

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

In re GREAT SOUTHERN LIFE INSURANCE ) MDL Docket No. 1214  
COMPANY SALES PRACTICES LITIGATION ) (All Cases)  
\_\_\_\_\_ ) SUMMARY (PUBLICATION) NOTICE

**TO: ALL PERSONS OR ENTITIES WHO OWN OR OWNED CERTAIN LIFE INSURANCE POLICIES ISSUED IN THE UNITED STATES FROM JANUARY 1, 1982 THROUGH DECEMBER 31, 1999 BY GREAT SOUTHERN LIFE INSURANCE COMPANY ("GREAT SOUTHERN" OR THE "COMPANY"), OR BY ANY OF THE FOLLOWING COMPANIES IF THE POLICY WAS LATER ACQUIRED OR ASSUMED BY GREAT SOUTHERN: THE OHIO LIFE INSURANCE COMPANY, COMMERCIAL BANKERS LIFE INSURANCE COMPANY, INTEGRATED RESOURCES LIFE INSURANCE COMPANY, LOYALTY LIFE INSURANCE COMPANY.**

A lawsuit against Great Southern on behalf of a class of life insurance policyowners has been pending in the Dallas Division of the United States District Court for the Northern District of Texas (the "Court"). The parties to the action have reached a proposed settlement. The Court has preliminarily certified a Class (as defined below) for purposes of settling the lawsuit and has authorized the publication of this notice.

**PLEASE TAKE NOTICE** that the Court (Judge Kendall) will hold a fairness hearing on January 14, 2002, at 1:30 p.m. (Central time), at the Federal Courthouse, 1100 Commerce, 16<sup>th</sup> Floor, Dallas, Texas 75242, to determine: (1) whether the Class should be finally certified for settlement purposes; (2) whether the proposed settlement of this case should be approved as fair, reasonable and adequate; (3) whether the case should be dismissed with prejudice under the terms of the proposed settlement; (4) whether Class Members should be bound by the release contained in the proposed settlement; (5) whether Class Members should be permanently enjoined from, among other things, starting, continuing, participating in (as Class Members or

otherwise), or receiving any benefits from, any other lawsuit, arbitration, or administrative, regulatory or other proceeding or order in any jurisdiction based on or relating to the claims, facts or circumstances in this Action and/or the Released Transactions (as defined in the Settlement Notice); and (6) whether plaintiffs' attorneys' application for an award of attorneys' fees and expenses should be approved. Please note that the Court has the right to change the hearing date or time without further notice. If you are planning to attend the hearing, you should confirm the date and time before going to the Court.

***A detailed Settlement Notice has been mailed to Class Members. The Settlement Notice describes the proposed settlement and Class Members' rights. The proposed settlement and the scheduled court hearing may affect those rights. If you are a member of the Class and have not received a copy of the Settlement Notice, you should obtain one immediately, either by (i) calling The Great Southern Class Action Information Center at 1-877-404-7496 (the terminal for the hearing impaired is 1-800-774-7920), or (ii) writing to The Great Southern Class Action Information Center, P.O. Box 9673, Providence, RI 02940-9673.***

1. ***The Settlement Class.*** The Court has preliminarily certified a Class of policyowners for settlement purposes only. ***The Settlement Class includes*** all persons and entities (such as companies or trusts), except those listed below, who have or had an ownership interest in one or more excess interest whole life insurance policies and/or universal life insurance policies issued in the United States (including its territories and commonwealths) from January 1, 1982 through December 31, 1999 (the "Class Period") by Great Southern, or if issued by another insurance Company, a policy later acquired or assumed by Great Southern.

***The Class does not include*** certain persons or entities (unless they are already Class Members by virtue of their ownership interest in another Policy that otherwise falls within the Class definition). The ***excluded*** persons and entities are:

- any person or entity who, while represented by legal counsel, signed a document that releases Great Southern from any further claims concerning a Policy;

- any person or entity who owns or owned a Policy that terminated prior to January 1, 1993;
- any person or entity who owns or owned a Policy that terminated prior to April 6, 2001, because a death benefit was paid when the person insured under the Policy died;
- any person or entity who owns or owned a Policy that is included in the class certified on April 18, 2000 in *McCulley v. Great Southern Life Ins. Co., et al.*, No. 3:98:CV-2466-G (N.D. Tex., Dallas Div.);
- any insurance company that owns or owned a Policy pursuant to an absolute assignment effected as part of an exchange under §1035 of the Internal Revenue Code; and
- any person or entity who owns or owned a Policy that is timely excluded from the Class in accordance with the procedures described in the Settlement Notice.

2. ***Choices and Deadlines for Class Members.*** If you are a Class Member, you have

the following choices for each Policy in which you have (or had) an ownership interest:

- ***You may remain in the Class and participate in the benefits of the proposed settlement if it is approved. Your interests will be represented without cost to you by the law firm of Milberg Weiss Bershad Hynes & Lerach, LLP, which is acting as Lead Counsel for the Class.*** 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 start or continue any other claim, lawsuit or other proceeding against Great Southern relating to the Policies and covered by the Release (as described on pages 17-18 of the Settlement Notice).
- ***If you remain in the Class, you must now decide whether you want to participate in the Claim Evaluation Process, or instead to use or transfer the Premium Certificate.***
  - ***If you feel you have been misled or otherwise harmed in connection with the sale, servicing, or administration of your Policy, you may submit a claim in the Claim Evaluation Process (described below and on pages 10-12 of the Settlement Notice). To submit a claim, you must fully complete and return the Election Form enclosed with the Settlement Notice to The Great Southern Class Action Information Center, P.O. Box 9673, Providence, RI 02940-9673. Your Election Form must be postmarked no later than December 10, 2001. If the settlement is approved, you will receive instructions on how to file a claim to obtain benefits under the Claim Evaluation Process. If your Election Form is not postmarked by December 10, 2001, you will not receive any relief under the Claim Evaluation Process. Instead, you automatically will be***

*eligible to use or transfer the Premium Certificate included with the Settlement Notice.*

- *If you do not submit a claim, you may use, transfer or sell the Premium Certificate instead (described below and on pages 15-16 of the Settlement Notice). The Premium Certificate is included with the Settlement Notice. You do not need to do anything now (other than call the toll-free number and request a Settlement Notice if you have not received one). You automatically will be eligible to use or transfer the Premium Certificate if the settlement is approved.*
- *If you remain in the Class, you may object to any aspect of the proposed settlement. To do so, you must file a written objection in accordance with Part 9.B of the Settlement Notice. The Court must receive your written objection no later than December 10, 2001, at the following address:*

**Clerk of the Court  
United States District Court for the  
Northern District of Texas  
1100 Commerce, Room 14A20  
Dallas, Texas 75242**

**Re: MDL Docket No. 1214**

You also must mail your objection to the attorneys for the parties as described in the Settlement Notice. The attorneys must receive the objection no later than December 10, 2001. If you submit a written objection, you (or an attorney acting for you at your own expense) may appear at the Court hearing to make your objections. If the Court does not agree with your objections, you will nevertheless be bound by the orders and judgment in this case.

- *You may exclude yourself from the Class by submitting a formal, written request for exclusion for each Policy that you wish to exclude. The exclusion request must comply with the requirements described in Part 8 of the Settlement Notice and must be mailed to the following address:*

**Clerk of the Court  
c/o The Great Southern Class Action  
Information Center  
P.O. Box 9672  
Providence, RI 02940-9672**

Your request for exclusion must be *postmarked* no later than December 10, 2001 *and received* no later than January 4, 2002. Please write the words "EXCLUSION REQUEST" on the lower left-hand corner of the front of the envelope. If you are excluded from the Class, (i) you cannot obtain any benefits under the proposed

settlement, (ii) you cannot object to the proposed settlement, and (iii) you will not be bound by any orders or judgments entered in this case.

3. **Settlement Relief.** Several forms of relief are available under the proposed settlement. First, Class Members have a choice between the **Claim Evaluation Process** and the **Premium Certificate** for each of their Policies. **You may choose one form of relief, but not both, for each Policy.** Those Class Members who receive awards in the Claim Evaluation Process have first priority to **Profit Sharing**. The remaining Profit Sharing (if any) will be shared with both claimants and other Class Members who did not submit claims. In addition, each Class Member may be eligible to receive one or more **Prospective Commitments**, as described below:

(a) **The Claim Evaluation Process.** The Claim Evaluation Process is a process for resolving claims by Class Members who believe they were misled or harmed by Great Southern in connection with the sale, servicing, or administration of their policy. Claims will be resolved based on fair, objective, agreed-upon standards that have been submitted to the Court for approval. All information that you submit, and information in the Company's files concerning your claim, will be considered. If your claim is successful, you will receive an award that reflects the nature and strength of your claim. The Claim Evaluation Process will provide up to \$21 million in awards to the Class.

- The Claim Evaluation Process will not cost you anything. To participate in the process, you must elect to participate in the process by December 10, 2001, and then complete a claim form describing your claim. You must attach to your claim form copies of all documents relating to the claim and to the Policy that is the subject of the claim.
- An independent Claim Evaluator, chosen by Lead Counsel for plaintiffs and the Class, will review the claim and will award relief, if any, based on specific guidelines and factors developed by the parties and approved by the Court.
- Any decision to award relief under the Claim Evaluation Process will depend on (i) the nature of the claim and (ii) the evidence and documentation presented to

the Claim Evaluator. Relief awarded can range from none at all to an award designed to redress any loss that may have resulted from the alleged wrongdoing. The likelihood that you will receive relief in the Claim Evaluation Process cannot be known in advance. Although individual circumstances will vary, if you do submit a claim and if your claim is determined to warrant such relief, you may be eligible to receive an award on the terms set forth in the Settlement Agreement. The Claim Evaluator's decision will be final.

Awards will be paid to successful claimants over time through Profit Sharing, as described below. Payments will take the form of credits to the account values of in-force Policies, or to an account for the claimant in a Great Southern group annuity if your policy is terminated.

Great Southern may require you to use an Alternative Dispute Resolution Process to resolve certain claims that relate to your Policies but are not specifically identified in the Claim Evaluation Process. In addition, you may use this Alternative Dispute Resolution Process to resolve certain claims that you discover in the future relating to the past servicing or administration of your Policies. See the Settlement Agreement on file with the Court for more details.

(b) ***Profit Sharing.*** Great Southern has committed to provide to the Class one-half of its future profits on the Policies in the Class. This commitment will last for ten years or until \$21 million is paid to the Class, whichever comes later. Your share of the Class's profits will depend on what type of settlement relief you choose:

- Those Class Members who receive awards in the Claim Evaluation Process receive first priority to the Profit Sharing. If you choose the Claim Evaluation Process and submit a successful claim, you will receive the share of the Class's profits that is required to pay the amount of your award over time, with interest. You may also continue to receive a share of the Class's profits ***after*** your award has been paid, until the Company's obligation to share profits terminates.
- If you submit a claim to the Claim Evaluation Process and it is rejected, you will not be eligible to receive any Profit Sharing.
- If you choose the Premium Certificate, you will receive a share of Class profits remaining (if any) after all claim awards to successful claimants in the Claim Evaluation Process have been paid with interest. The Company's commitment to provide you with any profit sharing will terminate after ten years.

(c) ***Prospective Commitments.*** Great Southern has committed to limit its ability to increase the scales of cost of insurance charges assessed against in-force Policies. It

also has committed that the Profit Sharing provided by the proposed settlement will not be affected by any future changes to interest credits, policy charges or other non-guaranteed policy elements. You may receive the benefits of one or more Prospective Commitments regardless of whether you choose the Claim Evaluation Process or the Premium Certificate.

(d) ***The Premium Certificate.*** Simply by remaining in the Class and not electing to participate in the Claim Evaluation Process for a particular Policy, you ***automatically*** will be eligible to use or transfer the Premium Certificate included with the Settlement Notice. This Certificate enables you (or anyone to whom you effectively transfer the certificate) to buy any one of 23 different Great Southern life insurance policies or 7 different annuities from Great Southern or one of its affiliated companies at a reduced cost.

**EACH OF THE FORMS OF SETTLEMENT RELIEF IS DESCRIBED IN GREATER DETAIL IN THE SETTLEMENT NOTICE. IF YOU BELIEVE THAT YOU ARE A CLASS MEMBER BUT YOU HAVE NOT RECEIVED A SETTLEMENT NOTICE, PLEASE CALL 1-877-404-7496 (OR, IF YOU ARE HEARING IMPAIRED, 1-800-774-7920).**

Receipt of relief under the proposed settlement may have income tax consequences for you. You should consult your own tax advisor about possible tax consequences.

4. ***Preliminary Injunction.*** In its June 12, 2001 order, the Court preliminarily enjoined all Class Members from starting, continuing or participating in, or receiving any benefits or other relief from, any other lawsuit, arbitration, or administrative, regulatory or other proceeding or order based on or relating to the claims, facts or circumstances in this Action and/or the Released Transactions (as defined in the Settlement Notice). The Court also preliminarily enjoined all persons from starting or continuing any other lawsuit or proceeding as a class action (including by seeking to amend a pending complaint to include class allegations, or by seeking class certification in a pending action) on behalf of Class Members, if that other suit

is based on or relates to the claims, facts or circumstances in this Action and/or the Released Transactions. The parties will ask the Court to make the preliminary injunction permanent as to all Class Members upon final approval of the settlement.

5. **Release.** In exchange for the benefits to be provided under the proposed settlement, Class Members will release Great Southern from liability for claims relating to the Policies. This release is reprinted in full in Appendix A to the Settlement Notice. ***The Release may affect your rights if you decide to stay in the Class. You should read it carefully.***

6. **Attorneys' Fees and Expenses.** At the fairness hearing, Lead Counsel for plaintiffs and the Class will apply to the Court for an award of attorneys' fees and expenses, to be paid by Great Southern, not to exceed (1) an immediate payment of actual expenses incurred in this matter, up to \$750,000; and (2) future payments equal to 22.38% of each Profit Participation or Rapid-Pay payment made to the Class (above and separate from those payments). Great Southern will not oppose Lead Counsel's application for an award of fees and expenses in this amount. Great Southern's payment of any such fees and expenses will not reduce or affect any benefits provided to the Class under the settlement.

7. **Further Information.** This notice is only a summary of the proposed settlement. Further details are contained in the Settlement Notice. If you are a member of the Class and you have not received the Settlement Notice, or if you need further information about the terms of the settlement, please call The Great Southern Class Action Information Center at 1-877-404-7496, or the terminal for the hearing impaired at 1-800-774-7920. Class counsel is also able to assist you at this toll-free number.

***DO NOT TELEPHONE THE COURT OR THE CLERK OF THE COURT.***

Dated: October 19 , 2001

Dallas, Texas

Clerk of the Court

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