UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Julie Grundstrom, et al., v. Wilcac Life Insurance Company, et al.,
Case No. 3:20-cv-03445-MMC

PROCESSES AND GUIDELINES FOR REINSTATEMENT RELIEF

These Processes and Guidelines for Reinstatement Relief ("Reinstatement Guidelines") describe the process by which Policy Owners of Class Policies that lapsed for a final time during the Class Period and for which there is at least one living Insured (the "Alive Population"), and who are found by the Settlement Administrator to be Authorized Requestors, may obtain a Reinstated Class Policy ("Injunctive Relief").

These Reinstatement Guidelines are in accordance with the Settlement and Release Agreement ("Agreement")[1] and have been approved by the Court. These Reinstatement Guidelines can be modified only by written agreement of the Parties, subject to approval by the Court (or Special Master, if appointed).

NO CLASS POLICY WILL BE REINSTATED UNLESS AND UNTIL THE POLICY OWNER[S] PAY[S] THE SUM OF: **(1) NINETY PERCENT (90%) OF THE AMOUNT THAT WOULD HAVE BEEN OWED HAD THE CLASS POLICY NOT LAPSED, PLUS (2) ONE HUNDRED PERCENT (100%) OF THE AMOUNT REQUIRED TO KEEP THE CLASS POLICY IN-FORCE FOR THREE (3) MONTHS AFTER THE REINSTATEMENT DATE**. The foregoing amount is referred to in these Reinstatement Guidelines as the "Discounted Reinstatement Amount".

These Reinstatement Guidelines include directions for obtaining the Discounted Reinstatement Amount for your Class Policy[ies], as well as information related to payment of the Discounted Reinstatement Amount. **Do not contact the Court, Defendants, or Defendants' Counsel for the Discounted Reinstatement Amount.**

The Discounted Reinstatement Amount may be significant and will depend on various factors, including, among others, the terms of the Class Policy at issue, the Final Lapse Date, the age of the Insured, the Maturity Date, and the Face Amount.

As used in the Agreement and these Reinstatement Guidelines, the "Final Lapse Date" means the effective date, according to Defendants' records, on which a Class Policy terminated during the Class Period for nonpayment of the amount due without having been reinstated or restored to active status. A Class Policy's effective date of termination, according to Defendants' records, is the date the minimum amount necessary to continue coverage under a Class Policy was due, but unpaid, and as a result, the Class Policy entered its grace period. For example, if the minimum amount necessary to continue coverage under a Class Policy was due (but unpaid) on January 1, 2014, and the Class Policy lapsed because Defendants did not receive the minimum

[1] The Agreement, which includes definitions of various capitalized terms used in these Reinstatement Guidelines, is available on the Settlement Website. Unless otherwise defined herein, capitalized terms have the same meaning as defined in the Agreement. In the event of any inconsistency between these Reinstatement Guidelines and the Agreement, the terms of the Agreement control.

amount necessary to continue coverage by the end of the grace period applicable to the unpaid amount/due date, the effective date of termination (*i.e*. Final Lapse Date) for that Class Policy would be January 1, 2014, according to Defendants' records.

Below are two examples demonstrating how the Discounted Reinstatement Amount will be calculated under different hypothetical scenarios and assumptions:

Example #1

Hypothetical Assumptions:

- The Class Policy was issued on January 1, 2000. The policy anniversary date of the Class Policy was January 1.
- The Final Lapse Date of the Class Policy was January 1, 2014.
- As of the Final Lapse Date, the Class Policy was on a monthly premium payment mode. The monthly amount necessary to keep the Class Policy in-force for the preceding policy year (*i.e.* for the policy year 2013) was one hundred dollars ($100) each month, or a total of one thousand two hundred dollars ($1,200) over the course of the preceding policy year.
- Under the terms of the Class Policy, the monthly amount necessary to keep the Class Policy in-force was scheduled to remain level for the duration of the policy (*i.e.* the monthly amount would remain $100 each subsequent policy year, assuming the policy remains on a monthly premium payment mode for the duration of the policy).
- Pursuant to the terms of the Settlement, the Class Policy is scheduled to be reinstated effective January 1, 2027, and will be on a monthly premium payment mode upon reinstatement.

To calculate ninety percent (90%) of the amount that would have been owed had the Class Policy not lapsed as of the Final Lapse Date, add the total premium amounts that would have been required to keep the Class Policy in-force each policy year from 2014 through 2026, then multiply the total sum by .90 (90%):

Policy Year	Monthly Premium	Total Premium (entire Policy Year)
2014	$100	$1,200
2015	$100	$1,200
2016	$100	$1,200
2017	$100	$1,200
2018	$100	$1,200
2019	$100	$1,200
2020	$100	$1,200
2021	$100	$1,200
2022	$100	$1,200

2023	$100	$1,200
2024	$100	$1,200
2025	$100	$1,200
2026	$100	$1,200
	Total	**$15,600**

The total amount that would have been required to keep the Class Policy in-force from January 1, 2014, through December 31, 2026 is $15,600. Ninety percent (90%) of the total amount that would have been required to keep the Class Policy in-force during that period is **$14,040** ($15,600 x .90 = $14,040).

Because premiums were scheduled to remain level for the life of the policy, the amount that will be required to keep the Class Policy in-force for three months after the Reinstatement Date is $300 (*i.e.* $100/month x 3 months). Thus, one hundred percent (100%) of the amount that will be required to keep the Class Policy in-force for three months after the Reinstatement Date is **$300**.

In the above hypothetical, the Discounted Reinstatement Amount would be **$14,340** ($14,040 + $300 = $14,340).

Example #2

Hypothetical Assumptions:

- The Class Policy was issued on January 1, 2000. The policy anniversary date of the Class Policy was January 1.
- The Final Lapse Date of the Class Policy was January 1, 2014.
- As of the Final Lapse Date, the Class Policy was on a monthly premium payment mode. The monthly amount necessary to keep the Class Policy in-force for the preceding policy year (*i.e.* for the policy year 2013) was one $100 each month, or a total of $1,200 over the course of the preceding policy year.
- Under the terms of the Class Policy, the minimum amount necessary to keep the Class Policy in-force was scheduled to: (i) increase, effective January 1, 2016, to $200 each month for policy year 2016; and (ii) continue to increase by a commensurate amount (*i.e.* by $100) effective on the policy anniversary date (*i.e.* January 1st) each policy year thereafter.
- Pursuant to the terms of the Settlement, the Class Policy is scheduled to be reinstated effective January 1, 2027, and will be on a monthly premium payment mode upon reinstatement.

To calculate ninety percent (90%) of the amount that would have been owed had the Class Policy not lapsed as of the Final Lapse Date, add the total premium amounts that would have been

required to keep the Class Policy in-force each policy year from 2014 through 2025, then multiply the total sum by ninety percent (.90):

Policy Year	Monthly Premium	Total Premium (entire Policy Year)
2014	$100	$1,200
2015	$100	$1,200
2016	$200	$2,400
2017	$300	$3,600
2018	$400	$4,800
2019	$500	$6,000
2020	$600	$7,200
2021	$700	$8,400
2022	$800	$9,600
2023	$900	$10,800
2024	$1,000	$12,000
2025	$1,100	$13,200
2026	$1,200	$14,400
	Total	**$94,800**

The total amount that would have been required to keep the Class Policy in-force from January 1, 2014, through December 31, 2026, is $94,800. Ninety percent (90%) of the total amount that would have been required to keep the Class Policy in-force during that period is **$85,320** ($94,800 x .90 = $85,320)**.**

Because the monthly amount necessary to keep the Class Policy in-force was scheduled to increase (from $100 to $200) effective January 1, 2016, and continue to increase by a commensurate amount effective on the policy anniversary each policy year thereafter, the amount that will be required to keep the Class Policy in-force for three months after the Reinstatement Date is $3,900 ($1,300/month x 3 months = $3,900). Thus, one hundred percent (100%) of the amount that will be required to keep the Class Policy in-force for three months after the Reinstatement Date is **$3,900**.

In the above hypothetical, the Discounted Reinstatement Amount for the Class Policy would be **$89,220** ($85,320 + $3,900 = $89,220).

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How to Submit a Request For Injunctive Relief

Policy Owners in the Alive Population must submit a Reinstatement Request Form (attached to the Agreement as Exhibit E) to the Settlement Administrator to request Injunctive Relief.

Injunctive Relief consists of the opportunity to reinstate a Class Policy, without underwriting, and without triggering the contestability period, contingent on the Policy Owner first

paying the Discounted Reinstatement Amount. To have a Class Policy considered for Injunctive Relief, a Requestor must timely complete and submit a Reinstatement Request Form to the Settlement Administrator.

There are three (3) ways to obtain a Reinstatement Request Form and submit a Reinstatement Request Form to the Settlement Administrator:

1. Complete an online Reinstatement Request Form available on the Settlement Website at www.LifeInsuranceTerminationSettlement.com no later than 11:59 p.m. PST, January 6, 2027;

2. Download and print a copy of the Reinstatement Request Form from the Settlement Website, and then mail the completed Reinstatement Form via U.S. Mail postmarked no later than January 6, 2027 to the address indicated on the Reinstatement Request Form; or

3. Request a copy of the Reinstatement Request Form from the Settlement Administrator, and then mail the completed Reinstatement Request Form via U.S. Mail postmarked no later than January 6, 2027 to the address indicated on the Reinstatement Request Form.

A Reinstatement Request Form postmarked or submitted to the Settlement Administrator after January 6, 2027 will not be accepted, and Requestors submitting such late forms will not be eligible for Injunctive Relief.

The Reinstatement Request Form

The Reinstatement Request Form requires that each Requestor provide certain identifying information to facilitate the Settlement Administrator's verification of Reinstatement Request eligibility, including a determination as to whether the Requestor is an Authorized Requestor under the terms of the Agreement.

Information provided on the Reinstatement Request Form will be checked by the Settlement Administrator against the Class List, Defendants' records provided pursuant to the Settlement, and other sources of information, such as public records.

Owners of insurance policies that were affirmatively terminated or canceled in writing by the policy owner are **not** included within the Class, and thus are not eligible for Injunctive Relief. The process for determining whether a policy owner affirmatively terminated or canceled a policy in writing, shall be as follows:

1. The Settlement Administrator will provide Defendants, in regular intervals prior to the deadline for submitting Reinstatement Request Forms, the policy numbers and Requestor names associated with all timely and complete Reinstatement Request Forms received by the Settlement Administrator.

2. Defendants will review their records to determine whether any such policy was affirmatively terminated or canceled in writing by the policy owner.

3. If Defendants determine a policy was affirmatively terminated or canceled in writing by the policy owner (and is thus outside the scope of the Class), Defendants will notify Class Counsel of their determination and provide Class Counsel with the writing or other document upon which Defendants rely.

4. If Class Counsel disagrees with Defendants' determination, the Parties will submit the dispute to the Court (or the Special Master, if appointed by the Court) for adjudication. The Court's determination (or the Special Master's determination, if appointed by the Court) shall be final.

If more than one person or entity has an ownership interest or ownership right in a Class Policy, all persons/entities having such an interest or right in such Class Policy must either act jointly in exercising any right to Injunctive Relief, or assign their rights by written instrument to a single Policy Owner who will be authorized to act with respect to that Class Policy.

A Reinstated Class Policy will be subject to that policy's terms and conditions, except as modified by the terms of the Agreement. All Settlement Class Members are subject to the Agreement and the Orders of the Court.

A Requestor's failure to provide true, accurate, and complete information in the Reinstatement Request Form may result in denial of the Reinstatement Request.

Obtaining Information to Assist in Deciding Whether to Proceed with Reinstatement

Each Requestor will receive written notice from the Settlement Administrator as to whether they have been determined to be an Authorized Requestor. If a Requestor's Reinstatement Request has been approved, the Requestor will receive an estimate of the Discounted Reinstatement Amount. **DO NOT CONTACT THE COURT, DEFENDANTS, OR DEFENDANTS' COUNSEL REGARDING THE REINSTATEMENT REQUEST OR ANY CLASS POLICY.**

Timing of Reinstatement

No Class Policy will be reinstated pursuant to or in connection with the Settlement prior to the Court approving the Settlement in all material respects and the Final Settlement Date, as set forth in the Agreement.

Commencing thirty (30) days after the Final Settlement Date, the Settlement Administrator or Defendants will send each Authorized Requestor written notice explaining how to proceed with obtaining reinstatement of the Class Policy, including providing the Discounted Reinstatement Amount and the date by which Defendants must receive the Discounted Reinstatement Amount to reinstate the Class Policy. There will be no grace period associated with the Authorized Requestor's deadline to tender the Discounted Reinstatement Amount (or any installment payment, if the Installment Payment Option is elected). If Defendants do not receive the Discounted Reinstatement Amount on or before the date stated in the written notice to the Authorized Requestor, no coverage shall issue and the Class Policy will not be reinstated pursuant to the Agreement.

Installment Payment Option. An Authorized Requestor may elect to pay the Discounted Reinstatement Amount in up to six (6) equal monthly installment payments ("Installment Payment Option"). If an Authorized Requestor elects to pay the Discounted Reinstatement Amount via the Installment Payment Option, each installment payment must be received by the Settlement Administrator on or before the installment payment deadlines set forth in the written notice. No Class Policy will be reinstated under the Agreement unless the Discounted Reinstatement Amount is timely paid in full. An Authorized Requestor's failure to timely tender any installment payment shall terminate the Authorized Requestor's right to reinstatement under the Agreement, and the Settlement Administrator shall return any prior installment payments to the Authorized Requestor. A Reinstated Class Policy's effective date of reinstatement shall be the date on which the Discounted Reinstatement Amount is timely paid in full.

Resolution of Disputes Regarding Reinstatement

The Settlement Administrator has authority to make decisions regarding Reinstatement Requests, including whether a Requestor is an Authorized Requestor and whether the Discounted Reinstatement Amount has been timely paid pursuant to the Agreement. A Requestor may contest any determination(s) made by the Settlement Administrator by submitting a written request to the Settlement Administrator, who will notify Counsel for the Parties of the request. Counsel for the Parties will evaluate the Requestor's request and attempt to resolve their dispute regarding the Settlement Administrator's determination(s). If, however, Counsel for the Parties are unable to resolve the dispute, or do not resolve the dispute to the Requestor's satisfaction, the Requestor may seek additional relief by submitting their written request to the Court. The Court may attempt to resolve the Requestor's request, including by potentially appointing a neutral Special Master to evaluate the request and rule upon the dispute.

The Court's (or Special Master's) decisions regarding any such appeal, dispute, or request for reconsideration shall be final. No Requestor shall have any right of recourse to any other court for purposes of challenging any decision(s) made by the Settlement Administrator, the Court, and/or the Special Master (if appointed by the Court).