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**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF OHIO**

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

If you own, purchased, or contributed to the purchase of a Nova or Supernova insurance policy issued by U.S. Financial Life Insurance Co. and experienced a policy rate increase, you may be eligible for benefits from a class action settlement.

*A federal court authorized this Notice. It is not a solicitation from a lawyer.*

- A settlement has been reached with U.S. Financial Life Insurance Company (“USFL”) in a class action lawsuit about the cost of insurance rate increase that USFL implemented in 2015.
- You are included in this settlement as a Settlement Class Member if you (1) purchased, contributed to, participated in the purchase of, or own a Nova or Supernova policy, (2) received coverage from the Nova or Supernova insurance policies issued by USFL, and (3) experienced a cost of insurance rate increase beginning on your policy anniversary after August 31, 2015.
- Your rights are affected whether you act or don’t act. Read this Notice carefully.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>ASK TO BE EXCLUDED DEADLINE: SEPTEMBER 15, 2021</b>	This is the only option that allows you to sue, continue to sue, or be part of another lawsuit against USFL related to the legal claims this settlement resolves. However, you will give up the right to get a payment from this settlement.
<b>OBJECT TO THE SETTLEMENT DEADLINE: SEPTEMBER 15, 2021</b>	If you do not exclude yourself from the settlement, you may object to it by writing to the Court about why you don’t like the settlement. If you object, you will still be eligible for the settlement benefits.
<b>GO TO A HEARING ON OCTOBER 25, 2021</b>	You are not required to hire your own lawyer and/or speak at the Fairness Hearing. If you timely and properly object to the settlement, you may ask the Court for permission to speak at the Fairness Hearing about your objection.
<b>DO NOTHING</b>	If the settlement is approved and becomes final, you will receive a settlement payment and other settlement benefits further explained in this Notice, but you will give up the right to sue, continue to sue, or be part of another lawsuit against USFL about the legal claims resolved by this settlement.

- These rights and options—**and the deadlines to exercise them**—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the settlement.

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## BASIC INFORMATION

### 1. Why was this Notice issued?

A court authorized this Notice because you have a right to know about the proposed settlement of this class action lawsuit and about all of your options before the Court decides whether to grant final approval to the settlement. This Notice explains the lawsuit, the settlement, your legal rights, what benefits are available, and who can get them.

The Honorable Matthew W. McFarland of the United States District Court for the Southern District of Ohio is overseeing this class action. The case is known as *Farris, et al. v. U.S. Financial Life Insurance Company*, Case No. 1:17-cv-417 (the “Lawsuit”). The person that filed this Lawsuit is called the “Plaintiff,” and the company she sued, U.S. Financial Life Insurance Company, is called the “Defendant.”

This Notice describes the claims asserted in the Lawsuit, the proposed settlement, your legal rights, the benefits that are available, and when they will be made available. This Notice is only a summary. If you wish to review the full terms and conditions of the settlement, you can obtain a copy of the Settlement Agreement by contacting the Settlement Administrator or visiting the settlement website.

### 2. What is this Lawsuit about?

The Lawsuit alleges that the Defendant improperly raised the cost of insurance (“COI”) rate on certain universal life policies in 2015 (the “2015 COI Rate Increase”). The Plaintiff claims that the 2015 COI Rate Increase was a result of improperly underwriting and “table shaving” when the policies were issued, improper actuarial actions (compiling and analyzing statistics to calculate insurance risks and premiums), and impermissible considerations, including interest spread compression, in determining the reasonableness of the 2015 COI Rate Increase. The Lawsuit also alleges breach of contract, breach of the implied covenant of good faith and fair dealing, and unjust enrichment. The Defendants deny all of the claims made in the Lawsuit.

### 3. What is a class action?

In a class action, one or more people called the Class Representative (in this case, Vivian Farris, as trustee for the Wirt Adams Yerger, Jr. Legacy Trust) sue on behalf of other people with similar claims. Together, the people included in the class action are called a “Class” or “Class Members”. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

### 4. Why is there a settlement?

The Court did not decide in favor of the Plaintiff or Defendant. Instead, the Class Representative and Defendant have compromised and agreed to a settlement after participating in mediation before an experienced and highly qualified mediator. Class Counsel has advised the Court that the settlement is the result of extensive, arm’s-length negotiations between the parties, with the assistance of an experienced mediator, and is based upon a thorough examination of the legal and factual issues raised in the Lawsuit, the information obtained over the course of the litigation, the inevitable costs and delays associated with continued litigation, and the risk that Settlement Class Members might receive nothing if the litigation were to proceed. By agreeing to settle, both sides avoid the cost and burden of a trial and the people affected can get benefits. The Class Representative and her attorneys think the settlement is best for all Class Members.

## WHO IS INCLUDED IN THE SETTLEMENT

### 5. How do I know whether I am part of the settlement?

The settlement includes everyone who purchased, contributed to, participated in the purchase of, or owned the Nova and Supernova policies at issue (*i.e.*, policies that experienced a COI rate increase beginning on their policy anniversary after August 31, 2015) and received coverage from those named insurance policies issued by USFL.

## **6. Are there exceptions to being included?**

Yes. The settlement does not include (a) the Honorable Matthew W. McFarland, United States District Court Judge for the Southern District of Ohio and court personnel employed in his chambers or courtroom; (b) USFL and its parents, affiliates, subsidiaries, successors, predecessors, and any entity in which USFL has a controlling interest and their current or former officers and directors (except to the extent USFL or such other entity is the owner of a Policy held for the benefit of an individual who is not otherwise excluded from membership in the Settlement Class); (c) any officer or director of USFL reported in its Annual Statements during the Class Period, or entity in which USFL had a controlling interest at any relevant time, any member of those persons' immediate families and legal affiliates, heirs, controlling persons, agents, successors and predecessors in interest or assigns of any such excluded person or entity; (d) Policyholders who properly execute and timely file a Request for Exclusion from the Settlement Class; and (e) the legal representatives, successors, or assigns of any such excluded Policyholders (but only then in their capacity as legal representative, successor, or assignee).

## **THE SETTLEMENT BENEFITS—WHAT YOU GET IF YOU QUALIFY**

### **7. What does the settlement provide?**

The settlement provides a variety of benefits, including payments by check to Settlement Class Members from the Settlement Common Fund, COI Rate Increase Protection Benefit, Non-Contestability Benefit, and Illustrations Benefit.

### **8. Tell me more about the Settlement Common Fund.**

USFL has agreed to create an \$11,500,000 Settlement Common Fund. After deducting attorneys' fees and expenses, the Class Representative's incentive award, any notice and administration costs that exceed \$25,000, and any amounts that would have been paid to Settlement Class Members who exclude themselves from the Class, the balance of the fund will be distributed to Settlement Class Members by check.

### **9. How much will my payment from the Settlement Common Fund be?**

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

The minimum payment for each Policy will be \$100. However, actual payment amounts will be based on the proportion of the COI collected for each Settlement Class Member Policy between the COI rate increase for each policy and April 30, 2021 (the "Settlement Computation Period") in relation to the total amount of the COI collected by USFL during the Settlement Computation Period for all Settlement Class Member Policies.

You may want to consider consulting your own tax advisor regarding the tax consequences of the proposed settlement, including the tax consequences of any payments, credits, and payment periods provided, and any tax reporting obligations.

### **10. When will I get my payment from the Settlement Common Fund?**

The Court will hold a hearing on October 25, 2021 to decide whether to grant final approval to the settlement. If the Court approves the settlement, there may be appeals. It is always uncertain whether appeals will be filed and, if so, how long it will take to resolve them. Payments will be distributed as soon as possible, if and when the Court grants final approval to the settlement and after any appeals are resolved.

### **11. Tell me more about the COI Rate Increase Protection Benefit.**

USFL has agreed not to impose any additional COI rate increases on any Policies owned by Settlement Class Members for five years after the settlement is approved and becomes final, unless ordered to do so by a state regulatory body. This benefit is valued between \$14,643,000 and \$17,571,600. USFL will maintain the COI rates implemented through the 2015 COI Rate Increase.

## **12. Tell me more about the Non-Contestability Benefit.**

USFL has agreed not to void, rescind, cancel, have declared void, or otherwise deny coverage of death claims submitted by Settlement Class Members based on any alleged lack of insurable interest or misrepresentations made in connection with the original application process. This benefit does not apply to any alleged lack of insurable interest or misrepresentations made in connection with an application to reinstate coverage.

## **13. Tell me more about the Illustrations Benefit.**

USFL has agreed to provide in-force illustrations to Settlement Class Members, upon request and at no cost to the Settlement Class Member, depicting up to three scenarios regarding the respective Settlement Class Member Policy until October 1, 2021. If applicable regulations restrict the illustration depiction of certain benefits or future performance, the illustration will provide an explanation of the restriction.

## **14. What rights am I giving up to get a payment and stay in the Settlement Class?**

Unless you exclude yourself (*see* Question 18), you are staying in the Settlement Class. If the settlement is approved and becomes final, all of the Court's orders will apply to you and legally bind you. You won't be able to sue, continue to sue, or be part of any other lawsuit against the Defendant and other Releasees (*see* next question) about the legal issues resolved by this settlement. The rights you are giving up are called Released Claims.

## **15. What are the Released Claims?**

If and when the settlement becomes final, Settlement Class Members will release and discharge USFL and USFL's past and present parents (including intermediate and ultimate parents), direct and indirect subsidiaries, affiliates, predecessors, joint ventures, successors and assigns, together with each of their past and present officers, directors, shareholders, employees, representatives, insurers, attorneys, general agents, agents and producers (including but not limited to, those acting on behalf of USFL and within the scope of their agency), and all of such Releasee's heirs, administrators, executors, insurers, predecessors, successors and assigns, or any of them, and including any person or entity acting on behalf or at the direction of any of them ("Releasees") from and against any and all claims, liabilities, demands, causes of action or lawsuits, known or unknown, whether legal, statutory, equitable or of any other type or form, whether under federal or state law, and whether brought in an individual, representative or any other capacity, that in any way relate to or arise out of or in connection with acts, omissions, facts, statements, matters, transactions, or occurrences that have been alleged or referred to or could have been alleged in any pleading or motion in this action and based on the same factual or legal predicate, including but not limited to claims arising out of, or based upon, allegations that USFL or any of its predecessors at any time improperly raised COI rates, considered non-mortality factors, improperly recovered lost profits, engaged in improper underwriting, employed "table shaving" practices, utilized unreasonable pricing assumptions, inappropriately marketed the policies, failed to adjust or decrease COI rates or any other charge to reflect changing mortality expectations, or engaged in any impermissible conduct discussed in any expert report produced in this case.

Settlement Class Members will not release claims arising from any failure by USFL to pay future death benefits owed under their policy.

More details about the claims you will be releasing are described in Section VIII of the Settlement Agreement and Release, available at [www.USFLcoisettlement.com](http://www.USFLcoisettlement.com).

## **THE LAWYERS REPRESENTING YOU**

## **16. Do I have a lawyer in this case?**

Yes. Judge McFarland appointed W. Daniel "Dee" Miles, III, Rachel N. Minder, and Paul W. Evans of BEASLEY, ALLEN, CROW, METHVIN, PORTIS & MILES, P.C. (together "Lead Counsel") as Lead Class Counsel with support from Jeffrey S. Goldenberg of GOLDENBERG SCHNEIDER, LPA to represent you and other Settlement Class Members. These law firms and their lawyers, referred to collectively as Class Counsel, are

experienced in handling similar cases. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

#### **17. How will the lawyers be paid?**

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

Class Counsel will ask the Court for an award of attorneys' fees of up to \$4,600,000 of the Settlement Fund, plus reimbursement of expenses and costs of up to \$450,000. They will also ask the Court to approve a \$15,000 incentive award to be paid to the Class Representative. The Court may award less than these amounts. If approved, these fees, expenses, costs, and award will be paid from the Settlement Fund before making payments to Settlement Class Members.

Class Counsel will file a "Class Fee and Expense Application" with the Court on or before October 11, 2021. A copy of the application will be made available at [www.USFLcoisettlement.com](http://www.USFLcoisettlement.com).

#### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you want to keep the right to sue or continue to sue the Defendant or other Releasees about the legal claims in this case, and you do not want to receive a payment from this settlement, you must take steps to get out of the settlement. This is called excluding yourself from or opting out of the settlement.

#### **18. How do I get out of the settlement?**

To exclude yourself from the settlement, you must submit a written request for exclusion by mail. Your request for exclusion must include: (a) your full name; (b) your Policy number(s); (c) a statement indicating that you would like to be excluded from the Settlement Class; and (d) your signature or the signature of a person providing a valid power of attorney to act on your behalf. If there are multiple Policyholders listed on a single policy (such as spouses), all owners must sign unless the signatory holds and submits a copy of a valid power of attorney to act on behalf of all owners of the policy. Your request for exclusion must be mailed to Class Counsel at the address below so it is postmarked by **September 15, 2021**:

W. Daniel "Dee" Miles, III  
BEASLEY, ALLEN, CROW, METHVIN, PORTIS & MILES, P.C.  
P.O. Box 5198  
Montgomery, AL 36103-5198

#### **19. If I exclude myself, can I still get a payment from this settlement?**

No. If you exclude yourself, you are telling the Court that you don't want to be part of the settlement. You can get a payment only if you stay in the settlement.

#### **20. If I do not exclude myself, can I sue the Defendant for the same legal claims later?**

No. Unless you exclude yourself, you are giving up the right to sue the Defendant and other Releasees for the claims that this settlement resolves. You must exclude yourself from *this* Lawsuit to start or continue with your own lawsuit or be part of any other lawsuit against the Defendant or any of the other Releasees.

#### **OBJECTING TO THE SETTLEMENT**

You can tell the Court if you don't agree with the settlement or any part of it.

#### **21. How do I tell the Court that I do not like the settlement?**

If you are a Settlement Class Member, you can object to the settlement if you do not like it or a portion of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. Your objection must include: (1) the case name and number (*Farris v. U.S. Financial Life Insurance Company*, Case

No. 1:17-cv-417); (2) your full name, current address, telephone number, and applicable Class Policy number(s); (3) a statement that you object to the settlement, in whole or in part; (4) a written statement of your objection and any legal support for it; (5) copies of any documents that support your objection; and (6) your signature.

Your written objection must be mailed to the Court, and copies must be mailed to Lead Class Counsel and Defense Counsel at the addresses below, postmarked by **September 15, 2021**. If you hire an attorney to represent you in this matter, your attorney must file a notice of appearance with the Clerk of the Court and send copies to Lead Class Counsel and Defense counsel by **October 11, 2021**.

Court	Lead Class Counsel	Defense Counsel
Clerk of the Court Potter Stewart U.S. Courthouse Room 103 100 East Fifth Street Cincinnati, OH 45202	W. Daniel “Dee” Miles, III BEASLEY, ALLEN, CROW, METHVIN, PORTIS & MILES, P.C. P.O. Box 5198 Montgomery, AL 36103-5198	David T. McDowell MCDOWELL HETHERINGTON LLP 1001 Fannin Street Ste. 2700 Houston, TX 77002

#### **22. May I come to Court to speak about my objection?**

Yes. You or your attorney may speak at the Fairness Hearing about your objection. To do so, you or your attorney must file a notice of intention to appear with the Clerk of the Court and send copies to Lead Class Counsel and Defense Counsel by October 11, 2021.

#### **23. What is the difference between objecting to the settlement and asking to be excluded from it?**

Objecting is simply telling the Court that you don’t like something about the settlement. You can object only if you remain in the Settlement Class (that is, do not exclude yourself). Excluding yourself is telling the Court that you don’t want to be part of the settlement. If you exclude yourself, you cannot object because the settlement no longer affects you.

### **THE COURT’S FAIRNESS HEARING**

The Court will hold a hearing to decide whether to approve the settlement, Class Counsel’s requests for fees and expenses and the proposed incentive awards to the Class Representative. You may attend and you may ask to speak, but you don’t have to.

#### **24. When and where will the Court decide whether to approve the settlement?**

The Court will hold a Fairness Hearing at 11:00 a.m. on October 25, 2021 in Courtroom 7 at the Potter Stewart U.S. Courthouse, 100 East Fifth Street, Cincinnati, OH 45202. Sometimes, a Court will change the scheduled date or time for a hearing to a different date or time. If this occurs, the changed hearing date or time will be posted on the settlement website.

At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. It will also consider whether to approve Class Counsel’s request for an award of attorneys’ fees, expenses, and costs, as well as the Class Representative incentive award. If there are objections, the Court will consider them. Judge McFarland will listen to people who have asked to speak at the hearing (*see* Question 22 above). After the hearing, the Court will decide whether to approve the settlement.

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

#### **25. Do I have to come to the hearing?**

No. Class Counsel will answer any questions Judge McFarland may have. However, you are welcome to come to the hearing at your own expense. If you send an objection, you do not have to come to court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

#### **26. May I speak at the hearing?**

Yes. You may ask the Court for permission to speak at the Fairness Hearing (*see* Question 22 above).

#### **IF YOU DO NOTHING**

#### **27. What happens if I do nothing at all?**

If you are a Settlement Class Member and you do nothing, you will remain included in the Settlement Class and be eligible to receive all settlement benefits to which you are entitled once the settlement is approved and becomes final. You will also give up the rights explained in Question 15, including your right to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendant and other Releasees about the legal issues resolved by this settlement.

#### **GETTING MORE INFORMATION**

#### **28. How do I get more information?**

This Notice summarizes the proposed settlement. Complete details are provided in the Settlement Agreement and Release. The Settlement Agreement and Release and other related documents are available at [www.USFLcoisettlement.com](http://www.USFLcoisettlement.com). Additional information is also available by calling 1-866-870-1719 or by writing to *Farris v. U.S. Financial Life Insurance Company* Settlement Administrator, P.O. Box 43434, Providence, RI 02940-3434. Publicly-filed documents can also be obtained by visiting the office of the Clerk of the United States District Court for the Southern District of Ohio or reviewing the Court's online docket.