

## SCHEDULE “C”

### DISTRIBUTION PROTOCOL

The following system will be used by the Respondents to determine each Class Member’s entitlement to a share of the Settlement Fund:

1. The funds remaining in the Settlement Fund will be distributed based on the following system.
  2. In relation to each policy referenced in a properly completed Claim Form, the Respondents will, subject to paragraph 3:
    - (a) confirm whether the individual who completed the form is a Class Member;
    - (b) unless the policy has lapsed, produce an in-force illustration as of the date of the assessment;
    - (c) determine the annual premium payable by the Class Member;
    - (d) confirm that the Class Member paid all premiums up to the original off-set date shown on the illustration or document provided pursuant to Part 2 of the Claim Form (the “Original Offset Date”). If the document provides a specified range of dates, the Original Offset Date shall be the later of the two dates;
    - (e) confirm that the Class Member did not take any steps to render the policy ineligible for premium offset up to the Original Offset Date;
    - (f) confirm that the Class Member did not sign a release in favour of the Respondents in relation to the issues raised in the Class Action;
    - (g) assuming the conditions required in (a),(d)-(f) are met, calculate the total premiums:
      - (i) paid by the class member to date out of his or her own funds independent of values in the policy beyond the Original Offset Date; plus
      - (ii) for any policies that have not lapsed and remain eligible for premium offset, those premiums that are illustrated as being required to be paid out of pocket in future years beyond the original offset date based on the In-force Illustration.
- (the “Offset Total”)

Collectively, this material will be referred to as the “Response”.

3. In preparing the Response for any Special Class Members, the Respondents shall assume that:
  - (i) all premiums required to be paid by the Special Class Member out of his or her own funds independent of values in the policy were paid when due from January 1, 1985 to December 31, 1993; and
  - (ii) no steps were taken to render the policy ineligible for premium offset from January 1, 1985 to December 31, 1993,unless documents or records indicate that these assumptions are invalid, in which case such documents shall be attached to the Response along with an explanation.
4. The Respondents will provide a copy of the Response to the Class Member upon receipt of the Claim Form. The Class Member will have 30 days to advise Class Counsel and the Respondents whether they have any dispute with the Response, failing which, it will be used to calculate the amount payable to the Class Member. Class Counsel will be at liberty to communicate with both the Respondents and the Class Member in an attempt to resolve any dispute. Failing a resolution of the dispute, the matter will be referred to the Court for resolution (the "Appeal").
5. After the expiry of the Claims Period and any Appeals, and subject to the exercise of any rights under paragraph 8, the Respondents shall distribute the Settlement Fund as provided below.
6. Subject to paragraphs 7-9, each eligible class member shall receive 50% of the Offset Total as calculated in paragraph 2 (g) (as adjusted by the Court on any Appeal or as agreed by the Class Member pursuant to any dispute resolution process).
7. If the total of all class members claims exceeds the value of the Settlement Fund, a pro rata amount shall be paid to each eligible class member.
8. If the pro rata reduction in claims pursuant to the calculation in paragraph 7 would result in eligible class members being paid less than 25% of their Offset Total then:
  - (a) the Respondents will be at liberty to increase the Settlement Fund to ensure that the amount paid is 25% of the Offset Amount; or
  - (b) if the Respondents decline to exercise their right pursuant to paragraph 8(a), then the Petitioner shall be at liberty to void the Settlement Agreement.
9. If, after the satisfaction of all claims as calculated pursuant to paragraphs 6-8, there would remain funds in the Settlement Fund, the balance shall be redistributed pro rata to eligible Class Members, until the amount paid to each Class Member is 100% of the Offset Total, at which point any balance is returned to the Respondents.