/1/1992) MOD=N PREPARED BY:Transamerica Life Ins Co CASE: STDLD UP.L:10 CP.L:0 RR:REG NS; GLP:1
EAV: 16 - 20: 6,402.16\$;

EXHIBIT C

NO. 96-06849

RICHARD OAKES, et. al.,
Plaintiffs,

v.

BANKERS UNITED LIFE ASSURANCE
COMPANY, ADVANCED PRODUCTS
DIVISION, AEGON USA, INC.

Defendants.

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§
§
§
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IN THE DISTRICT COURT

DALLAS COUNTY, TEXAS

192nd JUDICIAL DISTRICT

**NOTICE OF CLASS ACTION, PROPOSED SETTLEMENT,
FAIRNESS HEARING AND RIGHT TO APPEAR**

PLEASE READ THIS ENTIRE NOTICE CAREFULLY.

IT DISCUSSES THE PROPOSED SETTLEMENT OF A CLASS ACTION LAWSUIT INVOLVING CERTAIN DIRECT RECOGNITION LIFE INSURANCE POLICIES OR CERTIFICATES. IF YOU CURRENTLY OWN (OR OWNED AT SOME TIME IN THE PAST) ONE OF THE LIFE INSURANCE POLICIES OR CERTIFICATES INVOLVED IN THIS LAWSUIT, VALUABLE BENEFITS MAY BE AVAILABLE TO YOU, AND YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS DESCRIBED BELOW.

THIS IS NOT A NOTICE OF A LAWSUIT FILED AGAINST YOU.

**IT IS NOTICE THAT YOU MAY BE ELIGIBLE FOR
CERTAIN BENEFITS OF THE PROPOSED SETTLEMENT.**

YOU DO NOT NEED TO DO ANYTHING AT THIS TIME TO RECEIVE THE BENEFITS OF THIS PROPOSED SETTLEMENT. YOU MUST, HOWEVER, DECIDE IF YOU WANT TO BE PART OF THE SETTLEMENT. IF YOU DO NOT WANT TO BE PART OF THE SETTLEMENT, YOU MUST TAKE AFFIRMATIVE STEPS BY AUGUST 10, 2000 TO EXCLUDE YOURSELF FROM THE CLASS, AS DESCRIBED MORE FULLY IN THIS NOTICE. OTHERWISE YOU WILL BE BOUND BY ALL OF THE TERMS OF THE PROPOSED SETTLEMENT IF THE COURT APPROVES IT.

IF YOU CURRENTLY HAVE A LAWSUIT, ARBITRATION OR OTHER MATTER OR PROCEEDING RELATING TO YOUR POLICY, OR IF YOU INTEND TO START SUCH A LAWSUIT OR PROCEEDING, THE PROPOSED SETTLEMENT DESCRIBED IN THIS NOTICE, IF APPROVED, WILL AFFECT YOUR RIGHT TO CONTINUE OR START A LAWSUIT OR PROCEEDING INVOLVING YOUR POLICY.

**THIS NOTICE CONTAINS THE FOLLOWING
IMPORTANT INFORMATION:**

- A general explanation of why you received this Notice (Section 1 below).
- A description of who is included in the Class and choices that you need to make now (Section 2 below).
- A description of the lawsuit, including the Plaintiffs' allegations and Bankers United's response to those allegations (Section 3 below).
- A description of the benefits offered to Class Members under the proposed settlement (Section 4 below).
- A description of the release of claims that will apply to all Class Members who do not exclude themselves from the Class (Section 5 below).
- An explanation of your rights as a Class Member, including what to do if you want to participate in the proposed settlement, how you can object to the terms of the proposed settlement if you decide to remain in the Class, and how you can request exclusion from the Class (Sections 6 and 7 below).
- A description of the Court order preliminarily barring all Class Members who do not exclude themselves from the Class from filing, commencing, prosecuting, intervening in, or participating as Class Members in, any lawsuit in any jurisdiction based on or relating to the claims at issue in this case or the matters described in the Release and barring any persons from filing, commencing or prosecuting any lawsuit as a class action in any jurisdiction based on or relating to the claims at issue in this case or the matters described in the Release (Section 10 below).

Bankers United has assigned representatives to answer any questions you may have about the proposed settlement. If you have any questions after reading this Notice, please call 1-800-572-0153.

Why did I receive
this notice?

SECTION 1: WHY YOU HAVE BEEN SENT THIS NOTICE

You have been sent this Notice because records indicate that you own or owned a Direct Recognition life insurance policy or certificate issued by Bankers United Life Assurance Company, Western Reserve Life Assurance Co. of Ohio, General Services Life Insurance Company, Monumental General Insurance Company, Monumental Life Insurance Company or Pacific Fidelity Life Insurance Company between December 30, 1988 and December 31, 1997. (*For ease of reading, when you see "Bankers United" or "Company" in this Notice, it means one or more of these companies as the context requires.*) Thus, you may be eligible for certain benefits that will be provided as part of the proposed settlement of this class action lawsuit.

The class affected by the proposed settlement (the "Class"), which is more fully described in Section 2 of this Notice, includes persons and entities (such as companies and trusts) who now own or have owned in the past certain Direct Recognition life insurance policies or certificates (DRL 8, 10, 11, 20, 21, 22, 23, SPX I, SPX II, SPWL I, SPWL II, and/or Group Universal Life) issued by Bankers United during the period December 30, 1988 through December 31, 1997. (The Class also includes owners of policies originally issued by certain other insurers, which Bankers United agreed to assume, as set out in Section 2 below.)

In exchange for resolving all claims involving the policies, the proposed settlement offers all Class Members a choice of two types of relief: General Policy Relief and Individualized Relief through the Claim Review Process as more particularly described in Section 4 of this Notice.

Although the proposed settlement has not yet been approved, the Court directed that this Notice be sent to you as a potential Class Member. The purpose of this Notice is to advise you of the benefits that will be offered if the proposed settlement is approved, so that you can decide whether you wish to remain in the Class and participate in the proposed settlement if it is approved.

The Court will hold a hearing on August 30, 2000 to determine whether the proposed settlement should be approved. If the Court approves the proposed settlement, and you have not excluded yourself from the Class, you will receive a second notice about the settlement. That notice will tell you that the settlement has been approved, and it will let you know how to select the settlement benefits, if any, that you wish to receive.

Please remember that, if you have any questions about this Notice or any of the benefits or procedures described in it, you may speak to a knowledgeable Bankers United representative by calling 1-800-572-0153.

SECTION 2: THE CLASS AND CHOICES YOU NEED TO MAKE NOW

Am I a member of
the Class?

In its Preliminary Approval Order, the Court certified, for settlement purposes only, a Class consisting of all persons and entities (such as companies or trusts), except those persons and entities listed below, who have or had at the time of termination, an ownership interest in certain Direct Recognition life insurance policies or certificates (DRL 8, 10, 11, 20, 21, 22, 23, SPX I, SPX II, SPWL I; SPWL II; and/or Group Universal Life), including any riders issued in conjunction with those policies or certificates or any endorsements attached to them, (the "Policies") that were:

- issued during the period December 30, 1988 through December 31, 1997 (the "Class Period") by;
- Bankers United Life Assurance Company, Western Reserve Life Assurance Co. of Ohio, Monumental General Insurance Company, Monumental Life Insurance Company, or
- General Services Life Insurance Company or Pacific Fidelity Life Insurance Company, if Bankers United subsequently became obligated as the insurer on the Policy.

The proposed Class does not include the following persons or entities (unless such persons or entities are members of the Class by virtue of their ownership interest in other Policies):

- persons and entities who, represented by counsel, signed a document that releases the Company from any further claims concerning a Policy;
- persons and entities who had an ownership interest in any Policy as to which the insured died prior to June 16, 2000 while the Policy was still in force; or
- persons and entities whom the Court finds to have timely excluded themselves from the Class by taking the steps described in Section 6 of this Notice;

In addition, the proposed Class does not include persons or entities (unless such persons or entities are Class Members by virtue of their ownership interest in another Policy) who have or had an ownership interest in Policies that:

- were not accepted or paid for, or were returned to the Company as part of the exercise of a free look provision in the Policies;
- were rescinded (a) as part of a reissue of a new Policy or (b) because of material misrepresentation on the Policy application;
- were issued to fund deferred fringe benefit welfare compensation plans.

What do I need to
do now?

As you will see from reading this Notice, if you are a Class Member, you have the following three choices for each Policy our records show you have or had an ownership interest in that is subject to the proposed settlement. **IF YOU OWN MORE THAN ONE SUCH POLICY, YOU MAY MAKE A DIFFERENT CHOICE FOR EACH POLICY.**

- (1) You may remain in the Class and participate in the benefits of the proposed settlement if it is approved. If this is what you choose to do, YOU NEED TAKE NO ACTION AT THIS TIME. Your interests will be represented without cost to you by the representative Plaintiffs and counsel for the Class identified in Section 8, and you will be eligible to elect to receive the benefits described in this Notice if the settlement is approved. If the settlement is approved, you will be notified of how to select benefits under the settlement, as outlined below.

If you remain in the Class, you will be bound by all orders and judgments entered in this case, whether favorable or unfavorable. You will not be able to maintain, continue, commence or participate in any other claim, lawsuit or proceeding against the Company relating to any Policy with respect to which you decide to remain in the Class.

- (2) If you decide to remain in the Class, you may file with the Court a written comment in support of, or in objection to any aspect of the proposed settlement, including the benefits offered under the proposed settlement or the provisions for the payment of attorneys' fees to counsel for the Class. To be considered, your written objection must comply with the provisions of Section 7 of this Notice and must be filed with the Court no later than August 10, 2000. You will be bound by the orders and judgments entered in this case, even if the Court does not agree with your objections and it approves the settlement. However, if the Court approves the settlement you will be eligible to receive benefits under the settlement.
- (3) If you do not wish to remain in the Class, you may exclude yourself by sending a formal, written request for exclusion that complies with the requirements described below in Section 6 of this notice. In particular, your request for exclusion must be sent by certified mail, return receipt requested, postmarked by August 10, 2000. If you request exclusion, you will not be able to object to the proposed settlement. If you are excluded, you will not be able to receive any of the benefits available under the proposed settlement. You will not be bound by any orders or judgments entered in this case.

SECTION 3: DESCRIPTION OF THE LAWSUIT AND THE SETTLEMENT NEGOTIATIONS

What is this
lawsuit about?

On September 12, 1997, an alleged class action lawsuit known as Oakes, et. al. v. Bankers United Life Assurance Company, et. al. ("Petition") was filed by the named Plaintiffs in the 192nd Judicial District Court, Dallas County, Texas.

In the Petition, as amended, the named Plaintiffs allege, on behalf of a class of current and former owners of Direct Recognition life insurance policies, misleading and improper life insurance sales and administrative practices and allege that the Policies did not perform at the level at which they were represented. Specifically, the Petition, as amended, alleges, among other things, that Bankers United:

- allegedly misrepresented that a single or limited number of premium payments would be sufficient to keep a Policy in force at the represented death benefits and/or provide illustrated future cash values without the policyowner making any further out-of-pocket premium payments;
- allegedly misrepresented or failed to adequately disclose the nature, quality, suitability or expected performance of the Policies; and
- improperly described the nature and use of the Policies as an investment, retirement or savings vehicle, without adequately disclosing that the product being sold was life insurance.

How does Bankers
United respond to
these allegations?

Bankers United believes that the claims made against it in this litigation are groundless and emphatically denies all allegations of wrongdoing. Bankers United takes the position that its sales and administrative practices are, and have always been, designed to match customers' needs and objectives with appropriate products and to inform customers about the operation and features of the products. Bankers United also contends (i) that this lawsuit is about the disappointed expectations of certain policyowners resulting from economic changes over which neither Bankers United, nor the policyowners had any control; (ii) that it consistently provided excellent value and customer service to its policyowners and fully lived up to its obligations as spelled out in the Policies; and (iii) that the claims asserted in the Petition, as amended, are barred by the express language of the Policies and by applicable law, including statutes of limitations and repose.

Why did the parties
agree to settle?

During the course of the lawsuit, Plaintiffs, through their counsel, have conducted a thorough examination and investigation of the facts through formal and informal discovery, and have comprehensively evaluated the law relating to the matters at issue in the lawsuit. Based on their investigation and evaluation of the facts and law relating to the issues in this case, Plaintiffs and their counsel believe that this lawsuit should be settled according to the terms of the proposed settlement, because the settlement is fair, reasonable and adequate. Plaintiffs and their counsel also believe that the settlement will be in the best interests of the Class in view of, (i) the substantial benefits what will accrue under the terms of the proposed settlement to the class; (ii) the uncertainty of being able to prove the allegations in the pleadings and the uncertainty of being able to overcome Bankers United's legal and factual defenses thereto, including the uncertainty of certifying a contested Class and specific defenses Bankers United has; (iii) the risk and cost of continuing the litigation against Bankers United; (iv) the favorable sum of settlement compared with the potential recovery against Bankers United in this litigation; (v) the desirability of providing benefits to Class Members promptly, rather than continuing protracted litigation; and (vi) the desirability of being able to negotiate substantial benefits to the Class which would not be available as remedies from the Court.

Bankers United has decided to enter into the proposed settlement because; (i) it believes that the proposed settlement will provide substantial benefits to its present and former policyowners and is fair, reasonable and adequate, (ii) it wants to continue to serve its customers' needs undistracted by the disruptions to the management and operation of its business caused by litigation, (iii) it deems it desirable to put to rest all of Plaintiffs' claims.

In agreeing to this settlement, both the Plaintiffs and Bankers United acknowledge the uncertainty, expenses, risks and delays of litigation, especially in complex actions such as this one, and that this proposed settlement will finally resolve the matters at issue in the lawsuit.

The Court has not determined whether Plaintiffs' claims or Bankers United's defenses have any merit, and it will not do so if the proposed settlement is approved. The proposed settlement does not suggest that Bankers United has or has not done anything wrong and this Notice is not an expression of opinion by the Court as to the merits of any claims or defenses asserted by the parties.

**SECTION 4: THE PROPOSED SETTLEMENT BENEFITS
FOR CLASS MEMBERS**

What benefits are
available under the
proposed settlement?

If you are a Class Member and do not exclude yourself from the Class, you will be entitled to elect certain benefits for each of your Policies if (and only if) the Court approves the proposed settlement. The specific benefits that will be available for you to choose from depend on whether the Policy you have or had an ownership interest in is in-force or terminated. You do not have to give up your Policy to receive benefits under the proposed settlement.

As you review the proposed settlement benefits, you should note that, if you share your ownership interest in a Policy with one or more persons or entities, or you shared your ownership interest at the time a Policy was terminated, you and any co-owner(s) must agree on the type of benefits to elect in connection with the Policy.

Do I need to elect
benefits now?

BECAUSE BENEFITS WILL BE AVAILABLE ONLY IF THE COURT APPROVES THE PROPOSED SETTLEMENT, IF YOU DECIDE TO REMAIN IN THE CLASS AND PARTICIPATE IN THE SETTLEMENT, YOU NEED TAKE NO ACTION AT THIS TIME. IF THE SETTLEMENT IS APPROVED, YOU WILL RECEIVE A SECOND NOTICE THAT TELLS YOU HOW TO ELECT SETTLEMENT BENEFITS. YOU DO NOT NEED TO DECIDE NOW WHICH, IF ANY, OF THE TYPES OF RELIEF YOU PREFER.

If you choose to exclude yourself from the Class by August 10, 2000, as described below in Section 6, you will not be eligible for benefits under this settlement.

A. SUMMARY OF PROPOSED BENEFITS

If you are a Class Member and you do not exclude yourself from the Class, you will be eligible to choose between two forms of relief for each of your Policies: (1) General Policy Relief or (2) Individualized Relief through the Claim Review Process.

What is General
Policy Relief?

- General Policy Relief. Depending on your circumstances and the choices you make, the benefits provided by General Policy Relief can include (i) enhancements to in-force policy values; (ii) new or additional death benefits at no cost to you; and/or (iii) premium credit vouchers that can be used to purchase new insurance and annuity products.

More detailed information about the specific forms of General Policy Relief can be found in Sections 4.B and 4.C of this Notice.

What is Individualized
Relief?

- Individualized Relief through the Claim Review Process. If you believe you were misled by a misstatement or omission of material information in connection with the sale of your Policy, you may elect Individualized Relief through the Claim Review Process and provide a sworn statement and all documents, if any, you have regarding your Policy or claim. The Claim Review Process will be provided at no cost to you. Your claim will be evaluated under guidelines that have been agreed to by the parties and that will be submitted to the Court for approval. Any decision to award relief under the Claim Review Process will depend on the nature of your claim and the evidence and documentation gathered and submitted in connection with the claim. There is no guarantee that your claim will result in an award of relief. Relief awarded can range from no relief to contributions to the Policy's value or, in some cases, a refund of premiums paid.

More detailed information about Individualized Relief through the Claim Review Process can be found in Section 4.C.5. of this Notice.

B. ELIGIBILITY FOR PROPOSED BENEFITS

What benefits will
I be eligible for?

Eligibility for benefits under the proposed settlement depends on the individual circumstances of each Policy. This section describes who is eligible for the different types of proposed settlement benefits.

Will I be eligible for
certain forms of
General Policy Relief?

Eligibility for General Relief

As a Class Member, if you do not elect Individualized Relief through the Claim Review Process, you will be eligible for the following benefits:

For Current Policyowners

If you own an in-force Policy you will have an opportunity to obtain either:

- A Contributed Insurance Benefit at no cost to you; **plus**,
- An Interest Bonus Credit to your existing In-Force Policy;
- or
- Premium Voucher Credits for use in purchasing either certain Enhanced Value Life Insurance Policies or an Enhanced Value Annuity, **plus**,
- An Interest Bonus Credit to your existing In-Force Policy.

For Former Policyowners

If you owned a Policy at the time it was terminated, you will have an opportunity to obtain both:

- A Contributed Insurance Benefit at no cost to you; and
- Premium Voucher Credits for use in purchasing either certain Enhanced Value Life Insurance Policies or an Enhanced Value Annuity.

Will I be eligible for
Individualized Relief
through the Claim
Review Process?

Eligibility for Individualized Relief

As a Class Member, you are eligible to elect Individualized Relief through the Claim Review Process, unless you elect General Policy Relief.

The Claim Review Process is described in detail below in Section 4.C. 5 of this Notice.

C. DETAILED DESCRIPTION OF PROPOSED BENEFITS

This section describes in more detail the various benefits available under the proposed settlement. **If you have any questions about any of the benefits after reviewing this Section, please call 1-800-572-0153 for assistance.**

General Policy Relief

The forms of General Policy Relief are: the Contributed Insurance Benefit, the Interest Bonus Credit (for In-Force Policies), and the Premium Voucher Credit(s) for use in purchasing certain Enhanced Value Life Insurance Policies or an Enhanced Value Annuity.

What is the Contributed Insurance Benefit?

1. THE CONTRIBUTED INSURANCE BENEFIT.

Depending on your eligibility, and subject to certain conditions summarized below, you will have the opportunity to receive a Contributed Insurance Benefit Certificate.

The Contributed Insurance Benefit provides, for a limited time, a death benefit payable to the beneficiary upon Bankers United's receipt of due proof of the death, within the prescribed period, of the person who is the Measuring Life as described below. This death benefit will be provided free of charge.

Amount and Duration of Benefits. As described in more detail below, the amount and duration of the Contributed Insurance Benefit will depend on the Original Face Amount of your Policy, the age of the Measuring Life and whether your Policy is in-force or terminated.

Original Face Amount means the original face amount death benefit described in the Policy at time of issue. This term does not include any benefits provided by any riders or any paid-up additional amount of insurance.

Beneficiary. The beneficiary of the Contributed Insurance Benefit will be the last designated beneficiary of your Policy, although there are procedures for you to change the beneficiary, if you wish.

Measuring Life. The Contributed Insurance Benefit will be paid if the person identified as the "Measuring Life" dies during the Contributed Insurance Benefit coverage period and the beneficiary gives Bankers United due proof of that death (unless the death results from suicide within the first two years of the coverage period). The Measuring Life will be the person whose life is or was insured under the Policy that makes you eligible for relief. If the insured person on a terminated Policy is deceased as of June 16, 2000, an eligible Class Member must designate a spouse, parent, child or other person in whom the Class Member has an insurable interest as an Alternate Measuring Life in order to receive the Contributed Insurance Benefit. This person's age must be less than 80 years old and must not be more than five (5) years older than the deceased insured and he or she will be subject to simplified underwriting. Any Contributed Insurance Benefit Certificate issued on an Alternate Measuring Life cannot exceed the amount of \$100,000.

The Contributed Insurance Benefit will provide a single payment to the Beneficiary (or Alternate Beneficiary) upon the qualifying death of the Measuring Life or Alternate Measuring Life, if applicable, within the applicable Contributed Insurance Benefit coverage period set forth on the charts below. The amount of the Contributed Insurance Benefit will be equal to the Original Face Amount of the Policy making the Class Member eligible for relief under the settlement multiplied by the applicable percentage set forth on the charts below:

Contributed Insurance Benefit - In-Force Policies			
Age of Measuring Life	0 - 64	65 - 74	75 - Up
CIB as % of Original Face Amount	6.5%	5.5%	4.5%
CIB Coverage Period	5 years	4 years	3 years

Contributed Insurance Benefit - Terminated Policies			
Age of Measuring Life or Alternate Measuring Life	0 - 64	65 - 74	75 - Up
CIB as % of Original Face Amount	3.25%	2.75%	2.25%
CIB Coverage Period	5 years	4 years	3 years

What is the Interest
Bonus Credit?

2. INTEREST BONUS CREDIT.

Class Members who own In-force Policies have an opportunity to receive an Interest Bonus Credit. For eligible Class Members, Bankers United will credit an Interest Bonus Credit to your In-force Policy. The value of the Interest Bonus Credit is equal to 1% of the accumulated unloaned cash value of your In-force Policy on the next Policy Anniversary Date after the settlement is implemented and will be credited to your Policy at that time.

What are Premium
Voucher Credits?

3. PREMIUM VOUCHER CREDITS.

Class Members will have an opportunity to obtain Premium Voucher Credits that may be applied towards the purchase of certain enhanced value life insurance policies and annuity products described below. As a Class Member, you will be able to use the Premium Voucher Credits for your own purchase or you may transfer the Premium Voucher Credits to any member of your immediate family or any person in whom you have an insurable interest.

The value of the Premium Voucher Credits depends, in part, upon the premium or premiums paid on the Policy which makes the Class Member eligible for the relief.

Class Members electing to receive Premium Voucher Credits for use in purchasing Enhanced Value Life Insurance Policies will receive two Premium Voucher Credits, each in an amount equal to 50% of the first year scheduled premium, or 50% of the initial single premium, if applicable, paid on the Policy making the Class Member eligible for the relief. The first year Premium Voucher Credit may be applied to pay for up to the lesser of the first year premium paid for the Enhanced Value Life Insurance Policy or, 50% of the first year target premium specified by the Company for the Enhanced Value Life Insurance Policy. The second year Premium Voucher Credit may be applied to pay for up to the lesser of the second year premium paid for the Enhanced Value Life Insurance Policy or, 50% of the second year target premium specified by the Company for the Enhanced Value Life Insurance Policy.

Class Members electing to receive a Premium Voucher Credit for use in purchasing an Enhanced Value Annuity will receive one Premium Voucher Credit in an amount equal to 50% of the first year scheduled premium, or 50% of the initial single premium, if applicable, paid on the Policy making the Class Member eligible for relief. The Premium Voucher Credit may be applied to pay for up to 7.5% of the Enhanced Value Annuity.

Premium Voucher Credits may not be redeemed for cash, cannot be aggregated and must be used within five years of their issuance.

What is an Enhanced
Value Life Insurance
Policy?

a. Enhanced Value Life Insurance Policies

Depending on your eligibility, and subject to certain conditions summarized below, you will have the opportunity to use a Premium Voucher Credit to apply toward the purchase of one of three types of Enhanced Value Life Insurance Policies.

The Enhanced Value Life Insurance Policies offered as part of the settlement are:

- **WRL Financial Freedom Builder, an Individual Flexible Premium Variable Universal Life Insurance Policy;**
- **WRL Freedom Wealth Protector, a Joint Survivorship Flexible Premium Variable Life Insurance Policy; and**
- **WRL Financial Freedom Accumulator, an Individual Flexible Premium Universal Life Insurance Policy.**

To the extent not paid by application of Premium Voucher Credits, premiums for the Enhanced Value Life Insurance Policy must be paid with money from a source other than a surrender of, policy loan against, or withdrawal of values from an existing product issued by Bankers United or any of its affiliates. The person insured must be under age 80, and meet the Company's standard underwriting requirements for the Enhanced Value Life Insurance Policy. The death benefit of the Enhanced Value Life Insurance Policy can be no more than the greater of \$50,000 or the Original Face Amount of the Policy making the Class Member eligible for relief, not to exceed \$1,000,000.

What is an Enhanced
Value Annuity?

b. Enhanced Value Annuity

Depending on your eligibility, and subject to certain conditions summarized below, you will have the opportunity to use Premium Voucher Credits to apply toward the purchase of an Enhanced Value Annuity.

The Enhanced Value Annuity made available as part of this settlement is the:

WRL Freedom Premier Variable Annuity.

To the extent not paid by the application of a Premium Voucher Credit, premiums for the Enhanced Value Annuity must be paid from a source other than a surrender of, policy loan against, or withdrawal of values from an existing product issued by Bankers United or any of its affiliates, or from any tax-qualified plan or product. The Enhanced Value Annuity cannot be issued on a tax-qualified basis.

How Much is the General
Policy Relief worth?

4. ESTIMATED VALUE OF GENERAL POLICY RELIEF

The General Policy Relief made available by Bankers United under the proposed settlement is expected by Bankers United to create in excess of \$30 million of economic value for the Class. This estimate is based on a number of assumptions and the actual benefits to the Class may vary. The economic value being created for Class Members is not expected by Bankers United to have any material effect on Bankers United's financial condition or operating results during any fiscal year.

What is the Claim
Review Process?

5. INDIVIDUALIZED RELIEF THROUGH THE CLAIM REVIEW PROCESS

If you believe you were misled by a misstatement or omission of material information in connection with the sale of your Policy, you may elect Individualized Relief through the Claim Review Process and provide a sworn statement and all documents (if any) you have regarding your Policy or claim. If you elect to submit a claim to the Claim Review Process, you will not be eligible to receive General Policy Relief.

The Claim Review Process will operate as follows:

- The Claim Review Process will be at no cost to the claimant.
- To participate in the Claim Review Process, a claimant must complete a claim form that has been agreed to by the parties and that has been submitted to the Court for approval, in which he or she describes the alleged misstatement or omission of material information. The claimant must attach to the claim form copies of all documents, if any, in the claimant's custody or control that relate to the claim and to the Policy involved in the claim. In addition, the claimant may attach to the claim form any sworn statements of certain other persons who may have relevant knowledge of the claim.

What will happen
to my claim?

- A Bankers United Claim Review Team will conduct the initial review of the claim based on scoring guidelines that have been agreed upon by Plaintiffs' counsel and Bankers United and submitted to the Court for approval. During its review, the Company will consider not only the documents provided, but also documents and information provided by Bankers United in connection with its investigation of the claim. The documents provided by the Company may include statements by the agent or insurance broker who sold the Policy in question as well as documents that were shown to the claimant in connection with the sale of the Policy.

- After the Company has completed its scoring of the claim, it will award relief appropriate for the particular claim, *if any*, pursuant to relief guidelines that have been agreed to by the parties and that have been submitted to the Court for approval. Neither punitive nor exemplary damages will be available to claimants in the Claim Review Process.

Can I appeal?

- If a claimant disagrees with the decision regarding the claim, he or she will be able to appeal the decision, *at no cost*, to an independent Claim Appeal Special Master. The Claim Appeal Special Master will be chosen and agreed to by the Plaintiffs' counsel and Bankers United.

- The Claim Appeal Special Master will review the claim and evidence, based on the same objective scoring guidelines and relief criteria used by the Claim Review Team in its initial review.

- After scoring the claim, the Claim Appeal Special Master will award the relief that the claimant is entitled to receive, *if any*, under the guidelines that have been agreed to by the parties and submitted to the Court for approval.

- Because the Claim Review Process will be provided as part of the proposed settlement, there will be no appeal to any court if you do not agree with the decision of the Claim Appeal Special Master. The Claim Appeal Special Master's decision will be binding and not subject to further litigation or appeal.

How will my claim
be scored?

Claims will be scored based upon the nature of the claimant's claim and the information provided by the claimant and the Company regarding the claim.

There are four categories of claims in the Claim Review Process:

- (1) Limited Premium Payment Claims which are claims that the payment of a single or limited number of premiums would be sufficient to keep a Policy in-force at the represented death benefit and/or to secure represented cash value in the future;
- (2) Policy Performance Claims, which are claims relating to a Policy's performance over time, including (i) claims concerning the amount of interest to be credited to a Policy and/or the deductions to be charged against a Policy, (ii) claims that the represented performance of the Policy would produce promised cash values at a later date, and (iii) claims concerning the financial merits of existing policies and new policies.
- (3) Investment Claims, which are claims relating to the sale of life insurance as a savings, investment or retirement product or plan without adequately disclosing that the product being sold is or was life insurance; and
- (4) Other Sales Misrepresentation Claims that do not fall within one of the first three categories set forth above.

All claims presented will be scored from "0" to "4" depending upon *all* the evidence and documents gathered and submitted in connection with the claim. The parties have designated "scoring guidelines" assigning scoring values to each type of evidence that may be presented regarding a claim.

What kind of relief
can I receive?

Relief awarded, *if any*, depends on the score assigned to the claim. Relief ranges from no relief at all to contributions to Policy values or, in some cases, a refund of premiums paid. The relief a particular claim may be awarded cannot be determined at this time because the claim score cannot be determined until all evidence relating to the claim is presented for review. An award, if any, may also be limited or reduced in accordance with the terms of the Settlement Agreement depending upon the number of eligible claims submitted to the Claim Review Process and the scores of such claims.

Will the settlement
have any tax
consequences for me?

D. INCOME TAX CONSEQUENCES

Your receipt of the forms of relief provided under the proposed settlement could have tax consequences for you. Those tax consequences may vary, depending upon your individual circumstances. You should consult your own tax advisor to determine any federal, state, local or foreign tax consequences of the receipt of relief in your particular circumstances. Lead Counsel, Bankers United and the representatives at the toll-free telephone number listed in this Notice cannot advise you about the tax consequences of receiving settlement benefits in your particular circumstances. If you do not request or obtain any settlement benefits, the settlement should not have any tax consequences for you.

What will happen to
any claims I may have
against Bankers United?

SECTION 5: DISMISSAL AND RELEASE OF CLAIMS

If the proposed settlement is approved by the Court and certain other conditions in the proposed settlement are satisfied, all claims that have been or could have been asserted in this lawsuit by Class Members who remain in the Class will be dismissed on the merits and with prejudice. None of those claims may thereafter be asserted in any other lawsuit or proceeding.

In addition, in exchange for the benefits provided under the proposed settlement, Class Members who remain in the Class will release Bankers United, its parents, predecessors, subsidiaries and affiliated companies and others (including sales representatives, agents, brokers and their employees) from liability for known and unknown claims relating to the Policies involved in the settlement, including any claims for compensatory and exemplary or punitive damages. Among other matters, Bankers United and the other Releasees will be released for past actions which may have caused, or may cause in the future, increases in the amount of premiums for a Policy or a decrease in a Policy's cash value. These future claims are covered by the Release even if a court would rule they are not yet timely.

The Release that will apply to Class Members is a critical element of the proposed settlement. Thus, it has been reprinted word-for-word in Appendix A to this Notice. You should read it very carefully because it will affect your rights if you remain in the Class.

The settlement of this lawsuit does not alter your contractual rights under the express terms of your existing Policy. You will still be able to make a claim for any benefits that may become payable in the future under the express terms of your existing Policy.

The dismissal and release of claims do not affect your ability to submit a claim to the Claim Review Process described above.

If the Court does not approve the proposed settlement, the Settlement Agreement will terminate, you will not receive any of the settlement benefits, you will retain whatever rights (if any) you might have against Bankers United, and this lawsuit will remain before the Court.

How do I request
exclusion from the
Class?

SECTION 6: EXCLUSION FROM THE CLASS

If you do not wish to be bound by the terms of the settlement, you may request that you be excluded from the Class. If you request exclusion, you will not be eligible to receive any of the benefits of the proposed settlement if it is approved nor will you be able to object to the terms of the settlement. To request exclusion, you must comply with the requirements described in this section.

If you own more than one Policy that makes you a Class Member, you may request exclusion with regard to any or all of your Policies. To do so, you must send, *by certified mail, return receipt requested*, a formal, written request for exclusion as to each such Policy to the Clerk of the Court at the following address:

Clerk of Court
192nd Judicial District Court, Dallas County, Texas
P.O. Box 260
Minneapolis, MN 55440-0260

You must include in your request for exclusion (i) your name, address and telephone number, (ii) the Policy number(s) of the Policy or Policies for which you are requesting exclusion, (iii) a statement that you want to be excluded from the Class with respect to each Policy listed, (iv) the name of the case and the case number appearing on the first page of this Notice, and (v) your signature. Please be sure to write the words "EXCLUSION REQUEST" on the lower left-hand corner of the front of the envelope and send the exclusion request by certified mail, return receipt requested.

YOUR WRITTEN REQUEST FOR EXCLUSION MUST BE POSTMARKED BY NO LATER THAN AUGUST 10, 2000. OTHERWISE, YOUR REQUEST WILL BE UNTIMELY, YOU WILL LOSE YOUR RIGHT TO REQUEST EXCLUSION AND YOU WILL BE BOUND WITH RESPECT TO THE POLICY(IES) LISTED IN YOUR REQUEST BY THE SETTLEMENT AND BY ALL ORDERS AND JUDGMENTS IN THIS LAWSUIT. AS DESCRIBED MORE FULLY IN SECTIONS 5 AND 10 OF THIS NOTICE, YOU WILL ALSO BE PRECLUDED FROM FILING, PARTICIPATING IN OR CONTINUING TO PROSECUTE ANY LAWSUIT OR OTHER PROCEEDING IN ANY JURISDICTION BASED ON OR RELATING TO THE CLAIMS AND CAUSES OF ACTION, OR THE FACTS AND CIRCUMSTANCES RELATING THERETO, IN THIS ACTION AND/OR THE RELEASED TRANSACTIONS (AS THAT TERM IS DEFINED IN THE RELEASE, WHICH IS SET OUT IN FULL IN APPENDIX A).

Even if you already have a pending claim, lawsuit or proceeding against Bankers United or one of its affiliates relating to a Policy, you must submit a written request for exclusion with respect to that Policy, by certified mail return receipt requested, postmarked by August 10, 2000. If you do not, you will be bound by the orders and judgments in this action and your other proceeding may be barred.

If you have an ownership interest in more than one Policy affected by the proposed settlement, you may choose to remain a Class Member with respect to some Policies, but to exclude yourself from the Class with respect to other Policies.

If two or more individuals or entities share (or shared at the time of termination) ownership in one Policy, and any one of them excludes himself or herself from the class, all others will automatically be excluded as well.

Remember, if you exclude yourself from the Class and the proposed settlement is approved by the Court, you will not be permitted to participate in the proposed settlement.

**SECTION 7: FAIRNESS HEARING, RIGHT TO OBJECT
TO PROPOSED SETTLEMENT AND RIGHT
TO APPEAR**

A. THE FAIRNESS HEARING

When will the Court decide
whether to approve the
proposed settlement?

The Court will hold a Fairness Hearing to consider whether to approve the proposed settlement and to determine the amount of attorneys' fees and expenses to award to Plaintiffs' counsel. The hearing is scheduled to be held on August 30, 2000 at 9:00 a.m., in the Courtroom of the Honorable Merrill Hartman, Judge of the 192nd Judicial District Court, Dallas County, Texas, located at 600 Commerce Street, Dallas, Texas.

B. YOUR RIGHT TO OBJECT

Can I object to the
proposed settlement?

If you have not requested exclusion for all of the Policies you have or had an ownership interest in, you may file with the Court a written objection to any aspect of the proposed settlement, including the fairness of the proposed settlement or the award of attorneys' fees. Your written objection should include: (i) your name, address and telephone number; (ii) the Policy number(s) of the Policy or Policies that make you a member of the Class; (iii) the name of the case and the case number appearing on the first page of this Notice, (iv) a statement of each of your objection(s); and (v) a written brief detailing the specific reasons, if any, for each objection, including any legal and factual support you wish to bring to the Court's attention and any evidence you wish to introduce in support of your objection(s); If your objection is presented through your counsel, the written objection must also include: (i) the identity and number of Class Members represented by objector's counsel; (ii) the number of such represented Class Members who have opted out of the settlement; (iii) the number of such represented Class Members who have remained in the settlement and have not objected; (iv) the date the objector's counsel assumed representation for the objector, and (v) a list of the names of all cases where the objector's counsel has objected to a class action settlement in the last three years. If you object to the settlement, you must also be made available for deposition by Plaintiffs' counsel and/or Defendants' counsel between the time your objection is filed and the date of the Fairness Hearing.

YOU MUST **FILE** YOUR WRITTEN OBJECTION (ALONG WITH YOUR SUPPORTING BRIEF, ANY EVIDENCE, AND ANY OTHER REQUIRED MATERIALS) WITH THE CLERK OF THE COURT AND MAIL BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, COPIES OF THOSE MATERIALS TO PLAINTIFFS' COUNSEL AND DEFENDANTS' COUNSEL NO LATER THAN AUGUST 10, 2000, AT THE FOLLOWING ADDRESSES:

Clerk of Court
192nd Judicial District Court
Dallas County, Texas
600 Commerce Street
Dallas, Texas 75202-4606
Re: Case Number: 96-06849

William A. Chittenden, III
David J. Novotny
PETERSON & ROSS
200 East Randolph Drive, Suite 7300
Chicago, Illinois 60601-6969
Counsel for Defendants

Doug K. Butler, Esq.
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BANKERS UNITED LIFE ASSURANCE COMPANY
570 Carillon Parkway
St. Petersburg, Florida 33716-1202
Counsel for Defendants

Fred Misko, Jr.
LAW OFFICES OF FRED MISKO, JR., P.C.
19th Floor - Turtle Creek Centre
3811 Turtle Creek Boulevard
Dallas, Texas 75219
Lead Counsel for Plaintiffs

Objections received after August 10, 2000, or which do not specifically comply with the provisions of this section will not be considered by the Court, and will be deemed to have been waived.

Any judgment entered in this action, whether favorable or unfavorable to the Class, will include and be binding on all Class Members who have not requested exclusion from the Class (as described above in Section 6), even if they have objected to the proposed settlement, and even if they have any other claim, lawsuit or proceeding pending against Bankers United.

C. YOUR RIGHT TO APPEAR

Can I appear at the
Fairness Hearing?

As a Class Member, if you file and serve a written objection as described above, you may appear at the Fairness Hearing, either in person or through an attorney paid by you, to object to any aspect of the proposed settlement. However, if you or your attorney intend to appear at the Fairness Hearing, you or your attorney must file a Notice of Intention to Appear with the Clerk of the Court, and serve the same on Plaintiffs' counsel and Bankers United's counsel, at the addresses listed above in section 7.B. The Notice of Intention to Appear must (i) state how much time you and/or your attorney anticipate you will require to present the objection; (ii) identify, by name, address and telephone number, all witnesses you and/or your attorney intend to call by live testimony, or by oral deposition testimony or affidavit; (iii) identify all exhibits you and/or your attorney intend to offer in support of your objection and attach complete copies of all such exhibits. Notices of Intention to Appear must be filed and served no later than August 10, 2000. Any Class Member and/or their attorney who fails to specifically comply with the provisions of this Section 7.C. shall not be allowed to appear at the Fairness Hearing.

As a Class Member, you and/or your attorney, at your own expense, may obtain access to discovery materials produced in this lawsuit. These documents will be made available at the offices of Fred Misko, Jr., Law Offices of Fred Misko, Jr., P.C., 19th Floor - Turtle Creek Centre, 3811 Turtle Creek Boulevard, Dallas, Texas 75219. To obtain access, you must first enter into a Stipulation of Confidentiality to be provided by Lead Counsel for the Plaintiffs. In addition, if you hire an attorney to represent you, your attorney must file a Notice of Appearance with the Clerk of the Court, and serve the same on Plaintiffs' counsel and Bankers United's counsel, at the addresses listed above in section 7.B. Notices of Appearance must be filed and served no later than August 10, 2000.

**SECTION 8: COUNSEL FOR THE SETTLEMENT CLASS
AND ATTORNEYS' FEES**

What attorneys
represent
the Class?

The Court has designated the law firm of Fred Misko, Jr., P.C. as Lead Counsel for the Class for purposes of settlement of this lawsuit. You will not be charged for the services of this or any other law firm representing the Class in this action.

You have the right to retain your own attorney to represent you in this matter, but you are not obligated to do so. If you do so, you will be responsible for paying your own attorneys' fees and expenses. You also have the right to represent yourself before the Court without an attorney.

How will the attorneys
representing the
Class be paid?

At the Fairness Hearing, Lead Counsel for the Plaintiffs will apply to the Court for an award of attorneys' fees and expenses not to exceed \$6.5 million to be paid by Bankers United. Bankers United will not oppose Lead Counsel's application to the Court for an award of attorneys' fees in this amount. Bankers United will pay the amount of fees awarded by the Court, as well as any costs arising from notifying the Class and administering the proposed settlement, including the Claim Review Process. Lead Counsel will be responsible for allocating the award among the law firms that are counsel for the Class and to others providing services in support of their efforts.

Plaintiff's counsel also may request at the Fairness Hearing that, in recognition of their efforts and risks undertaken on behalf of the Class, each of the Class representatives receive an award not to exceed \$50,000. If the Court awards such relief, the awards will not reduce any benefits made available to you under the proposed settlement.

PAYMENT OF ATTORNEYS' FEES AND EXPENSES TO PLAINTIFFS' COUNSEL WILL NOT REDUCE ANY FUNDS OR BENEFITS BEING MADE AVAILABLE TO YOU IF YOU REMAIN IN THE CLASS. YOU WILL NOT BE REQUIRED TO PAY ANY PORTION OF PLAINTIFFS' ATTORNEYS' FEES.

**SECTION 9: RIGHT TO TERMINATE THE PROPOSED
SETTLEMENT**

Can the parties
terminate the
proposed settlement?

Plaintiffs and Bankers United have agreed that each has the right to terminate the proposed settlement under limited, defined circumstances. Such circumstances include the decision of the Court or any appellate court to reject, modify, or deny approval of any portion of the proposed settlement or the Court's orders. If the proposed settlement is terminated, all Class Members will be restored to the positions they occupied before the parties entered into the proposed settlement, and their rights will not be affected in any way by the parties' actions in connection with the proposed settlement.

**SECTION 10: PRELIMINARY INJUNCTION AND EFFECT ON
PENDING LAWSUITS, ARBITRATIONS AND
OTHER PROCEEDINGS**

How will the proposed
settlement affect my
ability to start or maintain
another action?

The Court has preliminarily enjoined all Class Members who do not exclude themselves from the Class from filing, commencing, prosecuting, intervening in, or participating as class members in, any lawsuit in any jurisdiction based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in this action and/or the Released Transactions (as that term is defined in the Release). The Court has also preliminarily enjoined all persons from filing, commencing or prosecuting a lawsuit as a class action on behalf of Class Members who do not timely exclude themselves (including by seeking to amend a pending complaint to include class allegations, or seeking class certification in a pending action), based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in this action and/or the Released Transactions (as that term is defined in the Release).

Upon final approval of the settlement, Plaintiffs and Bankers United will ask the Court to enter a permanent injunction which will be similar to the preliminary injunction described above. All Class Members who have not excluded themselves from this settlement will be bound by the permanent injunction.

Any Class Member who does not submit a timely, written request for exclusion from the Class will be bound by all proceedings, orders and judgments in this action, even if such Class Member has previously initiated or subsequently initiates litigation or other proceedings against the Company relating to Policies that fall within the Class definition. Violation of the Court's injunction may be enforced through contempt or other judicial proceedings.

How can I get more
information?

SECTION 11: ADDITIONAL INFORMATION

This Notice is only a summary of the proposed settlement, which is set forth in a more detailed legal document. The full proposed Settlement Agreement is on file with the Clerk of the Court, and you may inspect it at the Clerk's Office 600 Commerce Street, Dallas, Texas, at any time during normal business hours, Monday through Friday.

A toll-free number has been set up where there are trained personnel available to answer any questions you may have about the proposed settlement. If you have questions after you have read this Notice and the written Question and Answer document that is also being sent to you, please call 1-800-572-0153. This special number is only for questions about the proposed settlement; any other questions you may have about your Policy, which are not related to the proposed settlement, should be directed to the Customer Service Department.

To obtain information about the settlement, you may also write to:

Class Action Information Center
Bankers United Life Assurance Company
P.O. Box 9034
Clearwater, Florida 33758

PLEASE DO NOT CALL THE COURT OR THE CLERK OF THE COURT.

This Notice Has Been Approved by:

Honorable Merrill Hartman
Judge, 192nd Judicial District Court
Dallas County, Texas

APPENDIX A

Release and WaiverA. Definitions: For purposes of this release and waiver (the "Release"):

- 1) The term "Releasees" means the Defendants, their past, present and future parents (including intermediate parents, ultimate parents, AEGON USA, Inc. and AEGON N.V.), subsidiaries, affiliates, predecessors, successors and assigns, (including, but not limited to, Western Reserve Life Assurance Co. of Ohio, General Services Life Insurance Company, Pacific Fidelity Life Insurance Company, Monumental Life Insurance Company, and Monumental General Insurance Company) and each of their respective past, present and future officers, directors, employees, supervising general agents, general agents, agents, branch managers, producers (including those acting on the producer's behalf or at the producer's direction), insurance brokers, solicitors, representatives, and each of their attorneys, heirs, administrators, executors, insurers, predecessors, successors and assigns, or any of them.
- 2) The term "Investment Plan" means a pension or retirement plan, investment or savings account, collaterally-assigned, leveraged split-dollar policies, or other type of investment, savings or thrift vehicle, including, but not limited to any form of the Private Pension Plan.
- 3) The term "Released Transactions" means any and all claims arising out of, concerning or in any way relating to the marketing, solicitation, application, underwriting, issuing, actuarial and/or pricing assumptions, charges, rates, acceptance, sale, purchase, operation, retention, administration, servicing, performance of or replacement (by means of surrender, partial surrender loans representing withdrawal and/or termination of any life insurance Policy) of: (a) the Policies; or (b) any insurance policy sold in connection with, or relating in any way directly or indirectly to the sale or solicitation of, the Policies; any and all claims arising out of, concerning, or in any way relating to the matters alleged in the Petition, and all Amended Petitions. Such terms shall include, without limitation, the matters described in Sections H.1 b 1.a through H.1 b 1.d..
- 4) The term "Vanishing Premium" means: (a) a concept under which an insurance policy's charges may be paid out of its then-current and accumulated values, as those charges become due; (b) a concept under which a single premium payment or a fixed number of premium payments -- based on then-current, nonguaranteed assumptions about interest crediting rates and policy charges -- may suffice to cover all policy charges in excess of interest credited and may keep coverage in force throughout the insured's life, or for a specified period, without reducing the policy's death benefits, while still providing promised cash values to be available for withdrawal after a specified period; or (c) use of this term in connection with the sale of a policy.

B. Release.

1) Plaintiffs and all Class Members collectively and each Class Member individually, hereby expressly agree that they forever release and discharge the Releasees from any and all causes of action, claims, damages, equitable, legal and administrative relief, interest, demand or rights, known or unknown, including, without limitation, claims for rescission, restitution or all damages of any kind, including damages in excess of actual damages, and claims for mental anguish, whether based on federal, state or local law, statute, ordinance, regulation, contract, common law, or any other source, that have been, could have been, may be or could be alleged or asserted now or in the future by Plaintiffs or any Class Member against the Releasees or any of them in the Action or in any other court action or before any administrative body (including any state Department of Insurance or other regulatory entity or organization), tribunal, arbitration panel or other adjudicatory body, on the basis of, connected with, arising out of, or related to, in whole or in part, the Policies, the Released Transactions and servicing relating to the Released Transactions, which include without limitation:

- (a) any or all of the acts, omissions, nondisclosures, facts, matters, transactions or occurrences that have been, could have been, may be or could be directly or indirectly alleged, asserted, described, set forth or referred to in the Action;
- (b) any or all of the acts, omissions, nondisclosures, facts, matters, transactions, occurrences, sales presentations, illustrations, or oral or written statements or representations allegedly made in connection with, or directly or indirectly relating to, the Released Transactions, including, without limitation any acts, omissions, disclosures, facts, matters, transactions, occurrences, or oral or written statements or representations relating to:

- (1) *Vanishing Premiums;*
- (2) *the number of out-of-pocket payments that were paid or would need to be paid for any Policy or Policies;*
- (3) *the ability to keep or not to keep the Policy or the Policies in force based on a single, fixed or limited number and/or amount of premium payments, and/or the amount that would be realized or paid under the Policies based on a single, fixed or limited number and/or amount of cash payments, whether in the form of cash value and/or death, retirement or periodic payment benefits and/or Investment Plan or Retirement-type benefits;*
- (4) *the dividend, interest rates, or other policy credits credited or to be credited to premiums paid on the Policy or Policies; or to amounts within the Policy or Policies, and the deductions (including all expense and other deductions or charges) charged or to be charged against the Policy or Policies;*
- (5) *the nature, design, characteristics, actuarial and pricing assumptions, terms, bonuses, appropriateness, suitability, descriptions, and operation and administration of the Policy or the Policies, including, without limitation, the amount or method of calculation of fees, charges, commissions, distribution costs, administrative and investment expenses, and/or taxes in connection with the sale of, as part of the premiums for, or in connection with a full or partial surrender or termination of a Policy or Policies;*
- (6) *whether the Policies were or were not life insurance or that Plaintiffs' or Class Members' objectives (and/or the fact that the purchaser's goals) would be funded by the cash values and/or benefits derived from a life insurance Policy, or the fact that the product being sold was life insurance was minimized or disguised;*
- (7) *whether the Policy or Policies were, or would operate or could function, as an Investment Plan;*
- (8) *the relationship between the Policy's or Policies' cash surrender value and the cumulative amount of premiums paid;*
- (9) *whether a part of the premiums paid would not be credited toward an investment or savings account or the Policy's or Policies' cash accumulation value, but would be used to offset the Defendants' commission, sales, administration, tax and/or mortality expenses;*
- (10) *the rate of return on premiums paid in terms of cash value or cash surrender value;*
- (11) *the relative suitability or appropriateness of any Policy or Policies, for particular types of purchasers or compared to other types of Investment Plans;*
- (12) *the use of an existing policy's cash value or cash surrender value by means of a surrender, withdrawal/partial surrender or loan to purchase or maintain a new Policy or Policies, or another life insurance policy;*
- (13) *the replacement or rollover of an existing life insurance policy with or into a new life insurance Policy;*
- (14) *the federal or state income tax consequences associated with any aspect of the design, sale, modification, implementation or administration of the Policy or Policies or Investment Plans and any federal or state tax consequences that may result from this settlement or any of the benefits or relief obtained thereunder;*
- (15) *the Companies' policies and practices regarding dividends, account values, policy loans, interest and other policy crediting, investment, cost of insurance and administrative charge policies and practices; policy or premium charges; illustrations of dividend, interest and other policy crediting rates, interest, persistency, or other policy bonuses, account equity rates, account value calculations, policy loans, policy charges, premium charges, monthly deductions, market value adjustments, cost of insurance and administrative charges, cash values, ultimate cash values or death benefits; or any other matters relating to dividends, interest or other policy crediting rates, interest, persistency, or other policy bonuses, account equity rates, account value calculations, policy loans, market value adjustments, policy charges, premium charges, monthly deductions, or cost of insurance and administrative charges; and/or*

- (16) *the manner in which the Defendants retained, trained and supervised any of the Releasees, including but not limited to the Defendants' general agents, supervising general agents, agents, branch managers, producers (including those acting on the producer's behalf or at the producer's direction), insurance brokers, solicitors and representatives, or any of them;*
 - (17) *any and all aspects of the Enhancement '96 program;*
 - (18) *disclosure in any local, state, or federal regulatory filing by the Company or Companies related to the Released Transactions;*
 - (19) *the sale of the Policies as investment, savings or retirement funding vehicles, or any representations, promotions or advertising regarding such matters;*
 - (20) *the actual or alleged violation(s) of any applicable laws or regulations relating to Policy sales practices including, without limitation, any replacement statutes or regulations and federal laws, including the RICO statute;*
- (c) *any or all acts, omissions, facts, matters, transactions, occurrences or oral or written statements or representations made or allegedly made in connection with or directly or indirectly relating to the Settlement Agreement or the settlement of the Action, except as provided in Section 5 below; and/or*
- (d) *any and all claims for attorneys' fees, costs or disbursements incurred by Lead Counsel or any other counsel representing Plaintiffs or Class Members, or by Plaintiffs or the Class Members, or any of them, in connection with or related in any manner to the Action, the settlement of the Action, the administration of such settlement and/or the Released Transactions except to the extent otherwise specified in the Settlement Agreement.*
- 2) *Nothing in this Release shall be deemed to alter a Class Member's rights (except to the extent that such rights are altered or affected by the election and award of benefits under the Settlement Agreement) to make a claim for benefits that will become payable in the future pursuant to the express written terms of the policy form issued by the Defendants. Under no circumstances shall this Section H.1.b.2 entitle a Class Member to assert claims that relate to the allegations contained in the Action or to the matters described in Section H.1.*
- 3) *Plaintiffs and the Class Members expressly understand that Section 1542 of the Civil Code of the State of California provides that "a general release does not extend to claims which a creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." Plaintiffs and the Class Members hereby agree: (i) that the provisions of Section 1542 are hereby knowingly and voluntarily waived and relinquished by Plaintiffs and the Class Members; and (ii) that the provisions of all similar federal or state laws, rights, rules, or legal principles of any other jurisdiction, to the extent that they are found to be applicable herein, are also hereby knowingly and voluntarily waived and relinquished by Plaintiffs and the Class Members.*
- 4) *In connection with this Release, Plaintiffs and the Class Members acknowledge that they are aware that they may hereafter discover claims 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 matters released herein. Nevertheless, it is the intention of Plaintiffs and the Class Members in executing this Release fully, finally and forever to settle and release all such matters, and all claims relating thereto, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any Action);*
- 5) *Nothing in this Release shall preclude any action to enforce the terms of the Settlement Agreement, including participation in any of the processes detailed therein.*
- 6) *Plaintiffs and the Class Members hereby agree and acknowledge that the provisions of this Release together constitute an essential term of the Settlement Agreement.*

Answers to Questions Concerning the Proposed Settlement

General Questions About the Settlement

1. Why did I receive this Notice in the mail?

According to our records, you are a member of the Class of policyowners who are eligible to receive benefits under the proposed settlement of a class action lawsuit.

2. What is a class action lawsuit?

A class action lawsuit is a suit brought by one or more individuals as representatives of all others, known as members of the class, who have similar claims.

3. Does this mean that I have been sued?

No, you are not being sued. Our records indicate that you are a member of the Class, which means you are a plaintiff. We are the defendants.

4. Am I a member of the Class if I received this mailing?

According to our records, you are a member of the Class. With certain limited exceptions, that should not apply to you if you received this mailing, members of the Class are the owners of certain in-force and terminated Direct Recognition life insurance policies or certificates issued from December 30, 1988 through December 1997.

5. Why did I receive this Notice if my policy is from a different company?

While your policy was sold through the Advanced Products Division of Bankers United Life Assurance Company, that policy could have been issued through a different company. These policies may have been issued by the following companies affiliated with Bankers United Life: Pacific Fidelity Life Insurance Company, General Services Life Insurance Company, Western Reserve Life Assurance Co. of Ohio, Monumental General Insurance Company, and Monumental Life Insurance Company.¹

¹ For convenience, these companies will be referred to as the "Company" in this document.

6. If I am the insured or beneficiary of a Policy, but not the owner, am I a member of the Class?

No. Only those who have or had an ownership interest in the Policy are members of the Class. However, if you are both an owner of a Policy and the insured or beneficiary, you are a member of the Class for the Policy you own. The Policy in which you have or had an ownership interest (according to our records), is listed on the cover letter included in this package.

7. What is the lawsuit about?

In 1997 several policyowners filed a class action lawsuit about how their Direct Recognition life insurance policies had been sold and how those Policies had performed. The complaint asserts various allegations about three key areas:

- The ability to keep a Policy in-force or provide future illustrated cash values with a limited number of premium payments;
- The ability of the Policies to perform as expected; and
- The sale of life insurance as an investment or retirement plan without adequately disclosing that the product being sold was life insurance.

8. Why is this lawsuit being settled?

While we emphatically deny the allegations made by the Plaintiffs, we believe that a lengthy and expensive court battle is not in the best interest of our policyowners. Although both sides believe they are right in this case, there is no guarantee that either side would prevail at trial. It was more important to us to find a solution to disappointed client expectations than to continue fighting the lawsuit.

In fact, both parties believe that the proposed settlement will provide substantial benefits to the policyowners who are members of the Class. We also believe that the terms of the proposed settlement are fair, reasonable and adequate. Therefore, Plaintiffs' counsel and the Company have agreed to settle the case based on the terms of the proposed settlement.

9. When will settlement benefits become available?

Benefits will become available only if the proposed settlement is approved by the Court as fair, reasonable, adequate, and the Court's approval becomes final and no longer subject to appeal.

Questions about the Settlement Process

1. What do I need to do now?

You have three options:

- You may remain in the Class and participate in the benefits offered under the proposed settlement if approved,
- You may decide to remain in the Class, but object to the proposed settlement, or
- You may exclude yourself from the Class.

You do not need to take any action now unless you want to object to the proposed settlement or exclude yourself from the Class.

2. Am I required to remain a member of the Class?

No. You exclude yourself from the Class by filing a timely and complete exclusion request. If you are excluded, you will not be eligible to receive any of the settlement benefits and you will not be bound by the Court's orders in the case. In addition, if you are excluded from the Class, you will not be able to object to the terms of the proposed settlement.

If you wish to exclude yourself from the Class for one or more of your Policies, you must follow the procedures described in Section 6 of the "Notice of Class Action."

3. If I do not like one or more terms of the proposed settlement, do I need to exclude myself from the Class?

No. As a Class Member, you have the right to object to any aspect of the proposed settlement as long as you remain a Class Member. You may appear, in person or through a representative (retained at your own expense), to object to the proposed settlement at the Fairness Hearing scheduled for August 30, 2000. The Fairness Hearing is where the Court will decide whether to approve the proposed settlement as fair, reasonable and adequate. If the Court approves the settlement and the settlement then becomes final, you will still be able to obtain the benefits for which you are eligible under the proposed settlement, even if you previously objected to the settlement. However, you will be bound by all orders and judgments entered by the Court in this matter, regardless of how the Court rules on your objection.

If you wish to object to any aspect of the proposed settlement, you must follow the procedures set forth in 7 of the accompanying "Notice of Class Action."

4. **If I choose to participate in the settlement, will I have to pay attorneys' fees to the lawyers representing the Class?**

No. As part of the settlement, the Company has agreed, subject to certain limits, to pay fees awarded by the Court to the lawyers representing the Class.

5. **How will the attorneys' fee award affect my relief?**

The payment of attorneys' fees by the Company will not reduce or diminish the settlement benefits provided to the Class under the proposed settlement.

6. **Will I be able to maintain, continue or start a lawsuit against the Company if I remain in the Class?**

Generally, no. The Court has entered a preliminary injunction in this case that, among other things, prevents Class Members who do not exclude themselves from the Class from filing, maintaining or participating in a wide variety of Policy-related lawsuits against the Company. At the Fairness Hearing, where the Court will determine whether to approve the settlement, the Plaintiffs and the Company will ask the Court to make this injunction permanent.

In addition, you will lose any right you may have to claim punitive or exemplary damages in a pending or future lawsuit barred under the settlement. If you have an existing lawsuit or other proceeding against any of the companies mentioned above, you should consult your attorney to determine how the proposed settlement affects your rights.

Under the proposed settlement, Class Members who do not exclude themselves from the Class release the Company from liability for claims relating to their Policies. However, the proposed settlement does not alter your contractual rights under the express terms of your existing Policy. You will still be able to make a claim for any benefits that may become payable in the future under the express terms of your Policy.

This release is discussed in Section 5 of the accompanying "Notice of Class Action." For information on how to exclude yourself from the Class, please see Section 6 of the accompanying "Notice of Class Action."

7. **If I am one of several parties with an ownership interest in this Policy, can I make choices under the settlement by myself?**

No. If more than one party has an ownership interest in the Policy (as determined by our records), each party will be required to agree, in writing, on what benefits to elect under the proposed settlement. If any one person with an ownership interest of a Policy excludes himself or herself from the Class, all other persons with an ownership interest will be excluded with respect to that Policy.

General Questions Concerning Benefits

1. **What benefits are available?**

If you remain a Class Member and you do not exclude yourself from the Class, you will be eligible to choose between two forms of benefits for each of your Policies. These are described below:

General Policy Relief

Under the proposed settlement, all Class Members will have the opportunity to elect General Policy Relief and choose from among several different types of settlement benefits. Depending on your circumstances, the benefits offered under General Policy Relief can include: (i) enhancements to in-force policy values; (ii) new or additional death benefits at no cost to you; and/or (iii) premium voucher credits that can be used to purchase new insurance and annuity products.

More detailed information about the specific forms of General Policy Relief can be found in Sections 4.B and 4.C of the accompanying "Notice of Class Action."

Claim Review Process

Under the proposed settlement, Class Members who believe they were misled by misstatements or omissions of material information in connection with the sale of their Policy may elect Individualized Relief through the Claim Review Process and then provide a sworn statement and all documents they have, if any, regarding their Policy or claim.

More detailed information about the Individualized Relief through the Claim Review Process can be found in Sections 4.C.5 of the accompanying "Notice of Class Action."

2. **Can I receive General Policy Relief and still go through the Claim Review Process?**

No. General Policy Relief and Individualized Relief through the Claim Review Process are alternative forms of relief. In other words, you may elect only one form of relief for each Policy you own. You may elect Individualized Relief through the Claim Review Process for one Policy while electing the General Policy Relief for another. You cannot receive both forms of relief for the same Policy.

3. Will someone help me decide which benefits to choose?

A key feature of this settlement is the variety of choice it offers to Class Members. As noted above, if you have any questions about the proposed settlement and/or the benefits that will be offered if the settlement is approved, you may call the toll-free number, 1-800-572-0153. This special customer service line will be open Monday-Friday from 9 a.m. to 6 p.m. Eastern Time. However, while we can answer questions you may have about the proposed settlement, only you can decide which benefits to elect, based on your individual insurance and investment needs.

4. Will receiving settlement benefits have any tax consequences for me?

Your receipt of benefits under the proposed settlement *could* have tax consequences for you. Those tax consequences may vary, depending on your individual circumstances. *You should consult your own tax advisor to determine any federal, state, local or foreign tax consequences of the receipt of settlement benefits in your particular circumstances.*

If you do not elect or obtain any settlement benefits, the settlement should not have any tax consequences for you.

Questions about the General Policy Relief

1. What is the General Policy Relief for In-Force Policies?

In light of interest rate changes and other variables that may have affected policy performance in recent years, the Company believes that as a current policyowner you should review the status of your Policy. You need to determine whether you remain on track to accomplish your original objectives when you purchased the Policy.

If you own an in-force Policy, you will have the opportunity to elect either:

A Contributed Insurance Benefit at no cost to you; **plus**

An Interest Bonus Credit to your existing in-force Policy;

or

Premium Voucher Credits for use in purchasing either certain Enhanced Value Life Insurance Policies or an Enhanced Value Annuity; **plus**

An Interest Bonus Credit to your existing in-force Policy.

The Premium Voucher Credits for Enhanced Value Life Insurance Policies may be applied toward the purchase of one of the following products offered by Bankers United Life or its affiliated companies for purposes of this relief:

WRL Financial Freedom Builder (FFB), an individual flexible premium variable universal life insurance policy,

WRL Freedom Wealth Protector (FWP), a joint survivorship flexible premium variable universal life insurance policy, or

WRL Financial Freedom Accumulator (FFA), an individual flexible premium universal life insurance policy.

The Premium Voucher Credit for an Enhanced Value Annuity may be applied toward the purchase of the:

WRL Freedom Variable Annuity.

2. **What is the General Policy Relief for Terminated Policies?**

If you owned a Policy at the time it was terminated, you will have an opportunity to obtain both:

A Contributed Insurance Benefit at no cost to you; and

Premium Voucher Credits for use in purchasing one of the Enhanced Value Life Insurance Policies or an Enhanced Value Annuity as described above.

Questions About Individualized Relief through the Claim Review Process

1. **What is the Claim Review Process?**

If you believe you were misled by misstatements or omissions of material information in connection with the sale of your Policy, you may elect Individualized Relief through the Claim Review Process. As part of the Claim Review Process, you will be provided with a Claim Form and you must provide a sworn statement and all documents, if any, you have regarding your Policy or claim. Each claim will be reviewed on a case-by-case basis according to scoring guidelines agreed to by the parties and submitted to the Court for approval. If it is determined that your claim has merit, you will be awarded relief based on your specific allegations and the evidence submitted and gathered in connection with your claim. There is no cost to you for choosing the Claim Review Process.

The statement and documents do not need to be provided until after the Fairness Hearing. You will be asked to provide documents and the sworn statement only if the proposed settlement is approved by the Court as fair, reasonable, adequate, and the Court's approval becomes final and no longer subject to appeal.

2. **What relief will I receive if I submit my claim to the Claim Review Process?**

There is no way to determine, at this time, what relief (if any) you may receive through the Claim Review Process. The relief under the Claim Review Process is tailored to the specific claim and there is no certainty or guarantees what relief, if any, you will receive. The nature and amount of relief awarded, if any, will depend on the type of claim, the level of proof and may also depend on

the number of claims submitted to the Claim Review Process and the scores of such claims. Relief awarded can range from no relief to contributions to the Policy's value or, in some cases, a refund of premiums paid.

3. **Do I have to do anything to participate in the Claim Review Process?**

If the settlement is approved, you must take certain steps to participate in the Claim Review Process.

The steps are described in more detail in Section 4.C.5. of the "Notice of Class Action."

In general, you will be required to complete a Claim Form that has been agreed upon by the parties and approved by the Court. In the Claim Form, you must describe the claim you are presenting, including any misstatements or omissions of material information you believe occurred. You must attach to your Claim Form copies of all documents, if any, you have relating to your claim or your Policy.

4. **What happens after I submit my claim to the Claim Review Process?**

A Claim Review Team, made up of Company personnel, will review your claim. The Claim Review Team will score your claim based on all evidence presented (including your statement of your claim, any documents submitted by you, and documents and statements provided by the Company in connection with its investigation of your claim). The score assigned to your claim will be based on specific guidelines that have been agreed upon by the parties and submitted to the Court for approval.

5. **How will the scoring process work?**

As noted above, claims will be scored based upon the nature of your claim and the evidence and information gathered and submitted to the Claim Review Team by you and the Company. There are four categories of claims in the Claim Review Process:

- a) **Limited Premium Payment Claims:** Claims that the payment of a single or limited number of premiums would be sufficient to keep a Policy In-force at the represented death benefit and/or to secure represented cash values;
- b) **Policy Performance Claims:** Claims relating to a Policy's performance over time, including, (i) Claims concerning the amount of interest to be credited to a Policy and/or the deductions to be charged against a Policy, (ii) Claims that the represented performance of the Policy would produce promised cash values at a later date; and (iii) Claims concerning the financial merits of existing policies and new policies;
- c) **Investment Claims:** Claims relating to the sale of life insurance as a savings investment or retirement product or plan without adequately disclosing that the product being sold is or was life insurance; and

- d) **Other Sales Misrepresentation Claims** that do not fall within one of the first three categories just mentioned.

All claims presented will be scored depending upon all the evidence and documents gathered and submitted with your claim and will be based on specific guidelines that have been agreed upon by the parties and submitted to the court for approval.

6. What if I don't agree with the relief or scoring determined by the Claim Review Team?

You will have the right to appeal the relief awarded to you by the Claim Review Team to an independent Claim Appeal Special Master. The Claim Appeal Special Master will be chosen and agreed to by the Plaintiffs' counsel and the Company.

7. How does the Claim Appeal Special Master score my claim?

The Claim Appeal Special Master will review your claim and evidence based on the same objective scoring guidelines and relief criteria used by the Claim Review Team in its initial review. After scoring your claim, the Claim Appeal Special Master will award the relief you are entitled to receive, if any, under the guidelines that have been agreed to by the parties and submitted to the Court for approval.

Because the Claim Review Process will be provided as part of the settlement, there will be no appeal to any court if you do not agree with the decision of the Claim Appeal Special Master. The decision of the Claim Appeal Special Master will be binding and not subject to further litigation or appeal. If the Claim Appeal Special Master lowers your score, you will not be able to return to the score originally awarded by the Claim Review Team.

8. How can I get more information about this settlement?

If you have questions after reviewing the material enclosed in this mailing, please call the toll-free number the Company has set up to respond to questions about the lawsuit, the proposed settlement and its benefits. The toll-free number, which is staffed by specially trained Customer Service Representatives is 1-800-572-0153. Customer Service Representatives will be available from Monday through Friday from 9 a.m. to 6 p.m. Eastern Time. Representatives will not be available on Saturdays, Sundays and legal holidays. In accordance with the Court's order, your call may be monitored.

EXHIBIT D

INTRODUCTION

1. On September 12, 1997, Lara Buckwald, Angela Oakes, Richard Oakes and Susan Oakes filed a Class Action Petition captioned Richard Oakes, et. al. v. Bankers United Life Assurance Company, et. al., Case No. 96-06849 (in the 192nd Judicial District Court, Dallas County, Texas (the "Court")).

2. On June 18, 1999, the Plaintiffs filed a Sixth Amended Class Action Petition with the Court in which Martin Shugar, M.D., Maureen Shugar, John Alden, d/b/a EQ Distributors, Howard Berlin and Beth Berlin were joined as named Plaintiffs.

3. In June, 2000, the parties stipulated that Plaintiffs may file a Seventh Amended Class Action Petition (the "Seventh Amended Petition") and agreed to promptly seek leave of the Court for the Plaintiffs to file the Seventh Amended Petition. The Seventh Amended Petition removed Lara Buckwald, Susan Oakes, Angela Oakes and Beth Berlin as named Plaintiffs, correctly named John Alden, d/b/a EQ Distributors as a named Plaintiff, and expanded the allegations of the Sixth Amended Petition. The Seventh Amended Petition asserts claims relating to Defendants' life insurance marketing, administrative and sales practices and alleges, among other things: (i) that Defendants promised that either a single prepayment of premiums, or a limited number of premiums during the years after the purchase of a Policy (as defined below), would suffice to cover all out-of-pocket premiums due on the Policies throughout Plaintiffs' lives, or for a specified period without a reduction in the Policies' originally illustrated death benefits and/or without a reduction in the Policy values or would provide cash values in the future to be available as retirement benefits; (ii) that Defendants either knowingly or recklessly misrepresented the reasonableness of (or failed to disclose the potential variability of) interest crediting rates and dividends illustrated to the Plaintiffs; (iii) that Defendants misrepresented, in part through the use of misleading illustrations and marketing materials, (a) the premium terms, charges, commissions, expenses, annual retirement income, administrative costs, federal income tax consequences and financial performance of their insurance Policies; (b) their life insurance Policies as savings, retirement and/or investment plans,

without disclosing, or de-emphasizing, that the product sold was in fact life insurance; (c) the cash value and/or benefits to be realized or paid based on a fixed number or amount of cash payments; (d) the nature, design, actuarial and pricing assumptions, quality, suitability, operation and administration of the products sold; and (e) their interest crediting and policy charge practices and procedures; (iv) that Defendants misrepresented the financial impact on the policyowner of surrendering, or using loans, partial surrenders or withdrawals of cash values and/or dividends from an existing policy or policies to purchase a new Policy or Policies issued by the Company (as defined below); and (v) that Defendants failed to adequately retain, supervise, educate and train their sales representatives.

4. Before commencing this Action and during settlement negotiations, counsel for Plaintiffs conducted a thorough examination and evaluation of the relevant law and facts to assess the merits of their claims and potential claims and to determine how best to serve the interests of Plaintiffs and the Class (as defined below).

5. In the course of their examination, counsel for Plaintiffs have received thousands of pages of documents produced by the Company and other third-parties, have deposed agents and employees of the Company, and have conducted interviews of actuarial experts retained by Defendants and others. Plaintiffs' counsel have also retained and consulted with experts concerning the information obtained through their investigation and discovery conducted in this matter, the merits of Plaintiffs' claims, and the defenses raised by Defendants.

6. Based upon their discovery, investigation and evaluation of the facts and law relating to the matters alleged in the Action, Plaintiffs and Counsel for Plaintiffs and the Class have agreed to settle the Action pursuant to the provisions of this Agreement after considering such factors as: (i) the substantial benefits to Plaintiffs and the Class under the terms of this Agreement; (ii) the uncertainty of being able to prove the allegations made in the Action, and the uncertainty of being able to overcome defenses thereto, including defenses based on statutes of limitations; (iii) the inherent risks and uncertainty of complex

litigation such as the Action; (iv) the difficulties, risks and delays inherent in such litigation; and (v) the desirability of consummating this Agreement promptly in order to provide expeditious and effective relief to Plaintiffs and the Class.

7. The proposed settlement has been reviewed by various consultants and experts retained by Plaintiffs, and Plaintiffs and their counsel have agreed that this Agreement is fair, reasonable and adequate because it provides substantial benefits to the Class and it is in the best interest of the Class.

8. Defendants expressly deny any wrongdoing alleged in the pleadings and do not admit or concede any actual or potential fault, wrongdoing or liability in connection with any facts or claims that have been or could have been alleged against them in the Action, but consider it desirable for the Action to be settled and dismissed because this settlement will: (i) provide substantial benefits to the Company's present and former policyowners; (ii) confer substantial benefits on the Company and its shareholders, including the avoidance of further expense and disruption of the management and operation of the Company's business due to the pendency and defense of the Action; (iii) finally put Plaintiffs' claims and the underlying matters to rest; and (iv) avoid the substantial expense, burdens and uncertainties associated with continued litigation of those claims.

A. DEFINITIONS

As used in this Agreement and the annexed exhibits (which are an integral part of this Agreement and are incorporated in their entirety by reference), the terms below have the following meanings, unless a part or subpart of this Agreement or its exhibits otherwise provides. All other capitalized terms used in this Agreement but not defined below shall have the meaning ascribed to them in this Agreement and the Exhibits annexed hereto.

1. "Action" means this action, the lawsuit captioned Oakes, et. al. v. Bankers United Life Assurance Company, et. al., Case No. 96-06849 (192nd Judicial Dist. Ct., Dallas County, Texas).

2. "Actual CRP Index" means the product of the Take Rate Factor multiplied by the Average Final Score.

3. "Administrator" means any third-party agent or administrator whom the Company may retain to help implement the terms of the proposed settlement.

4. "Alternate Beneficiary" means such person as the Class Member shall designate as the beneficiary to receive any death benefit payable from the Contributed Insurance Benefit described in this Agreement, in lieu of the Default Beneficiary, pursuant to the terms and conditions of Sections C.1.a. and C.2.a.1. of this Agreement.

5. "Alternate Beneficiary Designation Form" means the form to be used by eligible Class Members to designate an Alternate Beneficiary for purposes of the Contributed Insurance Benefit as described in Section C of this Agreement and substantially in the form attached as Exhibit H to this Agreement.

6. "Alternate Measuring Life" means, for purposes of the Contributed Insurance Benefit provided for Terminated Policies in this Agreement, a person who is designated as such by the Class Member due to the death of the Measuring Life prior to the Eligibility Date, is a member of the Class Member's Immediate Family Group, and is otherwise eligible in accordance with the terms of Sections C.2.a.1. and C.2.b.1. of this Agreement.

7. "Alternate Measuring Life Application" means the form to be completed by a proposed Alternate Measuring Life for purposes of the Contributed Insurance Benefit as described in Sections C.2.a. and C.2.b. of this Agreement and substantially in the form attached as Exhibit J to this Agreement.

8. "Alternate Measuring Life Designation Form" means the form to be used by eligible Class Members to designate an Alternate Measuring Life for purposes of the Contributed Insurance Benefits described in Sections C.2.a. and C.2.b. of this Agreement and in the form attached as Exhibit I to this Agreement.

9. "Applicant" means the person(s) or entity(ies) who purchased and/or owned a Policy that is the subject of a Claim in the Claim Review Process.

10. "Attorneys' Fees" means such funds as may be awarded to Lead Counsel to compensate them (and any other attorneys for Plaintiffs herein) for their fees and expenses in connection with the Action.

11. "Average Final Score" means the number determined by dividing: (a) the sum of the Final Scores of Claims submitted and actually scored in the Claim Review Process as of the date the Actual CRP Index is calculated; by (b) the total number of Claims for which Final Scores have been determined in the Claim Review Process as of the date the Actual CRP Index is calculated.

12. "CIB Certificate" or "Contributed Insurance Benefit Certificate" means the certificate awarded to Class Members receiving the Contributed Insurance Benefits provided for in this Agreement which the Parties have agreed shall be substantially in the forms attached as Exhibits L and M to this Agreement.

13. "Claim" means a claim by a Class Member submitted to the Claim Review Process in the prescribed time and manner.

14. "Claim Appeal Special Master" means the person or persons who will hear appeals from decisions of the Claim Review Team.

15. "Claim Category" means one of the four categories of Claims defined in Exhibit A of this Agreement.

16. "Claim Form" means the form of statement of Claim attached as Exhibit B to this Agreement.

17. "Claim Review File" means the documents and other data timely submitted to and received by the Claim Review Team in the Claim Review Process, as more particularly described in Section D of this Agreement.

18. "Claim Review Process" means the procedure for presentation, evaluation and resolution of Claims by the Claim Review Team and the Claim Appeal Special Master, as more particularly described in Section D of this Agreement.

19. "Claim Review Process Award Date" means the earlier of: (i) the date on which the Company provides relief to a Claimant under the Claim Review Process; and (ii) the date on which a Claim Review Team decision becomes final and is no longer subject to appeal.

20. "Claim Review Process Manual" or "CRP Manual" means the manual created at the Company's discretion, which sets forth procedures for the administration of the Claim Review Process.

21. "Claim Review Team" means one or more teams, each consisting of one or more persons designated by the Company, that will review and assess all Claims

22. "Claimant" means a Class Member who has submitted a Claim to the Claim Review Process in the prescribed time and manner.

23. "Claimant's Statement" means a standard Company form used to submit a claim for death benefits under the Contributed Insurance Benefit provisions of this Agreement.

24. "Class" and "Class Members" mean all persons or entities (including, but not limited to businesses and trusts) who have, or had at the time of termination, an ownership interest in one or more Policies, but does not include any person or entity: (a) who timely excluded himself or herself from the Class pursuant to Section F of this Agreement; (b) who, while represented by counsel, signed a document that releases the Company from any further claims concerning such Policy or Policies; or (c) who has or had an ownership interest in any Policy: (i) as to which the insured died prior to the Eligibility Date and while the Policy was in-force; (ii) that was issued by the Company, but not accepted or paid for, or was returned to the Company as part of the exercise of a free look provision in the Policy; (iii) that was rescinded as part of a reissue of a new Policy, or because of a material misrepresentation on the Policy application; or (iv) that was issued to fund a deferred fringe benefit welfare compensation plan.

25. "Class Notice" means the notice to be provided to Class Members, pursuant to Section E.2. of this Agreement, in the form attached as Exhibit C to this Agreement.

26. "Class Period" means the period from December 30, 1988 through December 31, 1997 inclusive.

27. "Company" or "Companies" means one or more of the following companies as the context requires: Bankers United Life Assurance Company, AEGON USA, Inc., Pacific Fidelity Life Insurance Company, Western Reserve Life Assurance Co. of Ohio, General Services Life Insurance Company, Monumental Life Insurance Company and/or Monumental General Insurance Company.

28. "Contributed Insurance Benefit" or "CIB" means the new or additional death benefits available under this Agreement as part of the General Policy Relief.

29. "CRP Cap Index" means and shall, for purposes of the CRP relief limitation described in Section D.3. of this Agreement, be equal to ten (10).

30. "CRP Relief Reducing Factor" means the quotient of the CRP Cap Index divided by the Actual CRP Index, but shall not be greater than one (1).

31. "Damage" means an actual past, present or known future financial or economic loss directly caused by a Misrepresentation.

32. "Default Beneficiary" means, with respect to the Contributed Insurance Benefits described in this Agreement, the current beneficiary under the Policy making the Class Member eligible for relief, or the last designated beneficiary prior to termination for a Terminated Policy making the Class Member eligible for relief.

33. "Defendants' Counsel" means the law firms of Peterson & Ross and Figari, Davenport & Graves, LLP.

34. "Election Form" means one or more forms (the forms of which are attached as Exhibits F and G to this Agreement) to be mailed by the Company to Class Members to enable them to elect relief under the settlement, pursuant to Section E.6.b. of this Agreement.

35. "Eligibility Date" means a date, specified by the Company, that is not more than 30 days before the date on which the Class Notice is first mailed to Class Members.

36. "Enhanced Value Annuity" or "EVA" means the variable annuity made available by the Company or one of its affiliates, for purchase by eligible Class Members with a Premium Voucher Credit, pursuant to the terms and conditions set forth in Sections C.1.c. and C.2.b.2. of this Agreement.

37. "Enhanced Value Life Insurance Policy" or "EVP" means one of the life insurance policies made available by the Company or one of its affiliates, for purchase by eligible Class Members with Premium Voucher Credits, pursuant to the terms and conditions set forth in Sections C.1.b. and C.2.a.2. of this Agreement.

38. "Fairness Hearing" means the hearing at or after which the Court will make a final decision whether to approve this Settlement Agreement as fair, reasonable, and adequate.

39. "Final Order and Judgment" means the order approving the settlement and this Settlement Agreement, and the judgment entered pursuant to that order, as contemplated in Section K of this Agreement and in the form attached as Exhibit P to this Agreement.

40. "Final Score(s)" means the final score determined by the Claim Review Team prior to any appeal for a Claim submitted to the Claim Review Process as more particularly described in Exhibit A.

41. "Final Settlement Date" means the date on which the Final Order and Judgment approving this Settlement Agreement becomes final. For purposes of this Agreement:

- (a) if no appeal has been taken from the Final Order and Judgment, Final Settlement Date means the date on which the time to appeal therefrom, either directly or restricted, has expired; or
- (b) if any appeal has been taken from the Final Order and Judgment, Final Settlement Date means the date on which all appeals therefrom, including petitions for rehearing or reargument, petitions for rehearing *en banc* and petitions for *certiorari*, restricted appeals or any other form of review, have been finally disposed of in a manner that affirms the Final Order and Judgment.

42. "General Policy Relief" or "GPR for In-Force Policies" means the options available to eligible Class Members to obtain either Premium Voucher Credits for use in purchasing either an Enhanced Value Life Insurance Policy or an Enhanced Value Annuity, plus a one-time Interest Bonus Credit to existing, In-Force Policies; or Contributed Insurance Benefit Certificates, plus a one time Interest Bonus Credit to existing, In-Force Policies, as more particularly described in Section C.1. of this Agreement. "General Policy Relief" or "GPR for Terminated Policies" means the options available to eligible Class Members to obtain a Contributed Insurance Benefit Certificate plus either Premium Voucher Credits for use in purchasing an Enhanced Value Life Insurance Policy or a Premium Voucher Credit for use in purchasing an Enhanced Value Annuity, as more particularly described in Section C.2. of this Agreement.

43. "Immediate Family Group" shall mean: (i) any spouse, child, stepchild or parent of the Class Member; and (ii) any person or entity in whom a Class Member has an insurable interest.

44. "Implementation Date" means the date, specified by the Company, that is no more than 90 days after the Final Settlement Date and is the date the Company commences the mailing of the Post Settlement Notice.

45. "Individualized Relief" or "Individualized Claim Relief" means the Claim Review Process, as more particularly described in Section D of this Agreement.

46. The terms "In-Force" and "In-Force Policy" mean, for purposes of this Agreement only, a Policy, that as of the Eligibility Date, has not been surrendered, lapsed or otherwise terminated. These terms do not include a Policy that is providing coverage under a reduced paid up insurance non-forfeiture option and/or an extended term non-forfeiture option.

47. "Interest Bonus Credit" means a one-time interest credit to an eligible In-Force Policy in the amount of one percent (1%) of the accumulated unloaned cash value of the In-Force Policy existing as of the next Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable.

48. "Investment Plan" shall have the meaning ascribed to it in Section H.1.a.2. of this Agreement and includes collaterally assigned, leveraged, split-dollar life insurance and all forms of the "Private Pension Plan."

49. "Issue Date" means the date the Policy was issued as set forth on the Policy contract or certificate.

50. "Lead Counsel" means the law firm of Fred Misko, Jr., P.C.

51. "Measuring Life" means the person upon whose qualifying death the Contributed Insurance Benefit provided for in this Agreement will be paid, which person shall be the insured under the Policy making the Class Member eligible for relief. Where the Policy making the Class Member eligible for relief is a joint and last survivor policy, the "Measuring Life" shall be the youngest of the lives insured under the Policy, if both insureds are living, otherwise the remaining life insured.

52. The term "Misrepresentation" or "Misrepresent" means an untrue statement of material fact or omission of material fact. A Misrepresentation must be made by the subject of the complaint described in the Claim Form who is:

- (a) the Company;
- (b) the Relevant Producer;
- (c) a Company employee;
- (d) an employee of the Relevant Producer; or
- (e) an employee of the Relevant Producer's firm where that firm is not the Company.

The Misrepresentation, which may be oral, in writing, or both, must have occurred on or before the Issue Date, caused the Applicant to purchase the Policy, and caused Damage to the Claimant.

"Written evidence of Misrepresentation" for purposes of obtaining a score of 4 in any Claim Category in the Claim Review Process means a writing other than a standard Company form (which forms include the Policy, materially unedited Company-sponsored marketing materials

or illustrations) created on or before the Issue Date by a person or entity described in (a) through (e), above, which contains an untrue statement of material fact that caused the Applicant to purchase the Policy and caused Damage to the Claimant.

53. "Notice of Claim Decision" means the notice sent to a Claimant who has submitted a Claim to the Claim Review Process advising of the Claim Review Team's decision on the Claim.

54. "Original Face Amount" means the original face amount death benefit of the Policy making the Class Member eligible for relief at the time of issue. This term does not include any benefits provided by any riders or any paid-up additional amounts of insurance.

55. "Parties" means Plaintiffs (in their individual and representative capacities) and the Company collectively.

56. "Plaintiffs" means Richard Oakes, Martin Shugar, M.D., Howard Berlin, M.D., and John Alden, d/b/a EQ Distributors, and any other Class Members who are added to the Seventh Amended Petition or any other subsequent pleading as named Plaintiffs, in their individual and representative capacities.

57. "Policy" or "Policies" means one or more Direct Recognition, single life or joint and last survivor life insurance policies or life insurance certificates (DRL 8, 10, 11, 20, 21, 22, 23, SPX I, SPX II, SPWL I, SPWL II, and Group UL), upon which the Company or Companies was or is obligated and that were issued during the Class Period.

58. "Post-Settlement Notice" means the notice to be mailed, after the Final Settlement Date, to all Class Members in the form attached as Exhibit E to this Agreement, informing them that the order approving the settlement has become final and inviting them to choose the type of relief they prefer. Each Post-Settlement Notice will be accompanied by one or more Election Forms.

59. "Preliminary Approval Order" means the order to be entered by the Court concerning notice, administration and the Fairness Hearing, as contemplated in Section J of this Agreement and in the form attached as Exhibit D to this Agreement.

60. "Premium Voucher Credit" means a form of premium credit that an eligible Class Member may elect to receive pursuant to the terms and conditions set forth in Sections C.1.b., C.1.c., C.2.a.2. and C.2.b.2. of this Agreement and which the Parties have agreed shall be substantially in the forms attached as Exhibits N and O to this Agreement.

61. "Producer" means any of Defendants' current and former producers, representatives, sales agents, general agents, supervising general agents, producing general agents, branch or regional managers, insurance brokers, solicitors and any other persons or entities, whether independent contractors or employees, who engage or participate, or who has engaged or participated in the sale or distribution of the Company's products and their respective agents or employees.

62. "Release" means the release and waiver set forth in Section H.1. of this Agreement.

63. "Released Transactions" shall have the meaning ascribed to it in Section H.1. of this Agreement.

64. "Releasees" shall have the meaning ascribed to it in Section H.1. of this Agreement.

65. "Relevant Producer" means a current or former Producer who is the subject of a complaint described in a Claim Form submitted under the Claim Review Process and also sold the Policy that is the subject of the Claim.

66. "Second Notice of Decision" means the notice sent by the Company to a Claimant if the Claim Review Team decides to modify its original Claim decision after an appeal by the Claimant.

67. "Settlement Agreement" or "Agreement" means this Stipulation of Settlement and the attached Exhibits, including any subsequent amendments thereto and any exhibits to such amendments.

68. "Seventh Amended Petition" means the Seventh Amended Class Action Petition in this Action, filed by Plaintiffs in June, 2000.

69. "Take Rate Factor" means the number determined by dividing the total number of Claims for which Final Scores have been determined in the Claim Review Process as of the date the Actual CRP Index is calculated, by the total number of Policies in the Class, and multiplying that quotient times 100.

70. The term "Terminated Policy" (or "Terminated" when used in connection with a Policy) means a Policy that, as of the Eligibility Date, has lapsed, was surrendered, or otherwise terminated and that has not been reinstated, and includes a Policy that is providing coverage under an extended term non-forfeiture option or a reduced paid-up insurance non-forfeiture option.

71. The term "Written Corroboration" when describing evidence, does not include a standard complete Company form (which forms include the Policy, materially unedited Company-sponsored marketing materials or illustrations). Subject to the foregoing, "Written Corroboration" means evidence consisting of:

- (a) any handwritten or printed materials, video recording or audio recording created by a Company employee or Relevant Producer prior to the Issue Date which contains an untrue statement of material fact;
- (b) a notarized affidavit (or, if the state in which the Claimant resides does not provide a notary public, an affirmation or declaration made under penalty of perjury) prepared by someone who was present at and is attesting to, an alleged Misrepresentation other than a Producer, the Claimant or someone who was or is related to the Claimant by blood, marriage or adoption; or
- (c) an assertion by a limited premium payment or performance Claimant in his or her Claim Form that he or she received an incomplete or altered illustration, which illustration is submitted with the Claim Form and lacks any disclosure that, in

substance, discloses that the illustrated crediting rates are assumed or that the illustrated cash values assumed a hypothetical interest rate; provided, however, that there is no other writing in the Claim Review File containing this disclosure and which evidence indicates the Claimant received.

B. SETTLEMENT RELIEF

1. Pursuant to this Agreement, the Company shall make available to eligible Class Members two alternative types of relief: General Policy Relief and Individualized Claim Relief. General Policy Relief for In-Force Policies may take the form of: 1) Premium Voucher Credits for use in purchasing an Enhanced Value Life Insurance Policy or Enhanced Value Annuity plus a one-time Interest Bonus Credit to the existing In-Force Policy; or 2) Contributed Insurance Benefit Certificates plus a one-time Interest Bonus Credit to the existing In-Force Policy, as more particularly described in Section C.1. of this Agreement. General Policy Relief for Terminated Policies will take the form of Premium Voucher Credits for use in purchasing an Enhanced Value Life Insurance Policy or an Enhanced Value Annuity plus Contributed Insurance Benefit Certificates as more particularly described below in Section C.2. of this Agreement. Individualized Claim Relief will take the form of the Claim Review Process, as described below in Section D of this Agreement. A Class Member may elect either Individualized Claim Relief or General Policy Relief, but not both, as to each Policy owned by that Class Member.

2. Notwithstanding any other provision of this Agreement, where more than one person or entity has an ownership interest in a Policy, all persons or entities having an interest in such Policy must act jointly in exercising any right created under this Agreement. However, if any one such person or entity excludes himself, herself or itself from the Class, all persons or entities having an ownership interest in that Policy will be deemed excluded with respect to that Policy. There shall be only one award of relief for each Policy regardless of the number of Class Members with current or prior ownership interests therein.

C. GENERAL POLICY RELIEF

All Class Members will have the opportunity to elect General Policy Relief and choose from among several different types of relief including, for In-Force Policies, Premium Voucher Credits for use in purchasing either an Enhanced Value Life Insurance Policy or an Enhanced Value Annuity plus a one-time Interest Bonus Credit to their existing In-Force Policy or; a Contributed Insurance Benefit Certificate plus a one-time Interest Bonus Credit to their existing In-Force Policy or; for Terminated Policies, Premium Voucher Credits for use in purchasing either an Enhanced Value Life Insurance Policy or an Enhanced Value Annuity plus a Contributed Insurance Benefit Certificate.

1. General Policy Relief for In-Force Policies**a. Contributed Insurance Benefit Plus Interest Bonus Credit Option**

- 1) Class Members who maintain existing, In-Force Policies as of the Eligibility Date may elect to receive a Contributed Insurance Benefit Certificate plus an Interest Bonus Credit to their Policy making the Class Member eligible for this relief.
- 2) The amount and duration of the Contributed Insurance Benefit Certificate an eligible Class Member may receive will depend on: (a) the age of the Measuring Life under the Contributed Insurance Benefit Certificate as determined in Section C.1.a.3. of this Agreement; and (b) the Original Face Amount of the Policy making the Class Member eligible for this relief in accordance with the following schedule:

Contributed Insurance Benefit - In-Force Policies			
Age of Measuring Life	0 - 64	65 - 74	75 - Up
CIB as % of Original Face Amount	6.5%	5.5%	4.5%
CIB Coverage Period	5 years	4 years	3 years

- 3) The Measuring Life of the Contributed Insurance Benefit Certificates issued under this GPR option shall be the insured of each Policy making the Class Member eligible for this relief. The age of the Measuring Life of Contributed Insurance Benefit Certificates issued under this GPR option shall be the insurance age of the Measuring Life as of the Eligibility Date as determined in accordance with the Company's standard underwriting procedures.
- 4) Where the Policy making the Class Member eligible for relief is a joint and last survivor policy, the Measuring Life shall be the youngest of the lives insured, if both are living, otherwise the Measuring Life shall be the life remaining.
- 5) The Contributed Insurance Benefit coverage period shall commence on the Eligibility Date and shall provide eligible Class Members with an additional death benefit through the duration of the applicable Contributed Insurance Benefit coverage period.
- 6) The Contributed Insurance Benefits shall not become payable until the later of (a) the Implementation Date or (b) submission of due proof of the death of the Measuring Life to the Company.
- 7) The Class Member may designate an Alternate Beneficiary at any time prior to the expiration of the applicable Contributed Insurance Benefit coverage period and/or the death of the Measuring Life, whichever is earlier. To designate an Alternate Beneficiary, the Class Member must timely return the Alternate Beneficiary Designation Form signed by all persons or entities with an ownership interest in the Policy that makes the Class Member eligible for this relief.
- 8) If no Alternate Beneficiary is designated in accordance with Section C.1.a.7. above, the Default Beneficiary of the Contributed Insurance Benefit Certificates

shall be the current beneficiary(ies) under the Policy making the Class Member eligible for this relief.

- 9) Upon the death of the Measuring Life within the applicable Contributed Insurance Benefit coverage period, the Default or Alternate Beneficiary shall, after the Implementation Date, submit the Contributed Insurance Benefit Certificate, a properly completed Claimant's Statement, and due proof of the death of the Measuring Life to the Company. Where the Company has timely received the Contributed Insurance Benefit Certificate, Claimant's Statement, and due proof of the death of the Measuring Life (excluding death resulting from suicide, while sane or insane within the first two years of the applicable Contributed Insurance Benefit coverage period), the Company will pay the Contributed Insurance Benefit to the Default Beneficiary, or the Alternate Beneficiary, if a properly completed Alternate Beneficiary Designation form has been timely received by the Company, plus interest thereon at the rate of 5.0% per annum from the date of death until paid.
- 10) In addition, eligible Class Members who elect the Contributed Insurance Benefit Plus Interest Bonus Credit Option shall receive, on the next Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable, a one-time Interest Bonus Credit to their Policy in the amount of 1.0% of the accumulated unloaned cash value of their Policy existing as of the next Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable. Exception: In the event the Policy making the Class Member eligible for this relief terminates after the Eligibility Date but before the next

Policy Anniversary Date after the Implementation Date, by reason of the death of the insured(s) or for any other reason, no Interest Bonus Credit will be payable.

b. Premium Voucher Credits For Enhanced Value Life Insurance Policies Plus Interest Bonus Credit Option

- 1) Class Members who maintain existing, In-Force Policies as of the Eligibility Date may elect to receive Premium Voucher Credits for use in purchasing an Enhanced Value Life Insurance Policy plus an Interest Bonus Credit to the In-Force Policy making the Class Member eligible for this relief.
- 2) The Premium Voucher Credits may be applied toward the purchase of an Enhanced Value Life Insurance Policy, consisting of one of the following products offered for purposes of this relief:
 - (a) WRL Financial Freedom Builder, an Individual Flexible Premium Variable Universal Life Insurance Policy;
 - (b) WRL Freedom Wealth Protector, a Joint Survivorship Flexible Premium Variable Life Insurance Policy; and
 - (c) WRL Financial Freedom Accumulator, an Individual Flexible Premium Universal Life Insurance Policy.
- 3) Eligible Class Members who elect this relief will receive two vouchers, each in an amount equal to 50% of the first year scheduled premium paid on the Policy making the Class Member eligible for relief, or, in the case of a single premium policy, each in an amount equal to 50% of the initial single premium paid on the Policy making the Class Member eligible for this relief. These vouchers may be applied toward the purchase of an Enhanced Value Life Insurance Policy as follows:
 - (a) The first year premium voucher may be applied to pay for up to the lesser of:

- (i) the first year premium paid by the purchaser for the Enhanced Value Life Insurance Policy; or
 - (ii) 50% of the first year target premium for the Enhanced Value Life Insurance Policy as specified by the Company.
- (b) The second year premium voucher may be applied to pay for up to the lesser of:
 - (i) the second year premium paid by the purchaser for the Enhanced Value Life Insurance Policy; or
 - (ii) 50% of the second year target premium for the Enhanced Value Life Insurance Policy as specified by the Company.
- 4) In order to receive the benefit of the Premium Voucher Credits, the Class Member, or transferee, must submit the first year premium voucher to the issuing company no later than the first Policy Anniversary Date of the Enhanced Value Life Insurance Policy and must submit the second year premium voucher to the issuing company no later than the second Policy Anniversary Date of the Enhanced Value Life Insurance Policy.
- 5) The first year premium voucher shall be credited to the Enhanced Value Life Insurance Policy on its first Policy Anniversary Date. The second year premium voucher shall be credited to the Enhanced Value Life Insurance Policy on its second Policy Anniversary Date.
- 6) To the extent not paid by the application of a Premium Voucher Credit, premiums for any Enhanced Value Life Insurance Policy must be paid from a source other than a surrender of, Policy loan against, or withdrawal of values from an existing product issued by Bankers United or one of its affiliates.

- 7) The specified death benefit of the Enhanced Value Life Insurance Policy must be no more than the greater of \$50,000 or the Original Face Amount of the Policy making the Class Member eligible for relief, but in no event greater than \$1,000,000.
- 8) Applications for all Enhanced Value Life Insurance Policies will be subject to the issuing company's normal underwriting requirements and procedures for the Enhanced Value Life Insurance Policy applied for. Persons having reached an insurance age of more than eighty (80) years as of the proposed effective date of the Enhanced Value Life Insurance Policy will not be eligible for coverage.
- 9) Premium Voucher Credits may be transferred to a person or entity in the eligible Class Member's Immediate Family Group. Premium Voucher Credits may not be redeemed for cash from the Company. Premium Voucher Credits may not be aggregated; only one pair of vouchers may be applied toward the premiums of a single Enhanced Value Life Insurance Policy. All Premium Voucher Credits will expire five years after the date of issue.
- 10) In the event any product offered as an Enhanced Value Life Insurance Policy is not available in the state in which the Class Member or eligible transferee resides, the Company or its affiliates will make a comparable product available to that Class Member or transferee, subject to the requirements and limitations of the preceding paragraphs.
- 11) In addition, eligible Class Members who elect the Premium Voucher Credits For Enhanced Value Life Insurance Policies Plus Interest Bonus Credit Option shall receive, on the next Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable, a one-time Interest Bonus Credit to their Policy in the amount of 1.0% of the accumulated

unloaned cash value of their Policy existing as of the next Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable. Exception: In the event the Policy making the Class Member eligible for this relief terminates after the Eligibility Date but before the next Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable, by reason of the death of the insured(s) or for any other reason, no Interest Bonus Credit will be payable.

c. Premium Voucher Credits For Enhanced Value Annuities Plus Interest Bonus Credit Option

- 1) Class Members who maintain existing, In-Force Policies as of the Eligibility Date may elect to receive a Premium Voucher Credit for use in purchasing an Enhanced Value Annuity plus an Interest Bonus Credit to the In-Force Policy making the Class Member eligible for this relief.
- 2) The Premium Voucher Credit may be applied toward the purchase of a WRL Freedom Premier Variable Annuity.
- 3) Eligible Class Members who elect this relief will receive one voucher, in an amount equal to 50% of the first year scheduled premium paid on the Policy making the Class Member eligible for relief, or, in the case of a single premium Policy, 50% of the initial single premium paid on the Policy making the Class Member eligible for this relief. This voucher may be applied to pay for up to 7.5% of the initial premium for the Enhanced Value Annuity and will be credited to the Enhanced Value Annuity at the time the Enhanced Value Annuity is issued. In order to receive the benefit of the Premium Voucher Credit, the Class Member, or transferee, must submit the voucher to the issuing company no later than the date of issue of the Enhanced Value Annuity.

- 4) To the extent not paid by the application of a Premium Voucher Credit, premiums for any Enhanced Value Annuity must be paid from a source other than a surrender of, Policy loan against, or withdrawal of values from an existing product issued by Bankers United or one of its affiliates. No money from a tax-qualified plan or product will be accepted as payment for an Enhanced Value Annuity, and the Enhanced Value Annuity will not be issued on a tax-qualified basis.
- 5) Premium Voucher Credits may be transferred to a person or entity in the eligible Class Member's Immediate Family Group. Premium Voucher Credits may not be redeemed for cash from the Company. Premium Voucher Credits may not be aggregated; only one voucher may be applied toward the premium of a single Enhanced Value Annuity. All Premium Voucher Credits will expire five years after the date of issue.
- 6) In the event the product offered as an Enhanced Value Annuity is not available in the state in which the Class Member or eligible transferee resides, the Company or one of its affiliates will make a comparable product available to that Class Member or transferee, subject to the requirements and limitations of the preceding paragraphs.
- 7) In addition, eligible Class Members who elect the Premium Voucher Credits For Enhanced Value Annuities Plus Interest Bonus Credit Option shall receive, on the next Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable, a one-time Interest Bonus Credit to their existing, In-Force Policy in the amount of 1.0% of the accumulated unloaned cash value of their Policy existing as of the next Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable. Exception: In the event the Policy making the Class Member eligible for this relief terminates after the Eligibility Date but before the next

Policy Anniversary Date after the date that is ninety (90) days after the Implementation Date or the Claim Review Process Award Date, as applicable, by reason of the death of the insured(s) or for any other reason, no Interest Bonus Credit will be payable.

2. General Policy Relief for Terminated Policies

a. Contributed Insurance Benefit Plus Premium Voucher Credits For Enhanced Value Life Insurance Policies Option

1) Contributed Insurance Benefit

- (a) Class Members whose Policies were terminated as of the Eligibility Date may elect to receive a Contributed Insurance Benefit Certificate plus Premium Voucher Credits for Enhanced Value Life Insurance Policies.
- (b) The amount and duration of the Contributed Insurance Benefit Certificate an eligible Class Member may receive under this GPR Option will depend on: (i) the age of the Measuring Life or Alternate Measuring Life, if applicable, under the Contributed Insurance Benefit Certificate as determined in Section C.2.a.1.c. of this Agreement; and (ii) the Original Face Amount of the Policy making the Class Member eligible for this relief in accordance with the following schedule:

Contributed Insurance Benefit - Terminated Policies			
Age of Measuring Life or Alternate Measuring Life	0 - 64	65 - 74	75 - Up
CIB as % of Original Face Amount	3.25%	2.75%	2.25%
CIB Coverage Period	5 years	4 years	3 years

- (c) The Measuring Life of the Contributed Insurance Benefit Certificate issued under this GPR Option shall be the insured of the Policy making the Class Member eligible for this relief, if living as of the Eligibility Date. The age of the Measuring Life of Contributed Insurance Benefit Certificates issued under this

GPR Option shall be the age of the Measuring Life on the Measuring Life's last birthday preceding the Eligibility Date.

- (d) Where the Policy making the Class Member eligible for relief is a joint and last survivor Policy, the Measuring Life shall be the youngest of the lives insured, if both are living, otherwise the Measuring Life shall be the life remaining.
- (e) If the Measuring Life under a Terminated Policy is deceased as of the Eligibility Date, the eligible Class Member must designate an Alternate Measuring Life for purposes of the Contributed Insurance Benefit by completing and returning to the Company an Alternate Measuring Life Designation Form and a properly completed Alternate Measuring Life Application Form, attached as Exhibits I and J, to this Agreement, respectively, in order to receive the Contributed Insurance Benefit. An Alternate Measuring Life may not be designated for any reason other than the death of the Measuring Life prior to the Eligibility Date.
- (f) Designations of an Alternate Measuring Life are subject to the following conditions and limitations. Any designation which does not comply with these limitations shall not be effective and no Contributed Insurance Benefit will be issued:
 - (i) the Alternate Measuring Life must be the designating Class Member's spouse, parent, child (including a stepchild residing with the Class Member), or a person in whom the Class Member has an insurable interest;
 - (ii) the Alternate Measuring Life must not be: *a)* older than eighty (80) years old as of his or her last birthday preceding the Eligibility Date; and *b)* as of the Alternate Measuring Life's last birthday preceding the Eligibility Date more

than five (5) years older than the deceased Measuring Life would have been on that date, if living;

- (iii) the Alternate Measuring Life must apply for the Contributed Insurance Benefit Certificate by completing and returning the Alternate Measuring Life Application and meet the underwriting guidelines set forth in Exhibit K to this Stipulation;
 - (iv) the Contributed Insurance Benefit issued on an Alternate Measuring Life cannot exceed the total amount of \$100,000; and
 - (v) the Contributed Insurance Benefit Certificate issued on an Alternate Measuring Life is subject to rescission for material misrepresentation in the Alternate Measuring Life Application until the first two years of the Contributed Insurance Benefit coverage period have expired.
- (g) The Contributed Insurance Benefit coverage period shall commence on the Eligibility Date, and shall provide eligible Class Members with a new death benefit through the duration of the Contributed Insurance Benefit coverage period.
- (h) The Contributed Insurance Benefit shall not become payable until the later of: (a) the Implementation Date; or (b) submission of due proof of the death of the Measuring Life or Alternate Measuring Life, if applicable, to the Company.
- (i) The Class Member may designate an Alternate Beneficiary at any time prior to the expiration of the Contributed Insurance Benefit and/or the death of the Measuring Life or Alternate Measuring Life, if applicable, whichever is earlier. To designate an Alternate Beneficiary, the Class Member must timely return the Alternate Beneficiary Designation Form signed by all persons or entities with an ownership interest in the Policy that makes the Class Member eligible for this relief.

- (j) If no Alternate Beneficiary is designated in accordance with Section C.2.a.1.i. above, the Default Beneficiary of the Contributed Insurance Benefit Certificate shall be the current beneficiary(ies) under the Policy making the Class Member eligible for this relief.
- (k) Upon the death of the Measuring Life or Alternate Measuring Life, if applicable, within the Contributed Insurance Benefit coverage period, the Default or Alternate Beneficiary shall, after the Implementation Date, submit to the Company the Contributed Insurance Benefit Certificate, a properly completed Claimant's Statement, and due proof of the death of the Measuring Life or Alternate Measuring Life, if applicable. Where the Company has timely received the Contributed Insurance Benefit Certificate, Claimant's Statement, and due proof of the death of the Measuring Life or Alternate Measuring Life, if applicable (excluding death resulting from suicide, while sane or insane within the first two years of the applicable Contributed Insurance Benefit coverage period), the Company will pay the Contributed Insurance Benefit to the Default Beneficiary, or the Alternate Beneficiary, if a properly completed Alternate Beneficiary Designation Form has been timely received by the Company, plus interest thereon at the rate of 5.0% per annum from the date of death until paid.

2) **Premium Voucher Credits For Enhanced Value Life Insurance Policies**

- (a) In addition, eligible Class Members who elect this option will receive Premium Voucher Credits for use in purchasing an Enhanced Value Life Insurance Policy.
- (b) The Premium Voucher Credit may be applied toward the purchase of an Enhanced Value Life Insurance Policy, consisting of one of the following products offered for purposes of this relief:

- (i) WRL Financial Freedom Builder, an Individual Flexible Premium Variable Universal Life Insurance Policy;
 - (ii) WRL Freedom Wealth Protector, a Joint Survivorship Flexible Premium Variable Life Insurance Policy; and
 - (iii) WRL Financial Freedom Accumulator, an Individual Flexible Premium Universal Life Insurance Policy.
- (c) Eligible Class Members who elect this relief will receive two vouchers, each in an amount equal to 50% of the first year scheduled premium paid on the Policy making the Class Member eligible for relief, or in the case of a single premium Policy, each in an amount equal to 50% of the initial single premium paid on the Policy making the Class Member eligible for this relief. These vouchers may be applied toward the purchase of an Enhanced Value Life Insurance Policy as follows:
 - (1) The first year premium voucher may be applied to pay for up to the lesser of:
 - (i) the first year premium paid by the purchaser for the Enhanced Value Life Insurance Policy; or
 - (ii) 50% of the first year target premium for the Enhanced Value Life Insurance Policy as specified by the Company.
 - (2) The second year premium voucher may be applied to pay for up to the lesser of:
 - (i) the second year premium paid by the purchaser for the Enhanced Value Life Insurance Policy; or
 - (ii) 50% of the second year target premium for the Enhanced Value Life Insurance Policy as specified by the Company.

- (d) In order to receive the benefit of the Premium Voucher Credits, the Class Member, or transferee, must submit the first year premium voucher to the issuing company no later than the first Policy Anniversary Date of the Enhanced Value Life Insurance Policy and must submit the second year premium voucher to the issuing company no later than the second Policy Anniversary Date of the Enhanced Value Life Insurance Policy.
- (e) The first year premium voucher shall be credited to the Enhanced Value Life Insurance Policy on the first Policy Anniversary Date. The second year premium voucher shall be credited to the Enhanced Value Life Insurance Policy on the second Policy Anniversary Date.
- (f) To the extent not paid by the application of a Premium Voucher Credit, premiums for any Enhanced Value Life Insurance Policy must be paid from a source other than a surrender of, Policy loan against, or withdrawal of values from an existing product issued by Bankers United or one of its affiliates.
- (g) The specified death benefit of the Enhanced Value Life Insurance Policy must be no more than the greater of \$50,000 or the Original Face Amount of the Policy making the Class Member eligible for relief, but in no event greater than \$1,000,000.
- (h) Applications for all Enhanced Value Life Insurance Policies will be subject to the issuing company's normal underwriting requirements and procedures for the Enhanced Value Life Insurance Policy applied for. Persons having reached an insurance age of more than eighty (80) years as of the proposed effective date of the Enhanced Value Life Insurance Policy will not be eligible for coverage.

- (i) Premium Voucher Credits may be transferred to a person or entity in the eligible Class Member's Immediate Family Group. Premium Voucher Credits may not be redeemed for cash from the Company. Premium Voucher Credits may not be aggregated; only one pair of vouchers may be applied toward the premiums of a single Enhanced Value Life Insurance Policy. All Premium Voucher Credits will expire five years after the date of issue.
- (j) In the event any product offered as an Enhanced Value Life Insurance Policy is not available in the state in which the Class Member or eligible transferee resides, the Company or its affiliates will make a comparable product available to that Class Member or transferee, subject to the requirements and limitations of the preceding paragraphs.

b. Contributed Insurance Benefit Plus Premium Voucher Credits For Enhanced Value Annuities Option

1) Contributed Insurance Benefit

- (a) Class Members whose Policies were terminated as of the Eligibility Date may also elect to receive a Contributed Insurance Benefit Certificate plus a Premium Voucher Credit for an Enhanced Value Annuity.
- (b) The amount and duration of the Contributed Insurance Benefit Certificate an eligible Class Member may receive under this GPR Option will depend on (i) the age of the Measuring Life or Alternate Measuring Life, if applicable, under the Contributed Insurance Benefit Certificate as determined in Section C.2.b.1.c. of this Agreement; and (ii) the Original Face Amount of the Policy making the Class Member eligible for this relief in accordance with the following schedule:

Contributed Insurance Benefit - Terminated Policies			
Age of Measuring Life or Alternate Measuring Life	0 - 64	65 - 74	75 - Up
CIB as % of Original Face Amount	3.25%	2.75%	2.25%
CIB Coverage Period	5 years	4 years	3 years

- (c) The Measuring Life of the Contributed Insurance Benefit Certificates issued under this GPR Option shall be the insured of the Policy making the Class Member eligible for this relief, if living as of the Eligibility Date. The age of the Measuring Life of the Contributed Insurance Benefit Certificates issued under this GPR Option shall be the age of the Measuring Life on the Measuring Life's last birthday preceding the Eligibility Date.
- (d) Where the Policy making the Class Member eligible for relief is a joint and last survivor policy, the Measuring Life shall be the youngest of the lives insured, if both are living, otherwise the Measuring Life shall be the life remaining.
- (e) If the Measuring Life(s) under a Terminated Policy is deceased as of the Eligibility Date, the eligible Class Member must designate an Alternate Measuring Life for purposes of the Contributed Insurance Benefit by completing and returning to the Company an Alternate Measuring Life Designation Form, and an Alternate Measuring Life Application, attached as Exhibits I and J to this Agreement, respectively, in order to receive the Contributed Insurance Benefit. An Alternate Measuring Life may not be designated for any reason other than the death of the Measuring Life prior to the Eligibility Date.
- (f) Designations of an Alternate Measuring Life are subject to the following conditions and limitations. Any designation which does not comply with these limitations shall not be effective and no CIB Certificate will be issued:

- (i) the Alternate Measuring Life must be the designating Class Member's spouse, parent, child (including a stepchild residing with the Class Member), or a person in whom the Class Member has an insurable interest;
- (ii) the Alternate Measuring Life must not be: *a)* older than eighty (80) years old as of his or her last birthday preceding the Eligibility Date; and *b)* as of the Alternate Measuring Life's last birthday preceding the Eligibility Date, not more than five (5) years older than the deceased Measuring Life would have been on that date, if living.
- (iii) the Alternate Measuring Life must apply for the Contributed Insurance Benefit Certificate by properly completing and returning to the Company the Alternate Measuring Life Application and must meet the underwriting requirements set forth in Exhibit K to this Agreement.
- (iv) the Contributed Insurance Benefit issued on an Alternate Measuring Life cannot exceed the total amount of \$100,000.
- (v) the Contributed Insurance Benefit Certificate for an Alternate Measuring Life is subject to rescission for material misrepresentation in the Alternate Measuring Life Application until the first two years of the Contributed Insurance Benefit coverage period have expired.
- (g) The Contributed Insurance Benefit coverage period shall commence on the Eligibility Date, and shall provide eligible Class Members with a new death benefit through the duration of the Contributed Insurance Benefit coverage period.
- (h) The Contributed Insurance Benefit shall not become payable until the later of: *(a)* the Implementation Date; or *(b)* submission of due proof of the death of the Measuring Life or Alternate Measuring Life, if applicable, to the Company.

- (i) The Class Member may designate an Alternate Beneficiary at any time prior to the expiration of the Contributed Insurance Benefit and/or the death of the Measuring Life or Alternate Measuring Life, if applicable, whichever is earlier. To designate an Alternate Beneficiary, the Class Member must timely return the Alternate Beneficiary Designation Form signed by all persons or entities with an ownership interest in the Policy that makes the Class Member eligible for this relief.
- (j) If no Alternate Beneficiary is designated in accordance with Section C.2.b.1.i. above, the Default Beneficiary of the Contributed Insurance Benefit Certificate shall be the current beneficiary(ies) under the Policy making the Class Member eligible for this relief.
- (k) Upon the death of the Measuring Life or Alternate Measuring Life, if applicable, within the Contributed Insurance Benefit coverage period, the Default or Alternate Beneficiary shall, after the Implementation Date, submit to the Company the Contributed Insurance Benefit Certificate, a properly completed Claimant's Statement, and due proof of the death of the Measuring Life or Alternate Measuring Life, if applicable. Where the Company has timely received the Contributed Insurance Benefit Certificate, Claimant's Statement, and due proof of the death of the Measuring Life or Alternate Measuring Life, if applicable (excluding death resulting from suicide, while sane or insane, within the first two years of the applicable Contributed Insurance Benefit coverage period), the Company will pay the Contributed Insurance Benefit to the Default Beneficiary, or the Alternate Beneficiary, if a properly completed Alternate Beneficiary Designation Form has been timely received by the Company, plus interest thereon at the rate of 5.0% per annum from the date of death until paid.

2) Premium Voucher Credits For Enhanced Value Annuities

- (a) In addition, eligible Class Members who elect this option will receive a Premium Voucher Credit for use in purchasing an Enhanced Value Annuity.
- (b) The Premium Voucher Credit may be applied toward the purchase of an Enhanced Value Annuity, consisting of the WRL Freedom Premier Variable Annuity.
- (c) Eligible Class Members who elect this relief will receive one voucher, in an amount equal to 50% of the first year scheduled premium paid on the Policy making the Class Member eligible for this relief, or, in the case of a single premium Policy, 50% of the initial single premium paid on the Policy making the Class Member eligible for this relief. This voucher may be applied to pay for up to 7.5% of the initial premium for the Enhanced Value Annuity and will be credited to the Enhanced Value Annuity at the time the Enhanced Value Annuity is issued. In order to receive the benefit of the Premium Voucher Credit, the Class Member, or transferee, must submit the voucher to the issuing company no later than the date of issue of the Enhanced Value Annuity.
- (d) To the extent not paid by the application of a Premium Voucher Credit, premiums for any Enhanced Value Annuity must be paid from a source other than a surrender of, Policy loan against, or withdrawal of values from an existing product issued by Bankers United or one of its affiliates. No money from a tax-qualified plan or product will be accepted as payment for an Enhanced Value Annuity and the Enhanced Value Annuity will not be issued on a tax-qualified basis.
- (e) Premium Voucher Credits may be transferred to a person or entity in the eligible Class Member's Immediate Family Group. Premium Voucher Credits may not be redeemed for cash from the Company. Premium Voucher Credits may not be

aggregated; only one voucher may be applied toward the premium of a single Enhanced Value Annuity. All Premium Voucher Credits will expire five years after the date of issue.

- (f) In the event the product offered as an Enhanced Value Annuity is not available in the state in which the Class Member or eligible transferee resides, the Company or one of its affiliates will make a comparable product available to that Class Member or transferee, subject to the requirements and limitations of the preceding paragraphs.

D. INDIVIDUALIZED CLAIM RELIEF

1. **Claim Review Process** With respect to any Policy, any Class Member who neither elects or receives any General Policy Relief may elect Individualized Relief through the Claim Review Process and submit a Claim respecting such Policy to the Claim Review Process ("CRP") which incorporates the procedures for presentation, evaluation, and resolution of Claims described below. Claims submitted under the CRP shall be evaluated using the Scoring Guidelines for Claims under the Claim Review Process ("Scoring Guidelines") attached to this Agreement as Exhibit A. In its sole discretion, the Company may develop a Claim Review Process Manual to assist in administering the Claim Review Process, which CRP Manual shall be consistent with the CRP Scoring Guidelines. Class Members who submit a Claim under the CRP will not be eligible to receive General Policy Relief, unless such relief is made available pursuant to the CRP.
- a. The Claim Review Process will begin within a reasonable time after the Implementation Date and after the Company starts receiving Claims. To submit a Claim to the Claim Review Process, a Class Member must elect Individualized Relief through the Claim Review Process on the Election Form included in the Post-Settlement Notice Package and return the Election Form, by certified mail/return receipt requested, postmarked by the date stated on the Election

Form which shall be no later than 30 days after the postmarked date of mailing of the Post-Settlement Notice Package.

- b. The Company shall thereafter mail a Claim Form to each Class Member who timely returned an Election Form electing Individualized Relief through the Claim Review Process.
- c. Each Class Member electing Individualized Relief through the Claim Review Process shall submit a Claim to the Claim Review Process by completing and returning the Claim Form to the Company by certified mail/return receipt requested postmarked no later than sixty (60) days from the postmarked date of mailing of the Claim Form. The Claim Form will advise the Class Member that if he or she does not timely submit a properly completed Claim Form, or timely elect a General Policy Relief option, he or she will not be entitled to any relief. The Claim Form will also advise the Class Member that he or she may choose not to submit a Claim Form, but may instead elect one of the available forms of General Policy Relief to which the Class Member is eligible and such election shall be returned to the Company on or before the date the Claim Form is due.
- d. Each Class Member who has elected Individualized Relief through the Claim Review Process and who chooses to participate in the Claim Review Process shall submit a completed Claim Form, and shall submit all documents in his or her possession relating to the Policy that is the subject of the Claim, as well as any other affidavits or materials the Claimant wishes to file. The completed Claim Form shall contain a full description of the Claim and a sworn, notarized affidavit (or, if the state in which the Claimant resides does not provide for notaries public, an affirmation or declaration made under penalty of perjury): (i) attesting to the truth of the description set forth in the Claim Form and the truth of the responses to all questions set forth in the Claim Form; (ii) representing that the Claimant has submitted all documents in his or her possession relating to the Policy that is the subject of the Claim; and (iii) attesting

to the truth of the nature, history, and authenticity of all documents and materials submitted with the Claim Form. The Claim Form shall be substantially in the form attached to this Agreement as Exhibit B.

- c. One or more Claim Review Teams, each consisting of one or more persons designated by the Company, will make the initial assessment of all Claims with assistance from a support staff also designated by the Company. The Claim Review Team may, but is not obligated to, seek information as to the Claim from the Relevant Producer.
- f. The Claim Review Team (with assistance from the staff) will evaluate each Claim and base its final decision on the total facts and circumstances of each Claim and in accordance with the Scoring Guidelines described in Exhibit A hereto and in the CRP Manual, if any. (In the event of a conflict between Exhibit A hereto and the CRP Manual, Exhibit A shall govern.) Documents considered by the Claim Review Team shall include the following:
 - (1) The Claim Form and all documents and materials submitted with the Claim Form; and
 - (2) Documents and/or data secured by the Claim Review Team or the staff in connection with their investigation of the Claim, including correspondence concerning the Policy, the Policy itself, relevant portions of the policyholder file, if available, and data received from or relating to the Policy, the Claimant and/or the Relevant Producer.
- g. As part of its review of each case, the Claim Review Team may, but is not obligated to, attempt to contact the Relevant Producer who sold the Policy that is the subject of the Claim and may request him or her to provide relevant information concerning the Claim. The Claim Review Team may, but is not obligated to, also contact any other person(s) with knowledge about the Claim being reviewed. Neither the fact that the Relevant Producer or other person(s) was not contacted regarding the Claim, nor the absence of any facts or information

therefrom, shall be considered in the evaluation of any Claim by the Claim Review Team or the Claim Appeal Special Master.

- h. If the Claim Review Team determines that a Claim merits relief, it will offer the Claimant relief as specified in the attached Exhibit A, unless the Claimant and the Company mutually agree on some other form of relief, including access to the General Policy Relief.
- i. The Company may not appeal the Claim Review Team's decision. The Claimant, however, will have the right to appeal that decision under the terms described below in Section D.2. if the Claimant deems the decision unsatisfactory.
- j. Once the Claim Review Team has made its decision, it will notify the Claimant in writing, by certified mail/return receipt requested, of: (i) its decision; (ii) the Claimant's right to appeal either a denial of relief or the level of the relief awarded; and (iii) the procedures for pursuing an appeal.
- k. If a Claim falls within more than one Claim Category, the Claim Review Team shall score the Claim in each applicable category and shall notify the Claimant of the available forms of relief in writing, by certified mail/return receipt requested. In such case, the Claimant shall have thirty (30) days from the postmarked date of mailing of the written Notice of Claim Decision to elect and notify the Company of the desired form of relief in writing, by certified mail/return receipt requested.
- l. If the Claim Review Team determines that the Claim does not fall within any of the Claim Categories, the Claimant shall be entitled to one of the forms of General Policy Relief for which the Class Member is eligible. In such case, the Claimant shall have thirty (30) days from the postmarked date of mailing of the written Notice of Claim Decision to elect and notify the Company in writing of the desired form of General Policy Relief, if any.

- m. Any awards to Claimants who, prior to the Claim Review Process Award Date, obtained any form of relief from the Company in response to a complaint concerning any of the Released Transactions shall be offset by the amount of such pre-settlement relief.

2. Claim Appeal Process

- a. After the Final Settlement Date, one or more Claim Appeal Special Masters will be assembled from one or more lists of identified persons who are familiar with the life insurance industry, life insurance products and/or using life insurance products in accomplishing financial planning objectives or who otherwise have appropriate expertise or skills to serve as Claim Appeal Special Masters and are satisfactory to Lead Counsel and to the Company.
- b. Claimants who wish to obtain review of the Claim Review Team's decision must notify the Company in writing, by certified mail/return receipt requested, of his or her desire to do so, postmarked no later than thirty (30) days of the postmarked date of mailing of the written Notice of Claim Decision. After receipt of the request for review, the Claim Review Team shall, at its discretion, either review and affirm or modify its decision or submit the request for review to the Claim Appeal Special Master. If the Claim Review Team elects to reconsider its Claim decision and has modified its original decision, the Claim Review Team shall then notify the Claimant in writing of: (i) its decision; (ii) the Claimant's right to appeal the decision; and (iii) the procedure for pursuing an appeal. The Claimant must then notify the Company of his or her desire to appeal in writing, by certified mail/return receipt requested, postmarked no later than thirty (30) days from the postmarked date of mailing of the Second Notice of Decision that advises the Claimant of any modification to the Claim Review Team's original decision.

- c. The Claim Review Team will send copies of the request for review, as well as copies of all materials considered by the Claim Review Team in reaching its determination, to the Claim Appeal Special Master.
- d. The Claim Appeal Special Master shall limit its review to the materials considered by the Claim Review Team in reaching its determination. No documents or information not considered by the Claim Review Team can be considered by the Claim Appeal Special Master and the Claimant shall not submit additional materials to supplement the Claim.
- e. The Claim Appeal Special Master shall review the appealing Claimant's Claim and the supporting documentation presented to the Claim Review Team and shall make a final and binding determination as to the proper categorization and score of such Claim; in strict accordance with the scoring guidelines attached hereto as Exhibit A, except that, the Company has the right to obtain reconsideration of and/or review by the Court of the relief granted by the Claim Appeal Special Master if the relief granted is not provided for in this Agreement as applicable to the type of Claim at issue and the score awarded. Except as provided above, Class Members, their successors or assigns, the Company, and any other party in interest are prohibited from seeking review or vacatur of any Claim Appeal Special Master's decision in any subsequent court or arbitration proceeding.

3. Limitation on Relief Awarded in the Claim Review Process

- a. After the Claim Review Team(s) has completed scoring of all Claims or, at the Company's option, after the Company determines in its discretion that the scoring of Claims has been substantially completed, the Company shall calculate the Actual CRP Index by first determining: (i) the Take Rate Factor; and (ii) the Average Final Score.
- b. The Company shall then calculate and determine the Actual CRP Index by multiplying the Take Rate Factor by the Average Final Score as determined in Section 3.a above.

- c. If the Actual CRP Index is less than or equal to the CRP Cap Index, which shall be ten (10), no adjustment to the relief awarded pursuant to the Claim Review Process will be made.
- d. If the Actual CRP Index is greater than the CRP Cap Index of ten (10), the Company shall calculate and determine the CRP Relief Reducing Factor by dividing 10 by the Actual CRP Index. In such case, the relief provided in the Claim Review Process (except relief that is in the form of General Policy Relief), shall be reduced by multiplying the relief by the CRP Relief Reducing Factor. Specifically, rescission relief (net of existing cash surrender values in the Policies, if any), the special policyholder dividend benefit and interest crediting rate enhancement percentages, and cash awards for Terminated Policies, provided as relief as described in Exhibit A, shall be proportionately reduced by multiplying each of the rescission relief (net of existing cash surrender values in the Policies, if any), the special policyholder dividend and benefit interest rate enhancement percentages, and cash awards by the CRP Relief Reducing Factor.

**E. NOTICE OF THE CLASS AND COMMUNICATIONS
WITH CLASS MEMBERS AND POLICYHOLDERS**

1. **Overview** Subject to the requirements of the Preliminary Approval Order, no later than fifty (50) days before the Fairness Hearing, the Parties will send a Class Notice to each reasonably identifiable Class Member by first-class mail, postage prepaid, to the Class Member's last known address. In addition, a copy of the Class Notice shall be sent to counsel who have appeared on behalf of any Class Member involved in any pending litigation against the Company which involves the Policies. Each reasonably identifiable Class Member also will be sent: (a) a cover letter summarizing the Class Notice; (b) questions and answers responding to anticipated questions; and (c) information, to the extent practicable, as to: (i) the Class Member's name and address; (ii) the Policy number of each Policy that makes the Class Member eligible for relief; and (iii) the identity of any co-owners of the Policies to the extent reasonably identifiable in the Company's records.

2. **General Terms of Notice** The Class Notice will inform Class Members that, if they do not exclude themselves from the Class with respect to a particular Policy, they may be eligible to receive one or more forms of relief under the proposed settlement. The Class Notice will: (a) contain a short, plain statement of the background of the Action, the Class certification, and the Stipulation of Settlement; (b) describe the proposed General Policy Relief outlined above in Section C; (c) describe the Claim Review Process outlined in Section D; (d) explain the procedures for obtaining relief under the Stipulation of Settlement; (e) state that any relief to Class Members is limited to that provided by the Stipulation of Settlement and is contingent on the Court's final approval of the proposed settlement; and (f) describe the effect of the proposed settlement, if approved, on pending disputes or actions. The Class Notice also will conform to all applicable requirements of Texas law, the Due Process Clause of the United States Constitution, and the Rules of the Court and will otherwise be in the manner and form agreed upon by the Parties and approved by the Court. (The form of Class Notice agreed upon by the Parties, as well as the accompanying cover letter and question-and-answer document, are attached as Exhibit C to this Agreement.)

3. **Notice of Exclusion and Objection Rights** The Class Notice will advise Class Members that: (a) they may exclude themselves from the Class by submitting written exclusion requests, by certified mail, return receipt requested, postmarked no later than twenty (20) days before the date of the Fairness Hearing; (b) any Class Member who has not submitted a written request for exclusion may, if he or she desires, object to the proposed settlement by filing and serving a written statement of objection no later than twenty (20) days before the Fairness Hearing and by complying with all of the provisions of Section G.1. below, which shall be set forth in the Class Notice; (c) any Class Member who has filed and served written objections to the proposed settlement may enter an appearance at the Fairness Hearing either personally or through counsel, by complying with all of the provisions of Section G.2. below, which shall be set forth in the Class Notice; and (d) any judgment entered in the Action, whether favorable or

unfavorable to the Class, will include and be binding on all Class Members who have not been excluded from the Class, even if they have objected to the proposed settlement and even if they have any other claims, lawsuits or proceedings pending against one or more Defendants.

4. **Notice of Fees and Costs** The Class Notice will provide information about Attorneys' Fees. It also will state that the Company will pay the Attorneys' Fees and any costs arising from notifying the Class or administering the proposed settlement (including the Claim Review Process), except that individual Class Members will be responsible for any fees and costs of any counsel they may retain to represent them individually for any reason, including, but not limited to, counsel retained in connection with the Fairness Hearing or the Claim Review Process.

5. **Remailing and Additional Notice** The Company shall re-mail any notices returned by the Postal Service, with a forwarding address, that are received by the Company at least thirty (30) days before the Fairness Hearing.

6. **Post-Settlement Notice** Within ninety (90) days after the Final Settlement Date, subject to the requirements of the Final Order and Judgment contemplated by Section K of this Agreement, the Company will send the Post-Settlement Notice to all Class Members who have not timely requested exclusion from the Class.

a. The Post-Settlement Notice will inform Class Members: (i) that the order approving the settlement has become final and is no longer subject to appeal; (ii) that they each have an opportunity to obtain, depending on eligibility, one or more forms of the General Policy Relief; and (iii) that, as an alternative to the General Policy Relief, they have an opportunity to submit a Claim to the Claim Review Process. (The form of Post-Settlement Notice and accompanying cover letter and question and answer document agreed upon by the Parties are attached as Exhibit E to this Agreement.)

b. Each Post-Settlement Notice will include a separate Election Form for each Policy making the Class Member eligible for relief under the settlement. Each Election Form will include, to the extent

feasible: (i) the Class Member's name and address; (ii) the Policy number of the Policy making the Class Member eligible for relief; (iii) the In-Force or Terminated status of each Policy as of the Eligibility Date; (iv) a notation as to the form(s) of General Policy Relief that the Class Member is eligible to receive; (v) a statement that, as an alternative to receiving General Policy Relief, the Class Member may submit a Claim to the Claim Review Process; and (vi) the identity of any co-owners of the Policy as reflected in the Company's records. (The Election Forms shall be substantially in the forms attached as Exhibits F and G to this Agreement.)

c. The Post-Settlement Notice will also include a separate Alternate Beneficiary Designation Form for use by eligible Class Members who elect to receive the Contributed Insurance Benefit. (The Alternate Beneficiary Designation Form agreed upon by the Parties is attached as Exhibit H to this Agreement.)

d. The Post-Settlement Notice will also inform Class Members whose Policies are terminated as of the Eligibility Date that they may request an Alternate Measuring Life Designation Form and an Alternate Measuring Life Application in the Election Form. (The forms of Alternate Measuring Life Designation Form and Alternate Measuring Life Application agreed upon by the Parties are attached as Exhibits I and J, respectively, to this Agreement.)

e. The Post-Settlement Notice will also inform Class Members that they must return their completed Election Form by certified mail/return receipt requested, postmarked no later than sixty (60) days after the postmarked date of mailing of the Post-Settlement Notice and that a failure to return the Election Form by the deadline stated on that form will render the Class Member ineligible to receive relief under the settlement.

7. **Retention of Administrator** The Company may retain one or more Administrators to help implement the terms of the proposed settlement. The Administrator(s) may assist with various administrative tasks, including, without limitation: (a) mailing or arranging for the mailing of the Class Notice to Class

Members; (b) arranging for and staffing a toll-free telephone number to assist the Company in responding to inquiries from Class Members and others; (c) answering written inquiries from Class Members; (d) mailing and arranging for the mailing of the Post-Settlement Notice to Class Members; and (e) assisting the Company in handling Election Forms returned by Class Members in response to the Post-Settlement Notice. The Company will pay the reasonable fees and expenses of the Administrator(s).

8. **Right of Communication with Claimants and Policyowners** The Company expressly reserves the right to communicate with and respond to inquiries from policyowners and Class Members orally and/or in writing, and it may do so through any appropriate Producers or agencies, including (without limitation) in the following respects:

a. The Company will establish, at its own expense and at a location of its choice, a telephone bank with a toll-free telephone number for responding to inquiries from Class Members and others about the proposed settlement and any issues related to the Action. The Company, will at its discretion: (i) staff the telephone bank with telephone representatives; (ii) educate the telephone representatives about the background of the Action, the concepts relevant to the proposed settlement, and the notice, terms and chronology of the proposed settlement; (iii) train the telephone representatives to answer the inquiries of Class Members, other policyowners and Claimants in the Claim Review Process; (iv) provide scripts and model questions and answers for the telephone representatives to use in answering the inquiries of Class Members, other policyowners and Claimants in the Claim Review Process; and (v) take any other steps to promote accurate and efficient communications with Class Members, other policyowners and Claimants in the Claim Review Process. The Company may use the Administrator's services to perform any or all of these functions.

b. During the period following the execution of this Agreement and prior to the election of settlement relief by individual Class Members, the Company will continue to process and respond to policyowner complaints, notwithstanding the fact that certain complaints may originate with Class

Members and may concern claims that otherwise could be eligible for relief under the Claim Review Process; provided however, that, after the date on which the Class Notice is first mailed to Class Members, any Company offer of relief in response to a policyowner complaint shall be accompanied by notice of the Stipulation of Settlement and a statement informing the policyowner how acceptance of the Company's offer could affect the policyowner's rights under the Stipulation of Settlement. The resolution of any Class Member's complaint received by the Company prior to election by the individual Class Member of relief under the settlement will be reflected in any award of relief granted under the Claim Review Process as set forth in Section D.1.m. of this Agreement.

c. Communications by Lead Counsel or its designees with Class Members about the settlement, including mailings and telephone scripts, shall be made with the approval of the Company; provided however, that Plaintiffs' counsel shall not be prohibited from engaging in privileged communications with Class Members that would not otherwise be inconsistent with the language or intent of this Section E.8. To the extent the Company receives inquiries from Class Members that request legal advice, such Class Members will be referred to Lead Counsel.

d. Lead Counsel and counsel for the Company agree to cooperate in good faith to ensure that descriptions of the proposed settlement in the media or in any other public forum are fair and accurate.

F. REQUESTS FOR EXCLUSION

1. Any potential Class Member who wishes to be excluded from the Class must send by certified mail, return receipt requested, a written request for exclusion to the Clerk of the Court, in care of the post-office box rented for that purpose, postmarked no later than twenty (20) days before the Fairness Hearing, or as the Court otherwise may direct. The original requests for exclusion shall be filed with the Court by Lead Counsel or Defendants' counsel before the Fairness Hearing.

2. Any potential Class Member who does not file a timely written request for exclusion with respect to a Policy as provided in the preceding Section F.1. shall be bound with respect to that Policy by all

subsequent proceedings, orders and judgments in this Action, even if he or she has pending or subsequently initiates litigation against the Company relating to that Policy and the claims released in this Action. The Company shall have no obligation to separately notify adverse counsel in pending litigation concerning the facts or terms of the proposed settlement.

G. OBJECTIONS TO SETTLEMENT

1. Any Class Member who has not filed a timely written request for exclusion for all of his, her or its Policies and who wishes to object to the fairness, reasonableness or adequacy of this Settlement Agreement or the proposed settlement, or to the award of Attorneys' Fees, must serve on Lead Counsel and Defendants' Counsel and file with the Court, no later than twenty (20) days before the Fairness Hearing or as the Court otherwise may direct, written objections or comments. Written objections must include: (i) the objector's name, address and telephone number; (ii) the Policy number(s) of the Policy or Policies that make the objector a member of the Class; (iii) the name of this case and the case number, (iv) a statement of each objection; and (v) a written brief detailing the specific reasons, if any, for each objection, including any legal and factual support the objector wishes to bring to the Court's attention and any evidence the objector wishes to introduce in support of the objection(s). If the objection is presented through an attorney, the written objection must also include: (i) the identity and number of class members represented by objector's counsel; (ii) the number of such represented Class Members who have opted out of the settlement; (iii) the number of such represented Class Members who have remained in the settlement and have not objected; (iv) the date the objector's counsel assumed representation for the objector, and (v) a list of the names of all cases where the objector's counsel has objected to a class action settlement in the last three years. Objecting Class Members must also be made available for deposition by Plaintiffs' counsel and/or Defendants' counsel between the time the objection is filed and the date of the Fairness Hearing.

2. Any Class Member who files and serves a written objection, as described in the preceding subsection, may appear at the Fairness Hearing, either in person or through personal counsel hired at the Class Member's expense, to object to the fairness, reasonableness, or adequacy of this Settlement Agreement or the proposed settlement, or to the award of Attorneys' Fees. Class Members, or their attorneys, intending to make an appearance at the Fairness Hearing must serve on Lead Counsel and Defendants' Counsel and file with the Court, no later than twenty (20) days before the Fairness Hearing or as the Court otherwise may direct, a Notice of Intention to Appear. The Notice of Intention to Appear must: (i) state how much time the Class Member and/or their attorney anticipates needing to present the objection; (ii) identify, by name, address and telephone number, all witnesses the Class Member and/or their attorney intends to call by live testimony, or by oral deposition testimony or affidavit; and (iii) identify all exhibits the Class Member and/or their attorney intends to offer in support of the objection and attach complete copies of all such exhibits.

3. Any Class Member and/or their attorney who fails to comply with the provisions of the preceding subsections shall waive and forfeit any and all rights he or she may have to appear separately and/or object, and shall be bound by all the terms of this Settlement Agreement and by all proceedings, orders, and judgments in this Action.

4. Class Members and their own attorneys, at their expense, may obtain access to the documents disclosed through discovery to Plaintiffs' counsel by Defendants in this Action and deposition transcripts and attached exhibits generated in the Action, by entering into a Stipulation of Confidentiality in the form attached as Exhibit Q to this Agreement. These documents will be made available at the offices of Lead Counsel at 3811 Turtle Creek Boulevard, Dallas, Texas, 75219. Lead Counsel will inform the Defendants' counsel promptly of any requests by Class Members or their attorneys for access to such documents. If a Class Member hires an attorney to represent him or her, the attorney must: (i) file a notice of appearance with the Clerk of the Court, no later than twenty (20) days before the Fairness Hearing or as the Court may

otherwise direct; and (iii) serve on Lead Counsel and Defendants' Counsel no later than twenty (20) days before the Fairness Hearing a copy of the same.

H. RELEASE AND WAIVER, AND ORDER OF DISMISSAL

1. **Release and Waiver** Plaintiffs, the Class Members collectively, and each Class Member agree to the following release and waiver, which shall take effect upon entry of the Final Order and Judgment:

a. **Definitions:** For purposes of this release and waiver (the "Release"):

- 1) The term "Releasees" means the Defendants, their past, present and future parents (including intermediate parents, ultimate parents, AEGON USA, Inc., and AEGON N.V.), subsidiaries, affiliates, predecessors, successors and assigns, (including, but not limited to, Western Reserve Life Assurance Co. of Ohio, General Services Life Insurance Company, Pacific Fidelity Life Insurance Company, Monumental Life Insurance Company, and Monumental General Insurance Company) and each of their respective past, present, and future officers, directors, employees, supervising general agents, general agents, agents, branch managers, producers (including those acting on the producer's behalf or at the producer's direction), insurance brokers, solicitors, representatives, and each of their attorneys, heirs, administrators, executors, insurers, predecessors, successors, and assigns, or any of them.
- 2) The term "Investment Plan" means a pension or retirement plan, investment or savings account, collaterally-assigned, leveraged split-dollar policies, or other type of investment, savings or thrift vehicle, including, but not limited to, any form of the Private Pension Plan.
- 3) The term "Released Transactions" means any and all claims arising out of, concerning or in any way relating to the marketing, solicitation, application, underwriting, issuing, actuarial and/or pricing assumptions, charges, rates, acceptance, sale, purchase, operation, retention, administration, servicing, performance of or replacement (by means of surrender, partial surrender loans representing withdrawal and/or termination of any life insurance policy) of: (a) the Policies; or (b) any insurance policy sold in connection with, or relating in any way directly or indirectly to the sale or solicitation of, the Policies; any and all claims arising out of, concerning, or in any way relating to the matters alleged in the Petition and all Amended Petitions. Such terms shall include, without limitation, the matters described in Sections H.1.b.1.a through H.1.b.1.d.
- 4) The term "Vanishing Premium" means: (a) a concept under which an insurance policy's charges may be paid out of its then-current and accumulated values, as those charges become due; (b) a concept under which a single premium payment or a fixed number of premium payments -- based on then-current, nonguaranteed assumptions about interest crediting rates and policy charges -- may suffice to cover all policy charges in excess of interest credited and may keep coverage in-force throughout the insured's life, or for a specified period, without reducing the policy's death benefits, while still

providing promised cash values to be available for withdrawal after a specified period; or (c) use of this term in connection with the sale of a policy.

b. Release

1) Plaintiffs, all Class Members collectively, and each Class Member individually, hereby expressly agree that they forever release and discharge the Releasees from any and all causes of action, claims, damages, equitable, legal and administrative relief, interest, demand or rights, known or unknown, including, without limitation, claims for rescission, restitution or all damages of any kind, including damages in excess of actual damages, and claims for mental anguish, whether based on federal, state or local law, statute, ordinance, regulation, contract, common law, or any other source, that have been, could have been, may be or could be alleged or asserted now or in the future by Plaintiffs or any Class Member against the Releasees or any of them in the Action or in any other court action or before any administrative body (including any state Department of Insurance or other regulatory entity or organization), tribunal, arbitration panel or other adjudicatory body, on the basis of, connected with, arising out of, or related to, in whole or in part, the Policies, the Released Transactions and servicing relating to the Released Transactions, which include without limitation:

- (a) any or all of the acts, omissions, nondisclosures, facts, matters, transactions or occurrences that have been, could have been, may be or could be directly or indirectly alleged, asserted, described, set forth or referred to in the Action;
- (b) any or all of the acts, omissions, nondisclosures, facts, matters, transactions, occurrences, sales presentations, illustrations, or oral or written statements or representations allegedly made in connection with, or directly or indirectly relating to, the Released Transactions, including, without limitation any acts, omissions, disclosures, facts, matters, transactions, occurrences, or oral or written statements or representations relating to:
 - (1) Vanishing Premiums;
 - (2) the number of out-of-pocket payments that were paid or would need to be paid for any Policy or Policies;
 - (3) the ability to keep or not to keep the Policy or the Policies in force based on a single, fixed or limited number and/or amount of premium payments, and/or the amount that would be realized or paid under the Policies based on a single, fixed or limited number and/or amount of cash payments, whether in the form of cash value and/or death, retirement or periodic payment benefits and/or Investment Plan or Retirement-type benefits;
 - (4) the dividend, interest rates, or other policy credits credited or to be credited to premiums paid on the Policy or Policies; or to amounts within the Policy or Policies, and the deductions (including all expense and other deductions or charges) charged or to be charged against the Policy or Policies;
 - (5) the nature, design, characteristics, actuarial and pricing assumptions, terms, bonuses, appropriateness, suitability, descriptions, and operation and administration of the Policy or the Policies, including, without limitation, the amount or method of

calculation of fees, charges, commissions, distribution costs, administrative and investment expenses, and/or taxes in connection with the sale of, as part of the premiums for, or in connection with a full or partial surrender or termination of a Policy or Policies;

- (6) whether the Policies were or were not life insurance or that Plaintiffs' or Class Members' objectives (and/or the fact that the purchaser's goals) would be funded by the cash values and/or benefits derived from a life insurance Policy, or the fact that the product being sold was life insurance was minimized or disguised;
- (7) whether the Policy or Policies were, or would operate or could function, as an Investment Plan;
- (8) the relationship between the Policy's or Policies' cash surrender value and the cumulative amount of premiums paid;
- (9) whether a part of the premiums paid would not be credited toward an investment or savings account or the Policy's or Policies' cash accumulation value, but would be used to offset the Defendants' commission, sales, administration, tax and/or mortality expenses;
- (10) the rate of return on premiums paid in terms of cash value or cash surrender value;
- (11) the relative suitability or appropriateness of any Policy or Policies, for particular types of purchasers or compared to other types of Investment Plans;
- (12) the use of an existing policy's cash value or cash surrender value by means of a surrender, withdrawal/partial surrender or loan to purchase or maintain a new Policy or Policies, or another life insurance policy;
- (13) the replacement or rollover of an existing life insurance policy with or into a new life insurance Policy;
- (14) the federal or state income tax consequences associated with any aspect of the design, sale, modification, implementation or administration of the Policy or Policies or Investment Plans and any federal or state tax consequences that may result from this settlement or any of the benefits or relief obtained thereunder;
- (15) the Companies' policies and practices regarding dividends, account values, policy loans, interest and other policy crediting, investment, cost of insurance and administrative charge policies and practices; policy or premium charges; illustrations of dividend, interest and other policy crediting rates, interest, persistency, or other policy bonuses, account equity rates, account value calculations, policy loans, policy charges, premium charges, monthly deductions, market value adjustments, cost of insurance and administrative charges, cash values, ultimate cash values or death benefits; or any other matters relating to dividends, interest or other policy crediting rates, interest, persistency, or other

policy bonuses, account equity rates, account value calculations, policy loans, market value adjustments, policy charges, premium charges, monthly deductions, or cost of insurance and administrative charges;

- (16) the manner in which the Defendants retained, trained and supervised any of the Releasees, including but not limited to the Defendants' general agents, supervising general agents, agents, branch managers, producers (including those acting on the producer's behalf or at the producer's direction), insurance brokers, solicitors and representatives, or any of them;
- (17) any and all aspects of the Enhancement '96 program;
- (18) disclosure in any local, state, or federal regulatory filing by the Company or Companies related to the Released Transactions;
- (19) the sale of the Policies as investment, savings or retirement funding vehicles, or any representations, promotions or advertising regarding such matters;
- (20) the actual or alleged violation(s) of any applicable laws or regulations relating to Policy sales practices including, without limitation, any replacement statutes or regulations and federal laws, including the RICO statute;
- (c) any or all acts, omissions, facts, matters, transactions, occurrences or oral or written statements or representations made or allegedly made in connection with or directly or indirectly relating to the Settlement Agreement or the settlement of the Action, except as provided in Section 5 below; and/or
- (d) any and all claims for attorneys' fees, costs or disbursements incurred by Lead Counsel or any other counsel representing Plaintiffs or Class Members, or by Plaintiffs or the Class Members, or any of them, in connection with or related in any manner to the Action, the settlement of the Action, the administration of such settlement and/or the Released Transactions, except to the extent otherwise specified in the Settlement Agreement.

2) Nothing in this Release shall be deemed to alter a Class Member's rights (except to the extent that such rights are altered or affected by the election and award of benefits under the Settlement Agreement) to make a claim for benefits that will become payable in the future pursuant to the express written terms of the policy form issued by the Defendants. Under no circumstances shall this Section H.1.b.2 entitle a Class Member to assert claims that relate to the allegations contained in the Action or to the matters described in Section H.1.

3) Plaintiffs and the Class Members expressly understand that Section 1542 of the Civil Code of the State of California provides that "a general release does not extend to claims which a creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." Plaintiffs and the Class Members hereby agree: (i) that the provisions of Section 1542 are hereby knowingly and voluntarily waived and relinquished by Plaintiffs and the Class Members; and (ii) that the provisions of all similar federal or state laws, rights, rules, or legal

principles of any other jurisdiction, to the extent that they are found to be applicable herein, are also hereby knowingly and voluntarily waived and relinquished by Plaintiffs and the Class Members.

4) In connection with this Release, Plaintiffs and the Class Members acknowledge that they are aware that they may hereafter discover claims 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 matters released herein. Nevertheless, it is the intention of Plaintiffs and the Class Members in executing this Release fully, finally and forever to settle and release all such matters, and all claims relating thereto, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any Action);

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

6) Plaintiffs and the Class Members hereby agree and acknowledge that the provisions of this Release together constitute an essential term of the Settlement Agreement.

7) This Release is the result of a compromise of disputed claims and shall never at any time be used as evidence of any admission of liability by the Company.

2. Order of Dismissal and Release The parties will seek and obtain from the Court before which the Action is pending, as a condition of settlement, a Final Order and Judgment (as to which the time for appeal has expired without any modifications in the Final Order and Judgment) as further described below in Section K. The Final Order and Judgment shall, among other things: (i) approve the Settlement Agreement as fair, reasonable and adequate; (ii) dismiss the Action with prejudice and on the merits; and (iii) incorporate the terms of the Release.

I. ATTORNEYS' FEES, COSTS AND EXPENSES

1. Lead Counsel agrees to make, and the Company agrees not to oppose, an application for the award of Attorneys' Fees in the Action not to exceed a total of \$6.5 million. Subject to the Court's approval, fifty percent (50%) of such fees will be paid by the Company thirty-five (35) days after entry of the Final Order and Judgment, if no appeal is taken and no post-trial motion is filed. The remaining fifty percent (50%) of the amount of attorneys' fees shall be placed into an interest bearing money market account of the Company's discretion and subject to the Company's sole and exclusive control. This remaining amount of Attorneys' Fees, plus interest accrued thereon in the interest bearing account, shall be paid by the

Company one hundred and eighty-five (185) days after entry of the Final Order and Judgment, if no direct appeal, appeal by writ of error, or restricted appeal has been taken.

If an appeal is taken from the Final Order and Judgment by writ of error or otherwise, the remaining amount of Attorney's Fees shall remain in the interest bearing account pending the appeal. If the Final Order and Judgment is reversed, vacated, modified, and/or remanded for further proceedings or otherwise disposed of in any manner other than an affirmance of the Final Order and Judgment as to any matter other than a reduction of the award of Attorneys' Fees, and the Company or Lead Counsel properly and timely terminates the Settlement Agreement, in accordance with the terms of the Settlement Agreement, then Lead Counsel shall within five (5) business days return to the Company the amount of Attorneys' Fees paid by the Company. In the event that the award of Attorneys' Fees is reduced after entry of the Final Order and Judgment, to an amount less than the amount of Attorneys' Fees received, then Lead Counsel shall within five (5) business days return to the Company the amount by which the Attorneys' Fees have been reduced. Any return of Attorneys' Fees under this subsection shall be increased by interest accrued at the rate of 8% per annum. Lead Counsel's obligation to return any of the Attorneys' Fees, as described above, shall be evidenced by a promissory note in favor of the Company for the amount of Attorneys' Fees received, executed on behalf of the firm of Fred Misko, Jr., P.C. and individually by the partners of the firm, bearing interest at the rate of 8% per annum. In the event all appeals from the Final Order and Judgment, by writ of error, restricted appeal, or otherwise, have been fully and finally disposed of in a manner that does not result in a termination of the Settlement Agreement in accordance with its terms, the Company shall, within five (5) business days of the final conclusion of all appeals, pay to Lead Counsel the remaining amount of Attorneys' Fees, together with all interest accrued thereon in the interest bearing account.

2. Lead Counsel will allocate and distribute this award of Attorneys' Fees and expenses among counsel for the Class.

3. The Company will bear the following expenses reasonably incurred after the execution of this Settlement Agreement: (i) any publication, printing and mailing costs of the Class Notice, and the Post-Settlement Notice; (ii) any processing costs for Election Forms; (iii) administration costs of General Policy Relief; (iv) administration costs of the Claim Review Process; and (v) fees and disbursements for the Claim Appeal Special Master(s).

4. Neither the Defendants nor their past, present and future parents (including intermediate parents, ultimate parents, AEGON USA, Inc., and AEGON N.V.), subsidiaries, affiliates, predecessors, successors and assigns nor any of their respective past, present or future officers, directors, employees, general agents, agents, producers (including those acting on the producer's behalf or at the producer's direction), insurance brokers, solicitors, representatives, attorneys, heirs, administrators, executors, predecessors, successors and assigns shall be liable or obligated to pay any fees, expenses, costs or disbursements to, or incur any expense on behalf of, any person, either directly or indirectly, in connection with this Action, this Settlement Agreement, or the proposed settlement, other than the amount or amounts expressly provided for in this Settlement Agreement.

I. ORDER OF NOTICE, SETTLEMENT HEARING AND ADMINISTRATION

1. No later than June 30, 2000, the Parties will submit the Agreement to the Court and seek and obtain from the Court an order (the "Preliminary Approval Order"), in the form annexed hereto as Exhibit D, unless otherwise agreed by the Parties:

- a. providing for the certification of the Class for settlement purposes only;
- b. finding the proposed settlement is sufficient to warrant sending notice to the Class;
- c. scheduling the Fairness Hearing to be held on August 30, 2000, or at such later date as the Court may direct, to consider the fairness, reasonableness and adequacy of the proposed settlement and whether it should be approved by the Court;

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d. approving the proposed Class Notice and notice methodology described in the Settlement Agreement;

e. directing Defendants or their designee(s) to cause the Class Notice to be mailed to each Class Member by first-class mail, postage prepaid, at his, her or its last known address no later than fifty (50) days before the Fairness Hearing;

f. determining that the content and manner of the Class Notice: (i) is the best practicable notice; (ii) is reasonably calculated, under the circumstances, to apprise Class Members of the pendency of the Action and of their right to object to or exclude themselves from the proposed settlement; (iii) is reasonable and constitutes due, adequate and sufficient notice to all persons entitled to receive notice; and (iv) meets all applicable requirements of Texas law, the Due Process Clause of the United States Constitution, and the Rules of the Court;

g. ruling that Defendants, or the Administrator(s), shall remain any notices returned by the Postal Service with a forwarding address that are received by the Company or the Administrator(s) at least thirty (30) days before the Fairness Hearing;

h. requiring Defendants to file proof of the mailing of the Class Notice, at or before the Fairness Hearing;

i. authorizing Defendants, including their Producers or other representatives and any other retained personnel, to communicate with potential Class Members, Class Members, and other present or former policyowners about the Action and the terms of the proposed settlement, as further described above in Section E.8., and to engage in any other communications within the normal course of Defendants' business;

j. requiring each Class Member who wishes to exclude himself, herself or itself from the Class to submit an appropriate, timely written request for exclusion, by certified mail, return receipt requested,

postmarked no later than twenty (20) days before the date of the Fairness Hearing, to the Clerk of the Court, in care of the post-office box rented by the Company for that purpose;

k. preliminarily enjoining: (i) all Class Members who have not timely excluded themselves from the Class from filing, commencing, prosecuting, intervening in, or participating as class members in, any lawsuit in any jurisdiction based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in this Action and/or the Released Transactions; and (ii) all persons from filing, commencing or prosecuting a lawsuit as a class action on behalf of Class Members who have not timely excluded themselves (including by seeking to amend a pending complaint to include class allegations or seeking class certification in a pending action), based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in this Action and/or the Released Transactions;

l. ruling that any Class Member who does not submit a timely, written request for exclusion from the Class will be bound by all proceedings, orders, and judgments in this Action, even if such Class Member has previously initiated or subsequently initiates individual litigation or other proceedings against the Defendants, or any of them, relating to Policies issued during the Class Period;

m. requiring each Class Member who wishes to object to the fairness, reasonableness or adequacy of the Settlement Agreement or the proposed settlement, or to the award of Attorneys' Fees, to comply with all of the requirements of Section G.1. or be forever barred from separately objecting;

n. requiring any attorney hired by a Class Member at the Class Member's expense for the purpose of objecting to the Settlement Agreement or the proposed settlement, or to the award of Attorneys' Fees, to file with the Clerk of the Court, and serve on Lead Counsel and Defendants' Counsel, a notice of appearance, no later than twenty (20) days before the Fairness Hearing or as the Court otherwise may direct;

o. requiring any Class Member who files and serves a written objection and who intends to make an appearance at the Fairness Hearing, either in person or through personal counsel hired at the Class Member's expense, to comply with all of the provisions of Section G.2. or be forever barred from appearing at the Fairness Hearing;

p. authorizing Defendants: (i) to establish means necessary to administer the proposed settlement relief, process Election Forms and implement the Claim Review Process; and (ii) to retain one or more Administrators to help administer the proposed settlement, including the notice provisions;

q. directing the Company to rent a post-office box in the name of the Clerk of the Court, to be used for receiving requests for exclusion, and providing that, other than the Court or the Clerk of the Court, only Defendants' Counsel, Lead Counsel and their designated agents shall have access to this post-office box;

r. directing Defendants' Counsel or Lead Counsel, and any other counsel for Plaintiffs or the Class, promptly to furnish each other and other counsel with copies of any and all objections or written requests for exclusion that might come into their possession;

s. providing a means for those filing objections to obtain access at Lead Counsel's office to the documents disclosed through discovery to Plaintiffs' counsel by Defendants in this Action, and deposition transcripts and exhibits thereto in this Action, at their own expense, provided that such individuals enter into a Stipulation of Confidentiality in the form attached as Exhibit Q to this Agreement; and

t. containing any additional provisions that might be necessary to implement and administer the terms of the Settlement Agreement and the proposed settlement.

2. Neither Richard Oakes, Martin Shugar, M.D., Howard Berlin, M.D., or John Alden, d/b/a EQ Distributors, or any other named Plaintiff will request exclusion from the Class, object to the proposed settlement, or file an appeal from or otherwise seek review of any order approving the proposed settlement.

K. FINAL APPROVAL AND FINAL ORDER AND JUDGMENT

1. After the Fairness Hearing, and upon the Court's approval of the Settlement Agreement, the Parties shall seek and obtain from the Court a Final Order and Judgment essentially identical to the form attached to this Agreement as Exhibit P. The Final Order and Judgment will (among other things):

a. find that the Court has personal jurisdiction over all Class Members and that the Court has subject matter jurisdiction to approve the Settlement Agreement, including all exhibits thereto;

b. approve the Settlement Agreement and the proposed settlement as fair, reasonable and adequate as to, and in the best interests of, each of the Parties and the Class Members; direct the Parties and their counsel to implement and consummate the Settlement Agreement according to its terms and provisions; and declare the Settlement Agreement to be binding on, and have *res judicata* and preclusive effect in all pending and future lawsuits or other proceedings maintained by or on behalf of Plaintiffs and all other Class Members, as well as their heirs, executors and administrators, successors and assigns;

c. finally certify the Class for settlement purposes;

d. find that the Class Notice and the notice methodology implemented pursuant to the Settlement Agreement: (i) constitute the best practicable notice; (ii) constitute notice that is reasonably calculated, under the circumstances, to apprise Class Members of the pendency of the Action, their right to object to or exclude themselves from the proposed settlement and to appear at the Fairness Hearing; (iii) are reasonable and constitute due, adequate and sufficient notice to all persons entitled to receive notice; and (iv) meet all applicable requirements of Texas law, the Due Process Clause of the United States Constitution, and the Rules of the Court;

e. find that the Post-Settlement Notice, and the post-settlement notice methodology to be implemented pursuant to the Settlement Agreement: (i) constitute the most effective and practicable notice of the Final Order and Judgment, the relief available to Class Members pursuant to the Final Order and

Judgment, and applicable time periods; and (ii) constitute due, adequate and sufficient post-settlement notice for all other purposes to all Class Members;

f. find that Lead Counsel and the Class representatives adequately represented the Class for purposes of entering into and implementing the settlement;

g. dismiss the Action (including all individual claims and Class claims presented thereby) on the merits and with prejudice, without fees or costs to any party except as provided in the Settlement Agreement;

h. incorporate the Release set forth above in Section H, make the Release effective as of the date of the Final Order and Judgment, and forever discharge the Releasees from any claims or liabilities arising from or related to the Released Transactions;

i. bar and enjoin all Class Members who have not been excluded from the Class from: (i) filing, commencing, prosecuting, intervening in, or participating in (as class members or otherwise), any lawsuit in any jurisdiction based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in this Action and/or the Released Transactions; and (ii) organizing Class Members who have not been excluded from the Class into a separate class for purposes of pursuing as a purported class action any lawsuit (including by seeking to amend a pending complaint to include class allegations, or seeking class certification in a pending action) based on or relating to the claims and causes of action, or the facts and circumstances relating thereto, in this Action and/or the Released Transactions;

j. authorize the Parties, without further approval from the Court, to agree to and adopt such amendments, modifications and expansions of the Settlement Agreement and its implementing documents (including all exhibits to this Agreement) as: (i) shall be consistent in all material respects with the Final Order and Judgment; or (ii) do not limit the rights of Class Members;

k. authorize the Company, at its sole discretion and without approval from the Court, to implement the settlement prior to the Final Settlement Date;

- l. without affecting the finality of the Final Order and judgment for purposes of appeal, retain jurisdiction as to all matters relating to administration, consummation, enforcement, and interpretation of the Settlement Agreement and the Final Order and Judgment, and for any other necessary purpose; and
- m. incorporate any other provisions, as the Court deems necessary and just.

L. MODIFICATION OR TERMINATION OF THE SETTLEMENT AGREEMENT

1. The terms and provisions of this Agreement may be amended, modified or expanded by agreement of the Parties and approval of the Court; provided however, that after entry of the Final Order and Judgment the Parties may by agreement effect such amendments, modifications or expansions of this Agreement and its implementing documents (including all exhibits hereto) without notice to or approval by the Court if such changes are consistent in all material respects with the Court's Final Order and Judgment or do not limit the rights of Class Members.

2. The Company, at its sole discretion and without approval of the Court, may implement the terms of the settlement after entry of the Final Order and Judgment but prior to the Final Settlement Date.

3. The Settlement Agreement will terminate at the sole option and discretion of Defendants or Plaintiffs if: (i) the Court, or any appellate court(s), rejects, modifies or denies approval of any portion of the Settlement Agreement or the proposed settlement that the terminating party in its (or their) sole judgment and discretion reasonably determines is material, including, without limitation, the terms of relief, the findings of the Court, the provisions relating to notice, the definition of the Class and/or the terms of the Release; or (ii) the Court, or any appellate court(s), does not enter or completely affirm, or alters or expands, any portion of the Final Order and Judgment, or any of the Court's findings of fact or conclusions of law, that the terminating party in its (or their) sole judgment and discretion believes is material. The terminating party must exercise the option to withdraw from and terminate the Settlement Agreement, as provided in this subsection L. 3. no later than twenty (20) days after receiving notice of the event prompting the termination.

4. Notwithstanding the preceding subsection L.3, Plaintiffs may not terminate the Settlement Agreement solely because of the amount of Attorneys' Fees awarded by the Court or any appellate court(s). Defendants, however, may elect to terminate the Settlement Agreement if the amount of Attorneys' Fees awarded exceeds the amount agreed upon by the Parties.

5. No later than twenty (20) days after receiving notice of the event prompting the termination, Defendants also may unilaterally withdraw from and terminate the Settlement Agreement if:

a. those persons or entities who elect to exclude themselves from the Class with respect to any Policy or Policies together: (i) number more than two and one-half percent (2.5%) of all Class Members; (ii) own more than two and one-half percent (2.5%) of all Policies owned by Class Members; or (iii) account for more than two and one-half percent (2.5%) of the aggregate face amount of all In-Force Policies owned by Class Members, or;

b. any state insurance regulator: (i) objects either to any aspect or term of the Settlement Agreement or to the intended financial accounting results of the proposed relief; or (ii) requires any modification to the Settlement Agreement, including without limitation any constriction or extension of the scope of the contemplated relief, that Defendants in their sole discretion deem reasonably material.

6. If an option to withdraw from and terminate the Settlement Agreement arises under subsections L.3, L.4 and/or L.5: (i) neither Defendants nor Plaintiffs are required for any reason or under any circumstance to exercise that option; and (ii) any exercise of that option shall be made in good faith.

7. If the Settlement Agreement is terminated pursuant to subsections L.3, L.4 and/or L.5, then:

a. this Agreement shall be null and void and shall have no force or effect, and no party to this Agreement shall be bound by any of its terms, except for the terms of this subsection L.7 and Subsection M2, below;

b. this Agreement, all of its provisions, and all negotiations, statements, and proceedings relating to it shall be without prejudice to the rights of Defendants, Plaintiffs or any other Class Member, all of whom shall be restored to their respective positions existing immediately before the execution of this Agreement;

c. Defendants and their current and former directors, officers, Producers, employees, agents, attorneys, and representatives expressly and affirmatively reserve all defenses, arguments, and motions as to all claims that have been or might later be asserted in the Action, including (without limitation) any applicable statutes of limitation and the argument that the Action may not be litigated as a class action;

d. Plaintiffs and their current and former predecessors, successors, heirs, agents or assigns expressly and affirmatively reserve all motions as to, and arguments in support of, all claims that have been or might later be asserted in the Action, including (without limitation) any argument concerning class certification;

e. neither this Agreement, nor the fact of its having been made, shall be admissible or entered into evidence for any purpose whatsoever; and

f. any order or judgment entered after the date of this Agreement will be deemed vacated and will be without force or effect.

M. GENERAL MATTERS AND RESERVATIONS

1. The obligation, although not the ability, of the Parties to conclude the proposed settlement is and will be contingent upon each of the following:

a. acceptance of the Settlement Agreement by Bankers United Life Assurance Company's Board of Directors;

b. the absence of any other policyowner demands or actions that arise out of or are related to the matters described in the Release but that would not be terminated or otherwise resolved by the Settlement Agreement;

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c. resolution, acceptable to Defendants, of any regulatory issues presented by the proposed settlement, as described above in Section L.5.b. (to this end, Defendants agree to seek any necessary regulatory approval not later than sixty (60) days after the Fairness Hearing);

d. the execution of this Settlement Agreement by June 28, 2000, unless such date is extended in writing by mutual agreement of the Parties;

e. entry by the Court of the Final Order and Judgment approving the settlement, from which time to appeal has expired and which has remained unmodified after any appeal(s); and

f. any other conditions stated in this Settlement Agreement.

2. The Parties and their counsel agree to keep the existence and contents of this Agreement and all related negotiations confidential until the date on which Class Notice is first mailed to the Class; provided however, that this subsection shall not prevent the disclosure by the Company only, prior to the date on which Class Notice is first mailed to the Class, of information concerning the proposed settlement, this Agreement or any related negotiations: (i) to regulators, rating agencies, financial analysts and/or Producers, as Defendants shall deem necessary to effectuate the terms and conditions of this Agreement; and (ii) to any person or entity (such as agents, experts, courts, and/or Administrators) to which the Parties agree disclosure must be made in order to effectuate the terms and conditions of the Agreement.

3. Six (6) months after the Final Settlement Date or promptly after termination of this Agreement, whichever comes first (unless the time is extended by Agreement of the Parties), Plaintiffs and their counsel will return to Defendants' Counsel all documents (and all copies of such documents in whatever form made or maintained) produced by Defendants in this Action, as well as the transcripts of any deposition testimony provided by Defendants or their current or former officers, employees or Producers and any exhibits to those depositions.

4. By execution of this Settlement Agreement, the Company does not intend to release any claim against any insurer for any cost or expense hereunder, including attorneys' fees and costs.

5. Notwithstanding any other provision of this Agreement, each of the Defendants or their applicable affiliates will assume liabilities under the Stipulation of Settlement only with respect to those Policies upon which such Defendant or affiliates was or is obligated as of the Final Settlement Date. It is not intended that Defendant or their affiliates will assume -- and they do not assume -- joint and several liability for any obligations imposed, or to be imposed, under this Agreement or the proposed settlement.

6. The Company represents that it does not intend to reduce nonguaranteed benefits or elements of the Policies or increase charges on the Policies solely in order to recover the cost of the benefits provided in this Settlement Agreement. This provision shall not, however, be construed to preclude the Company from administering the Policies in accordance with its contractual rights, including adjusting nonguaranteed benefits or elements or adjusting policy charges for any other reason or reasons, which contractual rights are fully retained by the Company.

7. The parties agree that Lead Counsel, David Tekell, Esq., and his law firm of Malesovas, Martin & Tekell, L.L.P., and Mike McCauley, Esq., and his law firm of McCauley, MacDonald, Devin & Huddleston, and any other lawyers or law firms representing or assisting in the representation of Plaintiffs and the Class will sign written statements promising not to represent or assist in any way any members of the Class involving issues in connection with this litigation that has or does opt-out of this Settlement Agreement and that such representation would be a conflict of interest.

8. The parties estimate that the total value of the available benefits to the Class Members is in excess of \$30 million. Lead Counsel will engage a qualified expert to verify the estimate of total available benefits. Defendant will cooperate with and furnish to the expert any information reasonably requested by the expert and which the expert requires to verify the estimate of total available benefits. Verification shall be completed at or before the date set for the Fairness Hearing. The estimated total value of available benefits is not a guaranty of the total value of available benefits that will be actually administered and distributed to the Class Members, which value may be greater or less than the estimate.

9. Lead Counsel represents: (i) that it is authorized to enter into this Agreement on behalf of Plaintiffs and any other attorneys who have represented or who now represent Plaintiffs; and (ii) that Lead Counsel is seeking to protect the interests of the entire Class.

10. In recognition of their services to the entire Class in bringing this case, Plaintiffs' counsel may request at the Fairness Hearing that the named Plaintiffs receive cash payments from Defendant in amounts not to exceed the following: (i) Richard Oakes: \$50,000; (ii) Martin Shugar: \$50,000; (iii) Howard Berlin: \$50,000; and (iv) John Alden, d/b/a EQ Distributors: \$50,000. Defendants will not oppose this request.

11. Each of the Plaintiffs represents and certifies: (i) that he or she has agreed to serve as a representative of the Class proposed to be certified herein; (ii) that he or she is willing, able and ready to perform all of the duties and obligations of a representative of the Class, including, but not limited to, the need to be available for, and involved in, discovery and fact finding; (iii) that he or she has read the pleadings in this Action, including the Seventh Amended Petition; (iv) that he or she is familiar with the results of the fact finding undertaken by Plaintiffs' counsel; (v) that he or she has been kept apprised of settlement negotiations among the Parties and has read the Settlement Agreement, including the exhibits annexed thereto, and that he or she has agreed to the terms of the Settlement Agreement; (vi) that he or she has consulted Lead Counsel -- and/or other Plaintiffs' counsel of record -- about the Action, the Settlement Agreement, and the obligations of a representative of the Class; (vii) that he or she has authorized Lead Counsel to execute this Agreement on his or her behalf; and (viii) that he or she will remain and serve as a representative of the Class, until the terms of the Settlement Agreement are effectuated, the Settlement Agreement is terminated in accordance with its terms, or the Court at any time determines that said Plaintiff cannot represent the Class.

12. This 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 Plaintiffs' counsel

and Defendants' counsel. The Parties expressly acknowledge that no other agreements, arrangement or understandings not expressed in this Settlement Agreement exist among or between them. A

13. The Settlement Agreement and any ancillary agreement shall be governed by, and interpreted according to, the law of the State of Texas, excluding its conflict of law provisions.

14. Any action to enforce this Agreement shall be commenced and maintained in the 192nd Judicial District Court, Dallas County, Texas.

15. Whenever this Agreement requires or contemplates that one Party shall or may give notice to the other, notice shall be provided by facsimile and/or next-day (excluding Sunday) express delivery service as follows:

a. If to Defendants, then to:

William A. Chittenden, III
David J. Novotny
PETERSON & ROSS
200 East Randolph Drive, Suite 7300
Chicago, Illinois 60601-6969
Telephone: (312) 861-1400 / Facsimile: (312) 861-1053

and

Doug K. Butler, Esq.
Timothy Daniels
FIGARI, DAVENPORT & GRAVES
4800 Bank of America Plaza
901 Main Street, LB 125
Dallas, Texas 75202-3796
Telephone: (214) 939-2006 / Facsimile: (214) 939-2090

and

Cynthia L. Remley, Esq.
Vice President and Associate General Counsel
BANKERS UNITED LIFE ASSURANCE COMPANY
570 Carillon Parkway
St. Petersburg, Florida 33716-1202
Telephone: (727) 299-1829 / Facsimile: (727) 299-1826

b. If to Plaintiffs, then to:

Fred Misko, Jr.
LAW OFFICES OF FRED MISKO, JR., P.C.
19th Floor - Turtle Creek Centre
3811 Turtle Creek Boulevard
Dallas, Texas 75219
Telephone: (214) 443-8012 / Facsimile: (214) 443-8010

16. All time periods set forth herein shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by this Agreement or by order of court, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it 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 period shall run until the end of the next day that is not one of the aforementioned days. As used in this subsection, "legal holiday" includes New Year's Day, Birthday of Martin Luther King, Jr., Washington's Birthday, 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, or by the State of Texas.

17. The Parties reserve the right, subject to the Court's approval, to make any reasonable extensions of time that might be necessary to carry out any of the provisions of the Settlement Agreement.

18. All Parties agree that this Agreement is clear and unambiguous and was drafted by counsel for the Parties at arm's length, and that no parol or other evidence may be offered to explain, construe, contradict or clarify its terms, the intent of the Parties or their counsel, or the circumstances under which the Agreement was made or executed.

19. In no event shall the Settlement Agreement, any of its provisions or any negotiations, statements, or court proceedings relating to them in any way be construed as, offered as, received as, used as or deemed to be evidence of any kind in the Action, any other action, or in any judicial, administrative,

regulatory or other proceeding, except in a proceeding to enforce this Agreement. Without limiting the foregoing, neither this Agreement nor any related negotiations, statements or court proceedings shall be construed as, offered as, received as, used as or deemed to be evidence or an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including but not limited to Defendants, Plaintiffs or the Class, or as a waiver by Defendants nor any applicable defense, including without limitation any applicable statute of limitations or statute of frauds, or as a waiver by Plaintiffs or the Class of any claims, causes of action or remedies.

20. Defendants expressly deny any wrongdoing alleged in the Seventh Amended Petition and do not admit or concede any actual or potential fault, wrongdoing or liability in connection with any facts or claims that have been or could have been alleged against them in the Action.

21. Punitive or exemplary damages are neither warranted nor available to any Class Member under the proposed settlement described in this Settlement Agreement and none of the proposed settlement relief shall be deemed to constitute punitive or exemplary damages.

21. Neither this Agreement nor any of the relief to be offered under the Stipulation of Settlement shall be interpreted to alter in any way the contractual terms of any Policy or to constitute a novation of any Policy.

22. No opinion concerning the tax consequences of the proposed settlement to individual Class Members is given or will be given by the Company, Defendants' counsel or Plaintiffs' counsel, nor are any representations in this regard made or any warranties made by virtue of this Agreement. The Class Notice will direct Class Members to consult their own tax advisors regarding the tax consequences of the proposed settlement, including any payments or credits provided hereunder, and any tax reporting obligations they may have with respect thereto. Each Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Class Member.

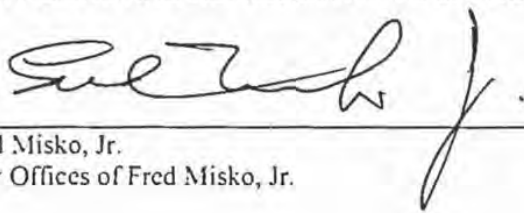
23. The Parties, their successors and assigns, and their attorneys undertake to implement the terms of this Agreement in good faith, and to use good faith in resolving any disputes that may arise in the implementation of the terms of this Agreement.

24. The Parties, their successors and assigns, and their attorneys agree to cooperate fully with one another in seeking Court approval of the Settlement Agreement and to use their best efforts to effect the prompt consummation of the Settlement Agreement and the proposed settlement.

25. This Agreement may be signed in counterparts, each of which shall constitute a duplicate original.

Agreed to this 30th day of June, 2000.

APPROVED AND AGREED TO BY AND ON BEHALF
OF RICHARD OAKES, MARTIN SHUGAR, HOWARD BERLIN
AND JOHN ALDEN, D/B/A EQ DISTRIBUTORS IN THEIR
INDIVIDUAL AND REPRESENTATIVE CAPACITIES

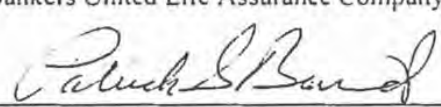
By: 

Fred Misko, Jr.
Law Offices of Fred Misko, Jr.

APPROVED AND AGREED TO BY AND ON BEHALF
OF BANKERS UNITED LIFE ASSURANCE COMPANY
AND AEGON, USA, INC.

By: _____

Jerome C. Vahl
Vice President
Bankers United Life Assurance Company

By: 

Patrick S. Baird
Executive Vice President and Chief Operating Officer
AEGON USA, Inc.

Agreed to this 30th day of June, 2000.

**APPROVED AND AGREED TO BY AND ON BEHALF
OF RICHARD OAKES, MARTIN SHUGAR, HOWARD BERLIN
AND JOHN ALDEN, D/B/A EQ DISTRIBUTORS IN THEIR
INDIVIDUAL AND REPRESENTATIVE CAPACITIES**

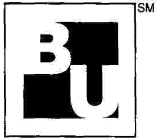
By: _____
Fred Misko, Jr.
Law Offices of Fred Misko, Jr.

**APPROVED AND AGREED TO BY AND ON BEHALF
OF BANKERS UNITED LIFE ASSURANCE COMPANY
AND AEGON, USA, INC.**

By: 
Jerome C. Vahl
Vice President
Bankers United Life Assurance Company

By: _____
Patrick S. Baird
Executive Vice President and Chief Operating Officer
AEGON USA, Inc.

EXHIBIT E



Bankers United Life Assurance Company
Class Action Information Center
PO Box 9034
Clearwater, Florida 33758
1-800-572-0153

March 30, 2001

WILLIAM F. WREN
[REDACTED]

Dear Class Member:

We have received and implemented your selection of General Policy Relief offered under the Class Action Settlement. In accordance with your benefit selection, you will find a Contributed Insurance Benefit Certificate.

The Contributed Insurance Benefit Certificate specifies the amount of insurance the beneficiary is eligible to receive upon the death of the Measuring Life. The beneficiary is eligible for this benefit until the expiration date listed on the certificate. A notice will **not** be sent upon the expiration of this certificate. If you desire to change the beneficiary, please call us at 800-572-0153 so that we may send you the appropriate form.

You have also received the interest bonus credit which has been or will be credited to your policy in accordance with the terms of the Class Action Settlement. This credit will appear on your annual statement.

If you have any questions about the benefits you have received, please call the Class Action Information Center at 800-572-0153.

Sincerely,

Brett G. Nixon
Assistant Vice President
Policy Administration

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EXHIBIT F

192nd JUDICIAL DISTRICT

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3. The Court has considered the class action prerequisites set forth in Tex. R. Civ. P. 42 and finds the prerequisites to be satisfied as set forth below:

(a) *Numerosity*. The numerosity component of Tex. R. Civ. P. 42 requires that the class be “so numerous that joinder of all members is impracticable.” Tex. R. Civ. P. 42(a).

The Class consists of: All persons or entities (including, but not limited to businesses and trusts) who have, or had at the time of termination, an ownership interest in one or more Policies, but does not include any person or entity: (a) who timely excluded himself or herself from the Class pursuant to Section F of the Settlement Agreement (the opt-out provisions); (b) who, while represented by counsel, signed a document that releases the Company from any further claims concerning such Policy or Policies; or (c) who has or had an ownership interest in any Policy: (i) as to which the insured died prior to June 16, 2000 and while the Policy was in-force; (ii) that was issued by the Company, but not accepted or paid for, or was returned to the Company as part of the exercise of a free look provision in the Policy; (iii) that was rescinded as part of a reissue of a new Policy, or because of a material misrepresentation on the Policy application; or (iv) that was issued to fund a deferred fringe benefit welfare compensation plan.

For purposes of this Class definition, “Policy” or “Policies” means one or more Direct Recognition, single life or joint and last survivor life insurance policies or life insurance certificates (DRL 8, 10, 11, 20, 21, 22, 23, SPX I, SPX II, SPWL I, SPWL II, and Group UL), upon which the Company or Companies was or is obligated and that were issued during the Class Period (the period from December 30, 1988 through December 31, 1997, inclusive). “Company” or “Companies” means one or more of the following companies as the context requires: Bankers United Life Assurance Company, AEGON USA, Inc., Pacific Fidelity Life Insurance Company, Western Reserve Life Assurance Co. of Ohio, General Services Life Insurance Company, Monumental Life Insurance Company and/or Monumental General Insurance Company.

The Class Members therefore are ascertainable on the basis of objective criteria. In addition, approximately 17,000 in-force or terminated Policies, owned by more than 14,000 Class Members, fall within the Class as defined above. The Court therefore finds that the Class is so numerous that joinder of all members is impracticable.

(b) *Commonality.* The commonality component of Tex. R. Civ. P. 42 requires that there be “questions of law or fact common to the class.” Tex. R. Civ. P. 42(a). There is a well-defined commonality of interest among the Class Members in that certain questions of law or fact are common to the Class. Those questions include: (i) whether Defendants misrepresented material facts about their Direct Recognition Life series of life insurance policies; (ii) whether Defendants provided standardized but misleading marketing materials and software to prepare illustrations utilized in the course of sale of the life insurance products; (iii) whether Defendants misrepresented the number or amount of premium payments necessary to achieve a particular result; and (iv) whether Defendants misrepresented the reasonableness of interest crediting rates utilized in illustrations. The Court therefore finds that there are common questions of law and fact, and further finds that these common questions predominate over questions affecting only individual members of the Class. The commonality requirement of Tex. R. Civ. P. 42(a) is satisfied.

(c) *Typicality.* The typicality component of Tex. R. Civ. P. 42 requires that the “claims or defenses of the representative parties [be] typical of the claims or defenses of the class.” Tex. R. Civ. P. 42(a). The Court finds that the allegations concerning Plaintiffs’ claims arise from the substantially similar course of conduct that gives rise to the claims of the Class Members and are based on the same legal theories. Accordingly, the typicality requirement of Tex. R. Civ. P. 42(a) is satisfied.

(d) *Adequacy of Representation.* The adequacy of representation component of Tex. R. Civ. P. 42 requires that "the representative parties will fairly and adequately protect the interests of the class." Tex. R. Civ. P. 42(a). The Court finds that, in this case: (i) the interests of the named Plaintiffs are consistent with those of the Class; (ii) there are no conflicts or antagonisms between or among the named Plaintiffs and the Class Members; (iii) the named Plaintiffs have been and are capable of continuing to be active participants in both the prosecution of, and the negotiations to settle, the Class Action; and (iv) the named Plaintiffs and the Class Members are represented by qualified, reputable counsel who are experienced in preparing, prosecuting and negotiating settlements of large, complicated class actions, particularly those involving the kinds of claims alleged in the pleadings filed herein. This Court therefore finds that the adequacy of representation requirement of Tex. R. Civ. P. 42(a) is satisfied.

(e) *Superiority.* The superiority component of Tex. R. Civ. P. 42 requires the Court to find "that the questions of law or fact common to the class predominate over any questions affecting only individual members, and that a class action is superior to other available methods for the fair and efficient adjudication of the controversy." Tex. R. Civ. P. 42(b). This Court has found in paragraph 3(b), above that common questions of law and fact predominate over questions affecting only individual members. This Court further finds that this Class Action is the superior means of adjudicating and settling the Class Members' claims within the meaning of Tex. R. Civ. P. 42(b) given the large number of Class Members and the relatively small amount of some of their claims. Moreover, the Claim Review Process included in the Settlement Agreement provides Class Members the opportunity for individual adjudication of any factual or legal issues specific to that Class Member, which obviates any concerns about the need for individual determinations.

4. The Court also has considered the five factors set forth in Tex. R. Civ. P. 42(b) and finds them to be equally satisfied as set forth below:

(a) *Interest of the Class.* The first factor is “the interest of members of the class in individually controlling the prosecution or defense of separate actions.” Because most Class Members have little incentive or ability to prosecute their claims against Defendants in individual actions, the Court finds that this element is satisfied.

(b) *Other Pending Proceedings.* The second factor is “the extent and nature of any litigation concerning the controversy already commenced by or against members of the class.” The parties advised the Court that there are no other individual or class actions pending against the Defendants concerning the controversy involved in this case. The Court finds that this element is satisfied.

(c) *Desirability of this Forum.* The third factor is “the desirability or undesirability of concentrating the litigation of the claims in [this] particular forum.” Given that Defendants’ customers in Texas constitute a representative cross-section of their national customer base, concentration of the litigation in this forum is appropriate.

(d) *Manageability.* The fourth factor is “the difficulties likely to be encountered in the management of a class action.” This factor is not relevant in the context of a settlement class and therefore need not be addressed by this Court.

5. As a result of the foregoing, the Court hereby certifies the Class as described in Paragraph 3(a), above, for purposes of settlement only.

6. The Court hereby finds that: (a) the settlement has been entered into in good faith and resulted from extensive arm’s length negotiations, including negotiations facilitated through an independent, professional mediator, and was concluded after counsel for Plaintiffs had conducted broad discovery (including the review of thousands of pages of documents and the taking of

depositions of Defendants' personnel) and had consulted with independent experts concerning the issues raised by Plaintiffs' claims; and (b) the settlement evidenced by the Settlement Agreement is fair, reasonable and adequate as to, and in the best interests of, each of the parties and the Class Members. The parties and Class Members are hereby directed to consummate the Settlement Agreement, according to its terms and provisions.

7. The Court finds that the Class Notice and methodology implemented pursuant to the this Court's Preliminary Approval Order of June 30, 2000 complied with Tex. R. Civ. P. 42(c)(2) in that it provided individual notice to all members who could be identified through reasonable effort and was the best notice practicable under the circumstances. The Court further finds that the Class Notice fully complied with Tex. R. Civ. P. 42(c)(2) in that it advised each member of the Class: (a) the nature of the suit; (b) that the Court will exclude him or her from the Class if he or she so requested by a specified date; (c) that the judgment incorporating the settlement will include and bind all members of the Class who did not request exclusion by the specified date; and (d) that any Class Member who did not request exclusion may, if he or she so desired, enter an appearance through his or her counsel. The Court finds that the Class Notice and methodology fully complied with the requirements of the Texas Rules of Civil Procedure (in particular Tex. R. Civ. P. 42), all Texas Rules of Court, all applicable requirements of Texas law, and the Due Process Clauses of the Constitution of the State of Texas and the Constitution of the United States.

8. The Parties are hereby directed to mail the Post-Settlement Notice and associated materials, including the Election Form, as provided in the Settlement Agreement. The Court finds that the Post-Settlement Notice and the post-settlement notice methodology to be implemented pursuant to the Settlement Agreement will provide individual notice of the Final Order and Judgment to all members who can be identified through reasonable effort and is the best notice practicable under the circumstances. The Court further finds that the Post-Settlement Notice and methodology

fully complies with the requirements of the Texas Rules of Civil Procedure (in particular Tex. R. Civ. P. 42), all Texas Rules of Court, all applicable requirements of Texas law, and the Due Process Clauses of the Constitution of the State of Texas and the Constitution of the United States.

9. The Court finds that Lead Counsel and the Class representatives adequately represented the Class for purposes of entering into and implementing the settlement.

10. The terms of the Settlement Agreement and this Final Order and Judgment shall be forever binding on, and shall have *res judicata* effect and preclusive effect in, all pending and future lawsuits or other proceedings that may be maintained by or on behalf of the Plaintiffs or any Class Members or Releasors (as defined in the Settlement Agreement), as well as their collective heirs, executors, administrators, successors and assigns, relating to the Class Action and/or the Released Transactions (as defined in the Settlement Agreement).

11. The following Release, which is also set forth in Section H of the Settlement Agreement, is expressly incorporated herein in all respects and is effective as of the date of this Final Order and Judgment:

a. **Definitions:** For purposes of this release and waiver (the "Release"):

- 1) The term "Releasees" means the Defendants, their past, present and future parents (including intermediate parents, ultimate parents, AEGON USA, Inc., and AEGON N.V.), subsidiaries, affiliates, predecessors, successors and assigns, (including, but not limited to, Western Reserve Life Assurance Co. of Ohio, General Services Life Insurance Company, Pacific Fidelity Life Insurance Company, Monumental Life Insurance Company, and Monumental General Insurance Company) and each of their respective past, present, and future officers, directors, employees, supervising general agents, general agents, agents, branch managers, producers (including those acting on the producer's behalf or at the producer's direction), insurance brokers, solicitors, representatives, and each of their attorneys, heirs, administrators, executors, insurers, predecessors, successors, and assigns, or any of them.

- 2) The term "Investment Plan" means a pension or retirement plan, investment or savings account, collaterally-assigned, leveraged split-dollar policies, or other type of investment, savings or thrift vehicle, including, but not limited to, any form of the Private Pension Plan.
- 3) The term "Released Transactions" means any and all claims arising out of, concerning or in any way relating to the marketing, solicitation, application, underwriting, issuing, actuarial and/or pricing assumptions, charges, rates, acceptance, sale, purchase, operation, retention, administration, servicing, performance of or replacement (by means of surrender, partial surrender loans representing withdrawal and/or termination of any life insurance policy) of: (a) the Policies; or (b) any insurance policy sold in connection with, or relating in any way directly or indirectly to the sale or solicitation of, the Policies; any and all claims arising out of, concerning, or in any way relating to the matters alleged in the Petition and all Amended Petitions. Such terms shall include, without limitation, the matters described in Sections H.1.b.1.a through H.1.b.1.d.
- 4) The term "Vanishing Premium" means: (a) a concept under which an insurance policy's charges may be paid out of its then-current and accumulated values, as those charges become due; (b) a concept under which a single premium payment or a fixed number of premium payments -- based on then-current, nonguaranteed assumptions about interest crediting rates and policy charges -- may suffice to cover all policy charges in excess of interest credited and may keep coverage in force throughout the insured's life, or for a specified period, without reducing the policy's death benefits, while still providing promised cash values to be available for withdrawal after a specified period; or (c) use of this term in connection with the sale of a policy.

b. Release

1) Plaintiffs, all Class Members collectively, and each Class Member individually, hereby expressly agree that they forever release and discharge the Releasees from any and all causes of action, claims, damages, equitable, legal and administrative relief, interest, demand or rights, known or unknown, including, without limitation, claims for rescission, restitution or all damages of any kind, including damages in excess of actual damages, and claims for mental anguish, whether based on federal, state or local law, statute, ordinance, regulation, contract, common law, or any other source, that have been, could have been, may be or could be alleged or asserted now or in the future by Plaintiffs or any Class Member against the Releasees or any of them in the Action or in any other court action or before any administrative body (including any state Department of Insurance or other regulatory entity or organization), tribunal, arbitration panel or other adjudicatory body, on the basis of, connected with, arising out of, or related to, in whole or in part, the Policies, the Released Transactions and servicing relating to the Released Transactions, which include without limitation:

- (a) any or all of the acts, omissions, nondisclosures, facts, matters, transactions or occurrences that have been, could have been, may be or could be directly or indirectly alleged, asserted, described, set forth or referred to in the Action;
- (b) any or all of the acts, omissions, nondisclosures, facts, matters, transactions, occurrences, sales presentations, illustrations, or oral or written statements or representations allegedly made in connection with, or directly or indirectly relating to, the Released Transactions, including, without limitation any acts, omissions, disclosures, facts, matters, transactions, occurrences, or oral or written statements or representations relating to:
 - (1) Vanishing Premiums;
 - (2) the number of out-of-pocket payments that were paid or would need to be paid for any Policy or Policies;
 - (3) the ability to keep or not to keep the Policy or the Policies in force based on a single, fixed or limited number and/or amount of premium payments, and/or the amount that would be realized or paid under the Policies based on a single, fixed or limited number and/or amount of cash payments, whether in the form of cash value and/or death, retirement or periodic payment benefits and/or Investment Plan or Retirement-type benefits;
 - (4) the dividend, interest rates, or other policy credits credited or to be credited to premiums paid on the Policy or Policies; or to amounts within the Policy or Policies, and the deductions (including all expense and other deductions or charges) charged or to be charged against the Policy or Policies;
 - (5) the nature, design, characteristics, actuarial and pricing assumptions, terms, bonuses, appropriateness, suitability, descriptions, and operation and administration of the Policy or the Policies, including, without limitation, the amount or method of calculation of fees, charges, commissions, distribution costs, administrative and investment expenses, and/or taxes in connection with the sale of, as part of the premiums for, or in connection with a full or partial surrender or termination of a Policy or Policies;
 - (6) whether the Policies were or were not life insurance or that Plaintiffs' or Class Members' objectives (and/or the fact that the purchaser's goals) would be funded by the cash values and/or benefits derived from a life insurance Policy, or the fact that the product being sold was life insurance was minimized or disguised;

- (7) whether the Policy or Policies were, or would operate or could function, as an Investment Plan;
- (8) the relationship between the Policy's or Policies' cash surrender value and the cumulative amount of premiums paid;
- (9) whether a part of the premiums paid would not be credited toward an investment or savings account or the Policy's or Policies' cash accumulation value, but would be used to offset the Defendants' commission, sales, administration, tax and/or mortality expenses;
- (10) the rate of return on premiums paid in terms of cash value or cash surrender value;
- (11) the relative suitability or appropriateness of any Policy or Policies, for particular types of purchasers or compared to other types of Investment Plans;
- (12) the use of an existing policy's cash value or cash surrender value by means of a surrender, withdrawal/partial surrender or loan to purchase or maintain a new Policy or Policies, or another life insurance policy;
- (13) the replacement or rollover of an existing life insurance policy with or into a new life insurance Policy;
- (14) the federal or state income tax consequences associated with any aspect of the design, sale, modification, implementation or administration of the Policy or Policies or Investment Plans and any federal or state tax consequences that may result from this settlement or any of the benefits or relief obtained thereunder;
- (15) the Companies' policies and practices regarding dividends, account values, policy loans, interest and other policy crediting, investment, cost of insurance and administrative charge policies and practices; policy or premium charges; illustrations of dividend, interest and other policy crediting rates, interest, persistency, or other policy bonuses, account equity rates, account value calculations, policy loans, policy charges, premium charges, monthly deductions, market value adjustments, cost of insurance and administrative charges, cash values, ultimate cash values or death benefits; or any other matters relating to dividends, interest or other policy crediting rates, interest, persistency, or other policy bonuses, account equity rates, account value calculations, policy loans, market value adjustments, policy charges, premium charges, monthly deductions, or cost of insurance and administrative charges;

- (16) the manner in which the Defendants retained, trained and supervised any of the Releasees, including but not limited to the Defendants' general agents, supervising general agents, agents, branch managers, producers (including those acting on the producer's behalf or at the producer's direction), insurance brokers, solicitors and representatives, or any of them;
 - (17) any and all aspects of the Enhancement '96 program;
 - (18) disclosure in any local, state, or federal regulatory filing by the Company or Companies related to the Released Transactions;
 - (19) the sale of the Policies as investment, savings or retirement funding vehicles, or any representations, promotions or advertising regarding such matters;
 - (20) the actual or alleged violation(s) of any applicable laws or regulations relating to Policy sales practices including, without limitation, any replacement statutes or regulations and federal laws, including the RICO statute;
- (c) any or all acts, omissions, facts, matters, transactions, occurrences or oral or written statements or representations made or allegedly made in connection with or directly or indirectly relating to the Settlement Agreement or the settlement of the Action, except as provided in Section 5 below; and/or
- (d) any and all claims for attorneys' fees, costs or disbursements incurred by Lead Counsel or any other counsel representing Plaintiffs or Class Members, or by Plaintiffs or the Class Members, or any of them, in connection with or related in any manner to the Action, the settlement of the Action, the administration of such settlement and/or the Released Transactions, except to the extent otherwise specified in the Settlement Agreement.
- 2) Nothing in this Release shall be deemed to alter a Class Member's rights (except to the extent that such rights are altered or affected by the election and award of benefits under the Settlement Agreement) to make a claim for benefits that will become payable in the future pursuant to the express written terms of the policy form issued by the Defendants. Under no circumstances shall this Section H.1.b.2 entitle a Class Member to assert claims that relate to the allegations contained in the Action or to the matters described in Section H.1.
- 3) Plaintiffs and the Class Members expressly understand that Section 1542 of the Civil Code of the State of California provides that "a general release does not extend to claims which a creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." Plaintiffs and the Class Members hereby agree: (i) that the provisions of Section 1542 are hereby knowingly and voluntarily waived and relinquished by Plaintiffs and the Class Members; and (ii) that the provisions of all similar federal or state laws, rights, rules, or legal principles of any other jurisdiction, to the

extent that they are found to be applicable herein, are also hereby knowingly and voluntarily waived and relinquished by Plaintiffs and the Class Members.

4) In connection with this Release, Plaintiffs and the Class Members acknowledge that they are aware that they may hereafter discover claims 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 matters released herein. Nevertheless, it is the intention of Plaintiffs and the Class Members in executing this Release fully, finally and forever to settle and release all such matters, and all claims relating thereto, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any Action);

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

6) Plaintiffs and the Class Members hereby agree and acknowledge that the provisions of this Release together constitute an essential term of the Settlement Agreement.

7) This Release is the result of a compromise of disputed claims and shall never at any time be used as evidence of any admission of liability by the Company.

12. Paragraph 11 of this Final Order and Judgment covers, without limitation, any and all claims for attorneys' fees, costs or disbursements incurred by Lead Counsel or any other counsel representing Plaintiffs or the Class Members, or incurred by plaintiffs or the Class Members, or any of them, in connection with or related in any manner to this action, the settlement of this action, the administration of the settlement and/or the Released Transactions except to the extent specified in this Final Order and Judgment and the Settlement Agreement.

13. The Court finds that the persons or entities identified as Request For Exclusion Nos. 1-8, 10-19, 23-27 and 34-35 in Exhibit C to the Affidavit of Richard H. Redfern, incorporated herein and attached to this Order, have excluded themselves from the Class with respect to the identified Class Policies and are not bound by this Final Order and Judgment as to those Class Policies only.

14. The Court further finds that Request For Exclusion Nos. 9, 20, 21, 22, 28, 29, 30, 31, 32, and 33 designate policies that are not part of the defined Class and are therefore invalid and do not effect an exclusion or "opt-out" with respect to any policy falling within the definition of "Policy" in the Settlement Agreement.

15. Except as provided in paragraph 13 of this Final Order and Judgment, Class Members are, from this day forward, hereby permanently barred and enjoined from:

(a) filing, commencing, prosecuting, intervening in, or participating (as class members or otherwise) in, any lawsuit in any jurisdiction based on or relating to: (i) the claims and causes of action asserted in this litigation; (ii) the facts and circumstances relating to this litigation; or (iii) the Released Transactions (as that term is defined in the Settlement Agreement), or

(b) organizing Class Members, or soliciting the participation of Class Members, in a separate class for purposes of pursuing as a purported class action any lawsuit (including by seeking to amend a pending complaint to include class allegations, or seeking class certification in a pending action in any jurisdiction), based on or relating to: (i) the claims and causes of action asserted in this litigation; (ii) the facts and circumstances relating to this litigation; or (iii) the Released Transactions (as that term is defined in the Settlement Agreement).

16. The parties are authorized, without further approval from this Court, to agree to and adopt such amendments, modifications and expansions of the Settlement Agreement and its implementing documents (including all exhibits to the Settlement Agreement) as: (i) shall be consistent in all material respects with the Final Order and Judgment; and (ii) do not limit the rights of Class Members. Nothing in this Final Order and Judgment shall preclude any action to enforce the terms of the Settlement Agreement.

17. The Defendants are authorized, at their sole discretion and without approval of the Court, to implement the settlement prior to the Final Settlement Date.

18. The Court further finds, and the parties have agreed, that one or more of the following persons may serve as Claim Appeal Special Masters in accordance with the terms of the Settlement Agreement: Frank Andrews, Will Pryor, Susan Soussan. Appeals resulting from the Claim Review

Process may be directed by Defendants to one or more of the above-named individuals at Defendants' discretion.

19. Plaintiffs, Richard Oakes, Martin Shugar, Howard F. Berlin and John Alden d/b/a EQ Distributors are each awarded a compensatory payment of \$50,000 for the time, effort and expense involved in prosecuting the class action.

20. Counsel of record for the Class are hereby awarded attorneys' fees and reimbursement of disbursements and expenses in the amount of \$6.5 million, to be paid by defendants to Lead Counsel. Such fees are to be paid in accordance with the terms and conditions set forth in the Settlement Agreement. Lead Counsel, in its sole discretion, will allocate and distribute this award of attorneys' fees and expenses among counsel for the Class.

21. The Court has jurisdiction to enter this Final Order and Judgment. Without in any way affecting the finality of this Final Order and Judgment, this Court hereby retains jurisdiction as to all matters relating to administration, consummation, enforcement and interpretation of the Settlement Agreement and of this Final Order and Judgment, and for any other necessary purpose.

22. Neither this Final Order and Judgment nor the Settlement Agreement (nor any document referred to herein or any action taken to carry out this Final Order and Judgment) is, may be construed as, or may be used as an admission by Defendants of the validity of any claim of actual or potential fault, wrongdoing or liability whatsoever. Entering into or carrying out the Settlement Agreement and any negotiations or proceedings relating to the settlement shall not in any event be construed as, or deemed to be evidence of, an admission or concession with regard to the denials or defenses of the Defendants and shall not be offered or received in evidence in any action or proceeding against any party hereto in any court, administrative agency or other tribunal for any purpose whatsoever, other than as evidence of the settlement or to enforce the provisions of this Final Order and Judgment and the Settlement Agreement. This Final Order and Judgment and the

Settlement Agreement (including the exhibits thereto) may, however, be filed in any action against or by the Defendants or Releasees (as defined in the Settlement Agreement) to support a defense of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim.

23. In the event the settlement does not become effective in accordance with the terms of the Settlement Agreement, this Final Order and Judgment, including the class certification and other terms herein, shall be rendered null and void and be vacated, and shall not be construed or used as an admission, concession or declaration against Defendants of any fault, wrongdoing, breach or liability, or as a waiver by any party of any defenses it may have, including defenses to class certification.

24. This action, including all individual claims and Class claims asserted therein, is hereby dismissed on the merits and with prejudice as to all Defendants, without fees or costs to any party except as otherwise provided herein.

IT IS SO ORDERED.

DATED: August 30, 2020

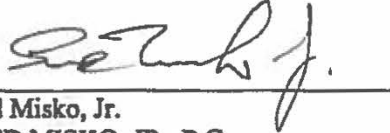
ENTER:



THE HONORABLE MERRILL HARTMAN
JUDGE OF THE DISTRICT COURT,
DALLAS COUNTY, TEXAS
192ND JUDICIAL DISTRICT

Approved as to form:

LEAD COUNSEL:



Fred Misko, Jr.
FRED MISKO, JR., P.C.
19th Floor - Turtle Creek Centre
3811 Turtle Creek Boulevard
Dallas, Texas 75219
(214) 443-8000

COUNSEL FOR DEFENDANTS:



William A. Chittenden III
David J. Novotny
PETERSON & ROSS
200 East Randolph Drive
Suite 7300
Chicago, Illinois 60601-6969
(312) 861-1400

- and -

Doug K. Butler
Timothy Daniels
FIGARI, DAVENPORT & GAINES
4800 Bank of America Plaza
901 Main Street, LB 125
Dallas, Texas 75202-3796
(214) 939-2006

P:\WAC\WPA\EGON\64587\Settlement\Email order 2

EXHIBIT G



Transamerica Life Insurance Company
Administrative Office:
PO Box 9008
Clearwater, FL 33758-9008
1-800-934-1007 • 800-451-7585 Fax

September 30, 2010

William F. Wren



RE: Transamerica Life Insurance Company
Contract No. [REDACTED] 164
Insured: William A. Wren
Joan F. Wren

Dear Mr. Wren:

Congratulations! Your particular Direct Recognition Life policy # [REDACTED] 164 has now reached the end of the 20th year and as part of this milestone your account will have applied to its cash value the amount of \$26,889.07. This figure is arrived at based on 42% of the first ten years of scheduled premiums paid into your contract, as of September 4, 2010.

Please note that future amounts to be so credited will also be based on percentages of the first 10 years of scheduled premium. Any such amounts would be paid at the end of the 30th and 40th years based on a consideration of guaranteed and non-guaranteed portions.

Should you have any questions, please contact our Customer Service line at 1-800-934-1007 Monday through Friday, 9:00 A.M. to 5:00 P.M. Eastern Time. Thank you for giving us the opportunity to be of service.

Sincerely,

V. Ellen Methvin

V. Ellen Methvin
Policy Services

VEM/mmi

an **AEGON** company

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EXHIBIT H

Case 4:17-cv-03129-JSW Document 69-17 Filed 08/12/19 Page 2 of 2



Transamerica Life Insurance Company
Administrative Offices
PO Box 9008
Clearwater, FL 33758-9008
1-800-934-1007 • 800-451-7585 Fax

January 3, 2011

John and Delores GST LLC
[REDACTED]

RE: Transamerica Life Insurance Company
Contract No. [REDACTED] 524
Insured: Delores A. Headley

To Whom It May Concern:

Congratulations! Your particular Direct Recognition Life policy # [REDACTED] 524 has now reached the end of the 20th year and as part of this milestone your account will have applied to its cash value the amount of \$61,600.00. This figure is arrived at based on 40% of the first ten years of scheduled premiums paid into your contract, as of November 1, 2010.

Please note that future amounts to be so credited will also be based on percentages of the first 10 years of scheduled premium. Any such amounts would be paid at the end of the 30th and 40th years based on a consideration of guaranteed and non-guaranteed portions.

Should you have any questions, please contact our Customer Service line at 1-800-934-1007 Monday through Friday, 9:00 A.M. to 5:00 P.M. Eastern Time. Thank you for giving us the opportunity to be of service.

Sincerely,

V. Ellen Methvin

V. Ellen Methvin
Policy Services

VEM/mml

an AEGON company

EXHIBIT I



March 25, 2016

WILLIAM F WREN
[REDACTED]

RE: Policy Certificate No. [REDACTED] 164
Insured: WILLIAM A WREN
JOAN F. WREN

Dear Mr. Wren:

We are writing to you about the Direct Recognition Life Policy referenced above. Consistent with the terms of the settlement of a class action lawsuit* in 2001 that included your policy, we will not credit any cash value bonuses for this policy for the 30th and 40th anniversary years.

Please review the enclosed illustration paying careful attention to the number of years your policy is projected to continue under current interest rate assumptions. Please note that additional premiums may be required in order for the policy to reach maturity.

We recognize the importance of providing insurance protection for your family, and we'd like to work with you to keep this coverage in place. If you wish to learn about your available options, please call us toll free at 1-844-987-0897 (weekdays from 8 am – 6 pm, Central Time). We have a team of specialists who can explain the options and provide additional illustrations based on various scenarios.

1-800-934-1007

Transamerica Life Insurance Company

**Richard Oakes, et al. vs. Bankers United Life Assurance Company et al.*, District Court of Dallas County, Texas, 192nd Judicial District, case no. 96-06849. Please see enclosed Final Order and Judgment.

Enclosures: [current illustration and Final Order & Judgment]

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EXHIBIT J



March 31, 2016

JOHN AND DELORES GST LLC
[REDACTED]

RE: Policy Certificate No. [REDACTED] 524
Insured: DELORES A. HEADLEY

Dear Contractowner:

We are writing to you about the Direct Recognition Life Policy referenced above. Consistent with the terms of the settlement of a class action lawsuit* in 2001 that included your policy, we will not credit any cash value bonuses for this policy for the 30th and 40th anniversary years.

Please review the enclosed illustration paying careful attention to the number of years your policy is projected to continue under current interest rate assumptions. Please note that additional premiums may be required in order for the policy to reach maturity.

We recognize the importance of providing insurance protection for your family, and we'd like to work with you to keep this coverage in place. If you wish to learn about your available options, please call us toll free at 1-844-987-0897 (weekdays from 8 am – 6 pm, Central Time). We have a team of specialists who can explain the options and provide additional illustrations based on various scenarios.

Transamerica Life Insurance Company

**Richard Oakes, et al. vs. Bankers United Life Assurance Company et al., District Court of Dallas County, Texas, 192nd Judicial District, case no. 96-06849. Please see enclosed Final Order and Judgment.*

Enclosures: [current illustration and Final Order & Judgment]

EXHIBIT K

CAUSE NO. 96-06849

RICHARD OAKES, MARTIN	§	IN THE DISTRICT COURT
SHUGAR, HOWARD BERLIN, AND	§	
JOHN ALDEN d/b/a EQ DISTRIBUTORS,	§	
	§	
Plaintiffs,	§	
	§	
V.	§	DALLAS COUNTY, TEXAS
	§	
BANKERS UNITED LIFE ASSURANCE	§	
COMPANY, ADVANCED PRODUCTS	§	
DIVISION, AND AEGON USA, INC.,	§	
	§	
Defendants.	§	192ND JUDICIAL DISTRICT

**PLAINTIFFS' SEVENTH AMENDED ORIGINAL PETITION
AND JURY DEMAND**

TO THE COURT:

Richard Oakes, Martin Shugar, Howard Berlin, and John Alden d/b/a EQ Distributors ("EQ Distributors") complain of Bankers United Life Assurance Company, Advanced Products Division, and Aegon USA, Inc., and for causes of action show the Court that:

PARTIES

1. Dr. Richard Oakes is a resident of Dallas, Texas.
2. Dr. Martin Shugar and Dr. Howard Berlin are residents of Hollywood, Florida.
3. EQ Distributors is a sole proprietorship owned by John Alden.
4. Defendant Bankers United Life Assurance Company is an Iowa corporation authorized by the Texas Department of Insurance to sell life insurance in the state. This Defendant, including its division, the Advanced Products Division, has appeared in this case for all purposes.

5. Defendant Aegon USA, Inc. is an Iowa corporation not registered with the Secretary of State. This defendant has appeared in this case for all purposes.

JURISDICTION AND VENUE

6. This court has jurisdiction over the controversy because the damages are within its jurisdictional limits. Venue is proper because the cause of action as to Dr. Richard Oakes occurred in Dallas County.

FACTS

7. Plaintiffs' claims arise out of Defendants' marketing, sale and administration of their Direct Recognition Life series of policies, which Defendants sold from December 30, 1988 to December 31, 1997.

A. Dr. Richard Oakes

8. Dr. Richard Oakes purchased a Bankers United Direct Recognition Life policy, certificate No. B108079, as a so-called "Private Pension Plan" in August 1992.

9. In mid-1992, Bankers United agent Arthur Mills presented to Dr. Oakes a Bankers United Private Pension Plan proposal and illustration. The illustration required Dr. Oakes and his professional corporation to contribute several thousand dollars a year in order to fund a retirement plan. Mills represented that a substantial portion of each payment after the first year would be deductible interest for federal income tax purposes and that there would be no administrative charges for the plan. In exchange, Dr. Oakes was told he would receive annual tax-free retirement income of \$47,385.00 beginning in year 17, continuing through year 49 of the plan. Mills never disclosed to Dr. Oakes that what he was selling was actually an interest-sensitive life insurance policy.

10. Based on these representations, Dr. Oakes purchased the Bankers United Private Pension Plan. Dr. Oakes and his P.C. paid \$39,582.60 into the Private Pension Plan. When Dr. Oakes received an annual statement in September 1993, however, he discovered that approximately 75% of his payments had gone into administrative charges, contrary to the representations in the Bankers United sales materials. In fact, approximately \$27,500 of the administrative charges had been paid to Mills and others as a sales commission.

11. Oakes also discovered that the Private Pension Plan had been illustrated at a 9% earnings rate when the current interest rate actually being credited by Bankers United was approximately 6.89%. Upon Dr. Oakes' demand to have an illustration based on realistic interest rates, Mills produced one at 6% which indicated that Dr. Oakes could expect to receive \$47,385.00 for five years and thereafter receive \$24,000.00 for the subsequent 28 years as retirement benefits. Mills also provided an illustration at 4% which indicated \$9,000.00 annual retirement income after the initial five years of \$47,385.00 payments. Based on this information, and the realization that he had been defrauded by the Defendants, Dr. Oakes terminated his policy.

B. Dr. Martin Shugar

12. In February 1989, Dr. Martin Shugar purchased two Bankers United Direct Recognition Life insurance policies, certificate Nos. 90807 and 91195, as so-called "Private Pension Plans." Dr. Shugar based his entire retirement plan on his Private Pension Plans and Defendants' representations as to the performance of the product. Dr. Shugar has fully paid the scheduled premiums of \$36,000 per year (\$18,000 per policy) as outlined in the illustrations for these plans. To induce Dr. Shugar to purchase the products, Defendants misrepresented that he would receive \$93,688 in annual benefits upon his retirement. In addition, Defendants

misrepresented the federal tax consequences of the Private Pension Plan. In fact, Shugar will receive a substantially reduced sum because the policy has failed to perform as promised.

C. Dr. Howard Berlin

13. In late 1988, Dr. Howard Berlin purchased a Bankers United Direct Recognition Life insurance policy, certificate No. 90715, as a so-called "Private Pension Plan."

14. Dr. Berlin purchased his Private Pension Plan certificate through Pacific Fidelity Life Insurance Company and Aegon; the certificate was assumed by Bankers United in January 1992. At the time of the assumption, Bankers United notified Berlin that his certificate was 100% guaranteed and that both Pacific Fidelity and Bankers United were wholly-owned subsidiaries of Aegon USA. Dr. Berlin purchased his Private Pension Plan based on Defendants' representations as to the performance of the product, in particular the federal tax benefits of the product and the amount of retirement benefits available to him upon his retirement. The plan has failed to perform as represented; consequently, Dr. Berlin will receive a substantially reduced sum.

D. EQ Distributors

15. In October 1995, EQ Distributors purchased a Bankers United Direct Recognition Life insurance policy, certificate No. B351990.

16. EQ Distributors purchased the policy based on the representations of Bankers United and Aegon that it would only have to make five premium payments to fully fund the plan. Defendants never disclosed that the premiums for the plan would be subtracted from his policy's cash value once his contributions "vanished." Further, Defendants failed to disclose the considerable hidden fees and administrative costs of the plan. EQ Distributors was damaged when its policy failed to perform as illustrated.

17. Had the plaintiffs known the truth about these products, they would have never purchased them.

CLASS ACTION AGAINST BANKERS UNITED, AEGON AND THE ADVANCED PRODUCTS DIVISION

18. Plaintiffs bring this suit as a class action under Tex. R. Civ. P. 42. The Plaintiff Class consists of:

All persons or entities who have, or had at the time of termination, an ownership interest in one or more Direct Recognition life insurance policies or certificates sold through the Advanced Products Division of Bankers United Life Assurance Company and issued during the period December 30, 1988 through December 31, 1997 other than policies or certificates issued to fund deferred fringe benefit welfare compensation plans.

THE PREREQUISITES ARE MET BY THE PROPOSED CLASS

The proposed Plaintiff Class meets the prerequisites of a class:

19. **Numerosity:** The Plaintiff class is so numerous that joinder of all members is impracticable. Defendants sold approximately 16,900 Direct Recognition Life policies during the Class Period.

20. **Commonality:** There are questions of law and facts common to the Class. The questions of fact and law affecting the Plaintiff Class as a whole include *whether*:

- a. Defendants committed fraud by misrepresenting material facts about their Direct Recognition Life series of life insurance policies.
- b. Defendants provided standardized, coordinated and uniformly deceptive marketing materials and software to prepare illustrations to induce Plaintiffs and Class Members to purchase the product.
- c. Defendants misrepresented to the Plaintiffs and Class Members through the uniform sales presentations and policy illustrations approved, generated and

- disseminated by them that the product's annual retirement payments, cash value, accumulated value, surrender value and death benefits would not decrease from the amounts represented.
- d. Defendants misrepresented that either a single prepayment of premiums, or a limited number of premiums during the years after the purchase of a policy would suffice to cover all out-of-pocket premiums due on the policies throughout Plaintiffs' and Class Members' lives, or for a specified period without a reduction in the policies' originally illustrated death benefits and/or without a reduction in the policy values or would provide cash values in the future to be available as retirement benefits.
 - e. Defendants either knowingly or recklessly misrepresented the reasonableness of (or failed to disclose the potential variability of) interest crediting rates and dividends illustrated to the Plaintiffs and Class Members.
 - f. Defendants misrepresented, in part through the use of misleading illustrations and marketing materials, (a) the premium terms, charges, commissions, expenses, annual retirement income, administrative costs, federal income tax consequences and financial performance of their insurance policies; (b) their life insurance policies as savings, retirement and/ or investment plans, without disclosing, or de-emphasizing, that the product sold was in fact life insurance; (c) the cash value and/or benefits to be realized or paid based on a fixed number or amount of cash payments; (d) the nature, design, actuarial and pricing assumptions, quality, suitability, operation and administration of the products sold; and (e) their interest crediting and policy charge practices and procedures.

- g. Defendants misrepresented the financial impact on the policyowner of surrendering, or using loans, partial surrenders or withdrawals of cash values and/or dividends from, an existing policy or policies to purchase a new policy or policies issued by Defendants.
- h. Bankers United, Aegon and the Advanced Products Division's representations, promises and superior control over the Direct Recognition Life's performance established a *special* relationship such that a fiduciary duty existed between them and the Plaintiffs and Class Members.
- i. The actions of Bankers United, Aegon and the Advanced Products Division constitute conspiracy, fraud, breach of contract and unjust enrichment.

21. Typicality: The claims of the Plaintiffs are typical of the claims of the class. Each of the Plaintiffs has a claim against Bankers United, Aegon and the Advanced Products Division. These claims have the same essential characteristics as the claims of the Class as a whole and are based upon the identical legal theory. The claims are based, in part, upon injuries resulting from the misrepresentations, assertions and promises made by Bankers United, Aegon and the Advanced Products Division and their agents acting in the course and scope of their employment for these Defendants. The members of the Plaintiff Class have suffered the same injury and possess the same interests as the Plaintiffs.

22. Adequacy: The Plaintiffs, as representative parties, will fairly and adequately protect the interests of the Class. The attorneys representing the class representatives are qualified, experienced and able Class Action counsel.

THE PLAINTIFF CLASS IS MAINTAINABLE

23. The proposed Plaintiff Class is maintainable as required by Tex. R. Civ. P. 42(b) for the following reasons:

24. **Generally Applicable Conduct:** Bankers United, Aegon and the Advanced Products Division have acted on grounds generally applicable to the class, thereby making appropriate final relief with respect to the Class as a whole. Tex. R. Civ. P. 42(b).

25. **Predominance and Superiority:** This suit is maintainable as a class action because common questions of law and fact predominate over any questions affecting only individual members, making a class action superior to all other methods available for the fair and efficient adjudication of this controversy. Tex. R. Civ. P. 42(b)(4).

FRAUD OF BANKERS UNITED, AEGON AND THE ADVANCED PRODUCTS DIVISION

26. Defendants have defrauded Plaintiffs and Class Members by their misrepresentations about the Direct Recognition Life series of life insurance policies. The misrepresentations were made with knowledge of their falsity or were made recklessly without any knowledge of the truth and as positive assertions. The misrepresentations and promises were made with the intent that the Plaintiffs and Class Members rely upon them and induce them to act. Plaintiffs and Class Members in fact relied on Defendants' representations, assurances and illustrations. As a result, Plaintiffs and Class Members were harmed when they agreed to purchase the Direct Recognition Life policy in reliance on the Defendants' systematic misrepresentations and omissions.

27. Defendants trained their agents to falsely and fraudulently sell the Direct Recognition Life insurance policy without any disclosure as to the true nature and inherent risks of the product.

28. Defendants provided standardized, coordinated and uniformly deceptive marketing materials and software to prepare illustrations to induce Plaintiffs and Class Members to purchase the product by doing one or more of the following:

- a. Failing to describe the hypothetical basis of the interest rate or crediting rate in the illustration.
- b. Using an interest rate, dividend scale, or crediting rate in the illustration that exceeded the company's actual current earnings on the investment segment backing the type of product sold.
- c. Using a fictitious interest rate, dividend scale, or crediting rate in the illustration that exceeded the current crediting rate.
- d. Failing to disclose the great risk that the Plaintiffs and Class Members would not realize promised federal income tax deductions and/or would have additional income subject to federal income tax as a result of payments required under the Direct Recognition Life insurance policy when sold as a "Private Pension Plan."
- e. Failing to disclose the grave federal income tax risk to the Plaintiffs and Class Members that would be entailed by taking "retirement payments" under the Private Pension Plan in the form of insurance policy loans.
- f. Using an expense charge in the crediting rate that did not reflect actual recent company experience.
- g. Using mortality rates lower than the actual recent company experiences.
- h. Assuming unjustified mortality improvements in the future.

- i. Assuming a persistency bonus rate based on erroneous assumptions lacking any reasonable basis in fact.
- j. Using unrealistic, unattainable cash value increase assumptions in the twentieth, thirtieth, and fortieth years.
- k. Training its agents in the use of false and fraudulently stated illustrations and marketing materials when they knew that the marketing materials contained misrepresentations that would be relied upon by the Plaintiffs and Class Members as factual.

29. Defendants misrepresented to the Plaintiffs and Class Members through the uniform sales presentations and policy illustrations approved, generated and disseminated by them that the product's annual retirement payments, cash value, accumulated value, surrender value and death benefits would not decrease from the amounts represented.

30. Defendants misrepresented that either a single prepayment of premiums, or a limited number of premiums during the years after the purchase of a policy would suffice to cover all out-of-pocket premiums due on the policies throughout Plaintiffs' and Class Members' lives, or for a specified period without a reduction in the policies' originally illustrated death benefits and/or without a reduction in the policy values or would provide cash values in the future to be available as retirement benefits.

31. Defendants either knowingly or recklessly misrepresented the reasonableness of (or failed to disclose the potential variability of) interest crediting rates and dividends illustrated to the Plaintiffs and Class Members.

32. Defendants misrepresented, in part through the use of misleading illustrations and marketing materials, (a) the premium terms, charges, commissions, expenses, annual retirement

income, administrative costs, federal income tax consequences and financial performance of their insurance policies; (b) their life insurance policies as savings, retirement and/ or investment plans, without disclosing, or de-emphasizing, that the product sold was in fact life insurance; (c) the cash value and/or benefits to be realized or paid based on a fixed number or amount of cash payments; (d) the nature, design, actuarial and pricing assumptions, quality, suitability, operation and administration of the products sold; and (e) their interest crediting and policy charge practices and procedures.

33. Defendants misrepresented the financial impact on the policyowner of surrendering, or using loans, partial surrenders or withdrawals of cash values and/or dividends from, an existing policy or policies to purchase a new policy or policies issued by Defendants.

34. Defendants representations and omissions were both material and false and constituted a common scheme of deception and trickery.

35. Defendants knew their representations were false when made and were made with the intent that the Plaintiffs and Class Members rely on them and induce them to purchase the product.

36. At the time these representations were made, Plaintiffs and Class Members did not know the truth, but believed Defendants' representations to be true, and reasonably relied on them and were thereby induced to purchase the Direct Recognition Life policy.

37. As a result, Plaintiffs and Class Members have been monetarily damaged by not receiving the product that they believed they were purchasing.

**BREACH OF CONTRACT BY BANKERS UNITED, AEGON
AND THE ADVANCED PRODUCTS DIVISION**

38. Plaintiffs and Class Members repeat and reallege the allegations contained in the paragraphs above as if fully set forth herein.

39. Defendants breached the terms of their Direct Recognition life insurance contract and the illustration used to sell it. When these Defendants elected not to abide by the terms of the Direct Recognition Life policy, they breached their established contract with the Plaintiffs and Class Members.

40. The Defendants' acts were knowingly, systematically and intentionally committed and were a producing and proximate cause of Plaintiffs' and Class Members' damages.

ALTER EGO OF BANKERS UNITED, AEGON AND THE ADVANCED PRODUCTS DIVISION

41. Defendants Bankers United Life Assurance Company, the Advanced Products Division, and Aegon USA, Inc., have acted in a joint venture or, as the agent of each other, to accomplish a shared, unlawful purpose. Alternatively, these Defendants are mere tools or business conduits of each other and should be recognized as each other's alter ego. To recognize separate corporate identities would result in inequity and injustice to the Plaintiffs who have been damaged by the fraud of these Defendants' concerted actions. Further, the requisite formalities associated with individual corporations have been ignored by these Defendants in such a fashion as to require the Court to ignore any corporate fiction among them and pierce each of these Defendants' corporate veils.

**DEFENDANTS' WRONGFUL SCHEME, CONSPIRACY
AND COMMON COURSE OF CONDUCT**

42. Each of the Defendants petitioned, conspired, acted in concert and/or aided and abetted another in the activity described in this petition. These Defendants combined among

themselves to accomplish a shared, pervasive, systematic, unlawful purpose with mutual aid and a tacit understanding in carrying it out and committing the alleged acts. The Defendants have each, directly or indirectly, committed overt acts in support of the conspiracy. The Defendants are each responsible for all acts done by any of the other conspirators in furtherance of the unlawful combinations. The Defendants' wrongful plan, scheme and common course of conduct was designed to and did induce the named Plaintiffs and others similarly situated to purchase the Direct Recognition Life insurance policy, and as a proximate result the Plaintiffs were damaged.

**UNJUST ENRICHMENT AND
IMPOSITION OF A CONSTRUCTIVE TRUST**

43. Plaintiffs and Class Members repeat and reallege the allegations contained in the paragraphs above as if fully set forth herein.

44. As a result of the *special* fiduciary relationship existing among the parties and the facts stated above, a constructive trust should be established over the monies paid by the Plaintiffs and Class Members, including deposits and other fees charged by Bankers United, Aegon and the Advanced Products Division. Such monies are traceable to these Defendants, which are the current possessors of the funds.

45. Bankers United, Aegon and the Advanced Products Division have wrongfully solicited and obtained these monies from the Plaintiffs and Class Members through the use of fraudulent representations, assurances, promises and omissions of necessary facts detailed herein. The Plaintiffs and Class Members were or will be forced to choose between making additional payments or losing most or all of the money they have paid. If the policies collapse, the Plaintiffs and Class Members will be deprived of funds for themselves, their families and estates.

46. As a result, these Defendants will be unjustly enriched if allowed to retain the fraudulently obtained funds. Therefore, a constructive trust should be imposed on all monies wrongfully obtained by Bankers United, Aegon and the Advanced Products Division.

47. By reason of the wrongful acts of Bankers United, Aegon and the Advanced Products Division, the Plaintiffs and Class Members have been irreparably harmed and are entitled to imposition of a constructive trust.

48. As a result of the Defendants' unjust enrichment, the Plaintiffs and Class Members have no adequate remedy at law and seek this equitable remedy.

**MALICIOUS CONDUCT OF BANKERS UNITED,
AEGON AND THE ADVANCED PRODUCTS DIVISION**

49. Plaintiffs repeat and reallege the allegations contained in the paragraphs above as if fully set forth herein.

50. The intentional misrepresentations and promises of the Defendants constituted a conscious disregard of a known extreme degree of risk that the product would not perform as represented and that there would be serious adverse federal income tax consequences to the Plaintiffs and Class Members. These Defendants had knowledge at the time the product was sold that there was an extreme degree of risk to the Plaintiffs and Class Members. They intentionally withheld this knowledge from the Plaintiffs and Class Members causing them to rely on the misrepresentations. The Defendants' intentional misrepresentations amount to malicious conduct for which they are liable as provided under Chapter 41, Tex. Civ. Prac. & Rem. Code Ann. (Vernon 1997).

VICARIOUS LIABILITY

51. Bankers United, Aegon, and the Advanced Products Division are liable for the standardized, coordinated and uniformly deceptive representations, assurances, promises, and omissions of their agents and representatives regarding the premium obligations, illustrations, retirement income payments to be received and federal income tax consequences with respect to the product sold to the Plaintiffs and Class Members. At all times, the agents who dealt with the Plaintiffs and Class Members regarding the sale of the product were agents of the Defendants for the purpose of selling the product. Therefore, Bankers United, Aegon, and the Advanced Products Division are vicariously liable for any acts or omissions on the part of their agents and representatives, except as to negligence and negligent misrepresentation.

RELIEF REQUESTED

52. Plaintiffs request the court to certify this case as a proper Class Action under Rule 42 of the Texas Rules of Civil Procedure and certify Named Plaintiffs as proper representatives of the Class.

53. Plaintiffs request the Court to ignore any corporate fiction that exists among Bankers United, Aegon and the Advanced Products Division and to pierce each of these Defendants' corporate veils.

DAMAGES

54. As a producing and proximate result of the Defendants' conspiracy, fraud, breach of contract and malicious conduct, Plaintiffs and Class Members have suffered actual and consequential damages for which they seek to recover from the Defendants.

ATTORNEYS' FEES

55. Plaintiffs and Class Members seek recovery of attorneys' fees as applicable.

EXEMPLARY DAMAGES

56. Plaintiffs and Class Members are entitled to an award of exemplary damages for Defendants' fraudulent conduct, malicious conduct and/or conscious disregard of the extreme known risk that the interest sensitive insurance product would not perform as represented causing Plaintiffs' and Class Members' harm.

EQUITABLE AND INJUNCTIVE RELIEF

57. Plaintiffs and Class Members ask the Court to grant extraordinary and/or injunctive relief as permitted by law or equity.

PREJUDGMENT AND POST-JUDGMENT INTEREST

58. Plaintiffs and Class Members seek compensation for prejudgment and post-judgment interest as provided by law.

DISCOVERY RULE AND FRAUDULENT CONCEALMENT

59. Plaintiffs and Class Members plead the discovery rule as the legal principle applied under the laws of Texas in response to any claim that any Defendant asserts that the Plaintiffs' and Class Members' causes of action are barred by any statute of limitations. Plaintiffs and Class Members plead that all actions are timely pled since they were recently discovered. Plaintiffs and Class Members further plead that Defendants fraudulently concealed their wrongful acts and omissions and the true nature of the Direct Recognition Life product from the Plaintiffs and Class Members.

JURY DEMAND

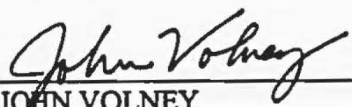
60. Plaintiffs request that a jury decide the factual issues of this case.

PRAYER

61. Plaintiffs, individually and as representatives of the Class, respectfully request that each Defendant be cited to appear and answer this petition and on final jury trial, that Plaintiffs and Class Members recover judgment of and from each Defendant in an amount sufficient to compensate Plaintiffs and Class Members for damages, as well as for other and further relief, both general and specific, at law or in equity, to which Plaintiffs and Class Members may be justly entitled.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was delivered to the following counsel of record on this the 28th day of June, 2000:

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