

## **DISTRIBUTION PLAN**

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

1. Each Settlement Class Member shall receive a check in an amount equal to:
  - a. A minimum settlement relief payment; PLUS
  - b. His/her proportionate share of the remaining Net Settlement Fund after deducting all minimum settlement relief payments (the “Remaining Net Settlement Fund”).
2. The amount of settlement relief payable to each Settlement Class Member on each Policy shall be determined as follows:
  - a. Minimum settlement relief payment of \$10.00; PLUS,
  - b. A proportionate share of the Remaining Net Settlement Fund (after application of the minimum \$10.00 settlement relief per Policy) determined from the Monthly Deductions for COI and Expense charges paid on each Policy as identified in Defendant’s “Policyholder-Master Record.”
    - i. In calculating the proportionate share of the Remaining Settlement Fund, the total Monthly Deductions for COI and Expense charges assessed on each Policy (as identified from Defendant’s Policyholder-Master Record) shall be adjusted by a Policy Status Factor as follows:
      1. 1.00 for Terminated Policies; and
      2. 1.05 for In-Force Policies, to account for ongoing Monthly Deductions, including COI charges calculated using Defendant’s tables of current COI rates;
    - ii. The percentage of the aggregate accumulated Monthly Deductions for COI and Expense charges for all Policies attributable to each Settlement Class Member will be calculated by dividing each Settlement Class Member’s total accumulated Monthly Deductions for COI and Expense charges (after application of the factors set out in 2.b.i above) by the total accumulated Monthly Deductions for COI and Expense charges for all Policies.