

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

If you own or owned a universal life policy issued in California by ANICO that was subject to monthly COI deductions on or after January 1, 2010, you may be eligible for an average payout of \$973.26 in a class action settlement

A court authorized this notice. This is not a solicitation from a lawyer.

- A proposed settlement has been reached in a class action lawsuit called *Yearby v. American National Insurance Company*, Case No. 3:20-cv-09222-EMC (N.D. Ca.) (the “Settlement”).
- Plaintiff alleges that Defendant American National Insurance Company (“ANICO”) violated its contractual commitment to policyholders by refusing to decrease its cost of insurance (“COI”) rates despite alleged, improved future mortality expectations. Plaintiff seeks monetary relief for the COI overcharges. ANICO denies Plaintiff’s claims and any and all liability or wrongdoing.
- If the Court approves the Settlement, Settlement Class Members will be eligible to receive payment from a cash Settlement Fund of up to \$5 million, as further detailed in Question 10.
- In addition, ANICO agrees that for a period of five years after the Court finally approves the Settlement, current COI rate scales for the Class Members’ policies will not be increased, and that it will not take any legal action (including asserting as an affirmative defense or counter-claim), or cause to take any legal action, that seeks to void, rescind, cancel, have declared void, or seeks to deny coverage under or deny a death claim for any Class Policy based on: (1) an alleged lack of valid insurable interest under any applicable law or equitable principles; or (2) any misrepresentation allegedly made on the application for, or otherwise made in applying for the policy, as outlined in the Settlement Agreement available at www.AnicoCOISettlement.com. An insurance expert has quantified that non-monetary relief as having a present value of \$362,289.
- You are a Settlement Class Member if you own or owned a universal life (including variable universal life) insurance policy issued in California by ANICO, or its predecessors in interest, that provide that COI rates are determined based on expectations as to future mortality experience, and that were subjected to monthly COI deductions on or after January 1, 2010. Your legal rights are affected whether or not you act. ***Please read this Notice carefully.***

YOUR LEGAL RIGHTS AND OPTIONS

<p>Do Nothing</p>	<ul style="list-style-type: none"> • Get certain benefits from the Settlement — Automatically receive a payment in the mail if you are entitled to one • Be bound by the Settlement • Give up your right to sue or continue to sue ANICO for the claims in this case 	
<p>Ask to be Excluded (“Opt Out”)</p>	<ul style="list-style-type: none"> • Remove yourself from the Settlement Class • Get no benefits from the Settlement • Keep your right to sue or continue to sue ANICO, at your own expense, for the claims in this case 	<p>Postmarked or emailed by October 10, 2023</p>
<p>Object</p>	<ul style="list-style-type: none"> • Remain a Settlement Class Member and tell the Court what you do not like about the Settlement <p>The purpose of an objection to the Settlement is to persuade the Court not to approve the proposed Settlement. A successful objection to the Settlement may mean that the objector and other members of the Class are not bound by the Settlement.</p>	<p>Filed and served by October 10, 2023</p>

- These rights and options—**and the deadlines to exercise them**—are explained in this Notice. The deadlines may be moved, cancelled, or otherwise modified, so please check www.AnicoCOISettlement.com regularly for updates and further details.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

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BASIC INFORMATION

1. Why was this Notice issued?

You have a right to know about a proposed Settlement and your rights and options before the Court decides whether to approve the Settlement.

Honorable Edward M. Chen of the United States District Court for the Northern District of California (the “Court”) is in charge of this case. The case is called *Yearby v. American National Insurance Company*, Case No. 3:20-cv-09222-EMC (N.D. Ca.). The individual who sued is Plaintiff Joe S. Yearby. The company he sued, ANICO, is called the Defendant.

2. What is this lawsuit about?

The class action lawsuit alleges that that ANICO violated its contractual commitment to policyholders by refusing to decrease its COI rates despite alleged, improved future mortality expectations. Plaintiff asserts that he and members of the Class have been damaged as a result. ANICO denies Plaintiff’s claims; however, both sides have agreed to the Settlement to avoid the risks, costs, and delays of further litigation, including an appeal, so that people affected will get a chance to receive compensation.

3. Who is affected by the lawsuit?

The Settlement affects all owners of universal life (including variable universal life) insurance policies issued in California by ANICO, or its predecessors in interest, that provide that COI rates are determined based on expectations as to future mortality experience, and that were subjected to monthly COI deductions on or after January 1, 2010. Excluded from the Settlement Class are Class Counsel and their employees; Defendant ANICO, its officers and directors, members of their immediate families, and the heirs, successors or assigns of any of the foregoing; the Court, the Court’s staff, and their immediate families.

The ANICO life insurance products issued in California that are covered by this Settlement are UL 1983, UL I, and Pension UL I (issued on Forms FPL83 and PUL84); UL 1986, Anico Employee UL, UL II, Flex Universal Life, Pension UL II, Pension UL III, and UL III, (issued on Forms AUL86, FUL86, JUL86, PFUL86, PRUL86, and RUL86); and UL 1992, UL 100, UL 25 Salary Deduction UL, Universal Asset Life, and UL 50 (issued on Forms CUL93, HUL93, SDL93, UAL III, and UAL93).

4. What is a class action and who is involved?

In a class action, a person(s) or entity(ies) called a “Class Representative(s)” sues on behalf of all individuals who have a similar claim. Here, Plaintiff Joe S. Yearby represents other eligible ANICO policy owners and together they are called the “Class” or “Class Members.” Bringing a case, such as this one, as a class action allows resolution of many similar claims of persons and entities that might be economically too small to bring in individual actions. One court resolves the issues for all class members, except for those who validly exclude themselves from the class.

5. Why is this lawsuit a class action?

In the Court's Order Preliminarily Approving Class Action Settlement, the Court decided that the settlement of the breach of contract claim against ANICO in this lawsuit can proceed as a class action because, at that point of the lawsuit, it met the requirements of Rule 23 of the Federal Rules of Civil Procedure, which governs class actions in federal court. The Court found that:

- There are numerous Class Members whose interests will be affected by this lawsuit;
- There are legal questions and facts that are common to each of them;
- The Class Representative's claims are typical of the claims of the rest of the Class;
- The Class Representative and the lawyers representing the Class will fairly and adequately represent the interests of the Class;
- A class action would be a fair, efficient and superior way to resolve this lawsuit;
- The common legal questions and facts predominate over questions that affect only individual Class Members; and

In certifying the Settlement Class, the Court appointed Susman Godfrey L.L.P. as Class Counsel. For more information, visit the Important Documents page at www.AnicoCOISettlement.com.

6. Why is there a Settlement?

ANICO denies any and all liability or wrongdoing of any sort with regard to its COI rates. Instead, the parties have agreed to the Settlement. The parties want to avoid the risks, costs, and delays of further litigation. The Court has not decided in favor of the Plaintiff or the Defendant. Plaintiff and Class Counsel think the Settlement is in the best interests of the Settlement Class and is fair, reasonable, and adequate.

THE SETTLEMENT CLASS

7. Am I part of the Settlement Class?

You are a member of the Settlement Class if you own or owned a universal life (including variable universal life) insurance policy issued in California by ANICO, or its predecessors in interest, that provides that COI rates are determined based on expectations as to future mortality experience, and that was subjected to monthly COI deductions on or after January 1, 2010. See Questions 3 and 8 for more information.

8. Are there exceptions to being included?

Yes. Excluded from the Settlement Class are Class Counsel and their employees; Defendant ANICO, its officers and directors, members of their immediate families, and the heirs, successors or assigns of any of the foregoing; the Court, the Court's staff, and their immediate families.

In addition, policy owners have an opportunity to request exclusion from the Settlement, as described below. Policy owners that timely and validly request exclusion will not be part of the Settlement Class and will not be entitled to any of its benefits.

If an owner (such as a securities intermediary or trustee) owns multiple policies on behalf of different principals, that owner may stay in or opt-out of the Settlement Class separately for each policy.

9. What if I am still not sure if I am included?

If you are still not sure whether you are a Settlement Class Member, please visit www.AnicoCOISettlement.com, call the Settlement Administrator toll-free at 1-877-381-0370, or write to: American National Insurance COI Litigation, c/o JND Legal Administration, P.O. Box 91237, Seattle, WA 98111.

WHAT SETTLEMENT CLASS MEMBERS GET

10. What does the Settlement provide?

A Settlement Fund of \$5 million will be established for Settlement Class Members. The Settlement Fund will be reduced proportionally if there are any opt outs from the Settlement Class. After payment of the cost to administer the Settlement Fund (estimated to be \$62,520) as well as attorneys' fees (not to exceed \$1,666,666.67 or 33 1/3% of the cash component of the Settlement) and litigation expenses (estimated to be \$182,418.34), and the payment to the Plaintiff (up to \$25,000) (*see* Question 18 below), the Settlement Administrator will distribute the remaining amounts to Settlement Class Members in proportion to their share of the overall COI overcharges collected from the Settlement Class through February 28, 2023, with each Class Member receiving a minimum distribution of \$100. No portion of the Settlement Fund will be returned to ANICO.

ANICO has also agreed to provide the following relief, quantified as having present value of \$362,289, not to:

- Increase current COI rate scales for the Class Members' policies for a period of five years after the Court finally approves the Settlement.
- Take any legal action (including asserting as an affirmative defense or counter-claim), or cause to take any legal action, that seeks to void, rescind, cancel, have declared void, or seeks to deny coverage under or deny a death claim for any Class Policy based on: (1) an alleged lack of valid insurable interest under any applicable law or equitable principles; or (2) any misrepresentation allegedly made on the application for, or otherwise made in applying for the policy.

More details regarding application of these terms are in a document called the Settlement Agreement, which is available at www.AnicoCOISettlement.com.

11. What am I giving up by staying in the Settlement?

If you are a Settlement Class Member, unless you exclude yourself from the Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against ANICO about the facts that arise from the same factual predicate of the claims released in this Settlement. It also means that all the decisions by the Court will bind you. The Released Claims and Released Parties are

defined in the Settlement Agreement. They describe the legal claims that you give up if you stay in the Settlement. The Settlement Agreement is available at www.AnicoCOISettlement.com.

HOW TO GET A PAYMENT

12. How can I get a payment?

You will automatically receive a payment in the mail if you are entitled to one. No claims need to be filed.

13. When will I get my payment?

Payments will be mailed to Settlement Class Members after the Court grants “final approval” of the Settlement and after all appeals are resolved. If the Court approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved and resolving them can take time. Please be patient.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from the Settlement or you want to keep the right to sue or continue to sue ANICO on your own about the claims released in the Settlement, then you must take steps to get out of the Settlement. This is called excluding yourself—or it is sometimes referred to as “opting out” of the Settlement.

14. How do I ask to be excluded?

To exclude yourself (or “opt-out”) of the Settlement, you must complete and mail or email the Settlement Administrator a written request for exclusion. The exclusion request must include the following:

- Your full name, address, telephone number, and email address (if any);
- A statement says that you want to be excluded from the Settlement Class;
- The case name (*Yearby v. American National Insurance Company*);
- The policy number(s) to be excluded; and
- Your signature.

You must mail your exclusion request **postmarked by October 10, 2023** to:

American National Insurance COI Litigation
c/o JND Legal Administration
P.O. Box 91237
Seattle, WA 98111

You may also email your exclusion request by **October 10, 2023** to info@AnicoCOISettlement.com. If you own multiple policies that are included in the Settlement Class, you may request to exclude some policies from the Settlement Class while participating in the Settlement Class with respect to other policies.

IF YOU DO NOT EXCLUDE YOURSELF BY OCTOBER 10, 2023, YOU WILL REMAIN PART OF THE SETTLEMENT CLASS AND BE BOUND BY THE ORDERS OF THE COURT IN THIS LAWSUIT.

15. If I don't exclude myself, can I sue ANICO for the same thing later?

No. Unless you exclude yourself, you give up any right to sue ANICO for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that lawsuit immediately. You must exclude yourself from this Settlement to continue your own lawsuit. If you properly exclude yourself from the Settlement, you will not be bound by any orders or judgments entered in the Action relating to the Settlement.

16. If I exclude myself, can I still get a Settlement payment?

No. You will not get any money from the Settlement if you exclude yourself.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in this case?

Yes. The Court has appointed the following lawyers as "Class Counsel."

Steven G. Sklaver
SUSMAN GODFREY L.L.P.
1900 Avenue of the Stars, 14th Floor
Los Angeles, CA 90067-6029
ssklaver@susmangodfrey.com
Telephone: 310-789-3100

Seth Ard
Ryan Kirkpatrick
SUSMAN GODFREY L.L.P.
1301 Avenue of the Americas, 32nd Floor
New York, NY 10019-6023
sard@susmangodfrey.com
rkirkpatrick@susmangodfrey.com
Telephone: 212-336-8330

Kevin Downs
SUSMAN GODFREY L.L.P.
1000 Louisiana Street, Suite 5100
Houston, TX 77002
kdowns@susmangodfrey.com
Telephone: 713-651-9366

18. How will the lawyers be paid?

The Court will determine how much Class Counsel will be paid for fees and expenses. Class Counsel will file a motion seeking an award for attorneys' fees not to exceed 33 1/3% of the cash component of the Settlement (that is, will not exceed 33 1/3% of \$5,000,000, which is \$1,666,666.67). In addition to seeking an award for attorneys' fees, Class Counsel will seek reimbursement for expenses incurred or to be incurred in connection with the Settlement (estimated to be \$182,418.34), as well as a Service Award up to \$25,000 for Plaintiff for his

service as the representative on behalf of the Settlement Class, to be paid from the Final Settlement Fund. You will not be responsible for direct payment of any of these fees, expenses, or awards.

19. Should I get my own lawyer?

If you stay in the Settlement Class, you do not need to hire your own lawyer to pursue the claims against ANICO because Class Counsel is working on behalf of the Settlement Class. However, if you want to be represented by your own lawyer, you may hire one at your own expense and cost.

OBJECTING TO THE SETTLEMENT

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

Any Settlement Class Member who does not timely and properly opt out of the Settlement may object to the fairness, reasonableness, or adequacy of the proposed Settlement. Settlement Class Members who wish to object to any term of the Settlement must do so, in writing, by filing a written objection with the Court. The Court can only approve or deny the Settlement. The Court cannot alter the terms of the Settlement. The written objection must include:

- The case name and number (*Yearby v. American National Insurance Company*, Case No. 3:20-cv-09222-EMC);
- Your full name, address, telephone number, and email address (if any);
- The policy number(s);
- A written statement of all grounds for the objection accompanied by any legal support for the objection (if any);
- Copies of any papers, briefs, or other documents upon which the objection is based;
- A list of all persons who will be called to testify in support of the objection (if any);
- A statement of whether you intend to appear at the Fairness Hearing; and
- Your or your counsel's signature.

If you intend to appear at the Fairness Hearing through counsel, the written objection must also state the identity of all attorneys representing you who will appear at the Fairness Hearing. Your objection, along with any supporting material you wish to submit, must be filed with the Office of the Court at the address below by **October 10, 2023**.

Phillip Burton Federal Building & United States Courthouse
450 Golden Gate Avenue
San Francisco, CA 94102

21. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object to the Settlement only if you do not exclude yourself from the Settlement; thereby remaining a Settlement Class Member. The purpose of an objection to the Settlement is to persuade the Court not to approve the proposed Settlement. A successful objection to the Settlement may mean that the objector and other members of the Class are not bound by the Settlement. Excluding yourself from the Settlement is telling the Court that you do not want to be part of the Settlement. If you exclude yourself from the Settlement, you have no basis to object to the Settlement because it no longer affects you.

THE COURT’S FAIRNESS HEARING

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

The Court will hold a Fairness Hearing on November 2, 2023 at 1:30 p.m. PT at the Phillip Burton Federal Building & United States Courthouse, 450 Golden Gate Avenue, San Francisco, CA 94102. At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court will also consider how much to pay and reimburse Class Counsel and any Service Award payment to Plaintiff. If there are objections, the Court will consider them at this time. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take. The date of the Fairness Hearing may change without further notice, so please check www.AnicoCOISettlement.com or <https://ecf.cand.uscourts.gov> for updates.

23. Do I have to come to the hearing?

No. But you or your own lawyer may attend at your expense. If you submit an objection, you do not have to come to Court to talk about it. As long as you filed and served your written objection on time to the proper addresses, the Court will consider it.

24. May I speak at the hearing?

Yes. You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your “Notice of Intent to Appear.” Your request must state your name, address, and telephone number, as well as the name, address, and telephone number of the person that will appear on your behalf. Your request must be filed with the Clerk of the Court and served on Class Counsel and Defendant’s Counsel no later than October 10, 2023.

IF YOU DO NOTHING

25. What happens if I do nothing at all?

Those who are eligible to receive a payment from the Settlement do not need to do anything to receive payment; you will automatically receive a payment from the Settlement. Unless you

exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against ANICO about the legal issues that arise from the same factual predicate of this case, ever again.

GETTING MORE INFORMATION

26. How can I get more information?

This Notice summarizes the proposed Settlement. More details are in the Settlement Agreement, available at www.AnicoCOISettlement.com. You can also call the Settlement Administrator toll-free at 1-877-381-0370, or write to:

American National Insurance COI Litigation
c/o JND Legal Administration
P.O. Box 91237
Seattle, WA 98111

Complete copies of the pleadings, orders and other publicly filed documents in the lawsuit may also be accessed for a fee through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>.

PLEASE DO NOT CONTACT THE COURT